

**NOTICE OF CALL OF SPECIAL MEETING
TO THE MEMBERS OF THE HONEY LAKE VALLEY RECREATION AUTHORITY:**

You are hereby notified that a SPECIAL MEETING of the HLVRA will be held in the Council Chambers of City Hall in the City of Susanville at 66 North Lassen Street, Susanville, California on **May 31, 2016 at 3:00 p.m.** to transact the following business:

Call Meeting to Order
Roll Call

1 APPROVAL OF THE AGENDA:

2 APPROVAL OF MINUTES: Approval of minutes from the December 3, 2015, February 2, 2016 and March 29, 2016 meetings.

3 PUBLIC COMMENT: Members of the public may address the JPA concerning any item on the agenda prior to or during consideration of that item.

4 MATTERS FOR BOARD CONSIDERATION:

- A. Acceptance of Annual audit for Fiscal Year ending 2014 and 2015
- B. IRS Private Letter Ruling Update
- C. Review Final Design Plans
- D. Approve Pool Construction Contract (Phase 2)

5 BOARD MEMBER ISSUES/REPORTS:

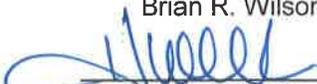
6 PUBLIC COMMENT CLOSED SESSION ITEMS (if any): Any person may address the Board at this time upon any discussion during Closed Session.

7 CLOSED SESSION: None.

ADJOURNMENT:



Brian R. Wilson, President

ATTEST: 

Heidi Whitlock, Project Manager

AFFIDAVIT OF MAILING NOTICE

I, the undersigned Project Manager for the Honey Lake Valley Recreation Authority, do hereby certify that an original of the **NOTICE OF CALL OF SPECIAL MEETING, May 31, 2016 at 3:00 p.m.** was delivered to each and every person set forth on the list contained herein on the 27th day of May, 2016. A copy of said Notice is attached hereto.

I declare under penalty of perjury that the foregoing is true and correct.

Dated at Susanville, California this 27th day of May, 2016.



Heidi Whitlock, Project Manager

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|------------------|---------|
| Brian Wilson | emailed |
| Jim Chapman | emailed |
| Nicholas McBride | emailed |
| Tom Hammond | emailed |
| David Meserve | emailed |

Submitted By: Jared G. Hancock, Executive Officer

Action Date: May 31, 2016

AGENDA ITEM

SUBJECT: Minutes of the HLVRA December 3, 2015, February 2, 2016 and March 29, 2016 meetings.

SUMMARY: Attached for the Board's review are the minutes of the HLVRA meetings.

FISCAL IMPACT: None.

ACTION REQUESTED: Motion to waive oral reading and approve minutes of HLVRA December 3, 2015, February 2, 2016 and March 29, 2016 meetings.

ATTACHMENTS: Minutes: December 3, 2015
February 2, 2016
March 29, 2016

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Special Meeting Minutes
December 3, 2015 – 10:00 a.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 10:15 p.m. by Board member Meserve.

Roll Call of Board of Directors present: Dave Meserve, Tom Hammond, Kathie Garnier and Jeff Hemphill.
Absent: Nick McBride

Staff Present: Jared Hancock, Executive Officer, Heidi Whitlock, Project Manager, Nancy Cardenas, Treasurer.

APPROVAL OF AGENDA: Motion by Board member Garnier, second by Board member Hammond to approve the agenda as posted; motion carried unanimously.

APPROVAL OF MINUTES: None.

2 **PUBLIC COMMENT:** None.

3 **MATTERS FOR BOARD CONSIDERATION:**

3A **Resolution 15-07 Approving Design-Build Contract with Modern Building Inc.**

Mr. Hancock stated that at the November 3, 2015 meeting, staff presented the contract to the Board to approve entering into negotiations with Modern Building Inc. He continued that staff had been working with both Modern and the attorney to make requested changes and, although those changes were not substantial, we wanted to bring back the final wording for approval. He added that we would also want this contract to be adopted by resolution, not just by minute order.

Mr. Hancock stated that County members have also requested that we supply attorney confirmation that she has reviewed and approved the contract as to form and that documentation has also been provided to the Board.

Mr. Hancock then gave background on the design-build project and the procedures required.

Mr. Hancock stated that he has received questions regarding the various phases of the contract. He continued that the resolution presented is for Phase 1 only and the range for this phase is approximately \$75,000 to \$93,725 GMP. The second phase is \$2,381,400 but we can lower that amount during phase 1 and establish a new GMP for Phase 2.

Board member Hammond inquired as to what was being approved, just Phase 1? Mr. Hancock responded that the resolution specifies the Notice to proceed will be for Phase 1 only.

Board member Hammond expressed concern as the document sent to him was missing numbers. Mr. Hancock responded that we could take the item off until next Tuesday stating that he would not be available but someone could run the meeting in his place. Board member Hammond inquired as to how this would affect the timeline. Mr. Hancock responded that we can request that Modern put their contractors on hold.

Board member Hemphill made a motion to table the item until December 15th, Board member Hammond offered a second but prior to passing the motion Tony Shaw (County deputy CAO) suggested having the signatures on the documents from the contractors. Mr. Hancock responded that the request would alter the motion as it would be authorizing getting signatures. Mr. Shaw stated that it was only in the interest of time saving but if changes are

requested, it could cause difficulties. Mr. Hancock responded that the documents themselves have already been reviewed so we would not be against it.

Motion by Board member Hemphill, second by Board member Hammond to have the contract on the December 15, 2015 meeting with contract signed and ready for Board signature. Motion carried unanimously. Absent: McBride.

3B Resolution 15-06 Authorizing Signatures

Mr. Hancock stated that this item is for the authorizing of signers on the claims and transfer forms and we are requesting that the current form be extended to December 2016.

Board member Hammond requested background on the item.

Ms. Cardenas expressed concern that the Resolution does not specify that City staff reimbursements would be approved by the Board and not the authorized signers listed on the sheet. She added that the claim form itself did not appear to be completed.

Ms. Wemple stated that she does not want to approve City staff signing for their own reimbursements but suggested that we adjust the form to make it possible for other pending claims to be paid. The claims box was checked on the authorized signer form, the form was signed and distributed.

Mr. Hancock responded that an MOU between the JPA and City is also being drafted to address reimbursements for staff time but, it is not yet complete.

Eileen Spencer (public) expressed her concern with City staff being reimbursed in general as County employees are not getting reimbursed for their time. Ms. Wemple responded that the County has an MOU with the JPA stating that they would not be submitting reimbursements until April of 2016.

Motion by Board member Garnier, second by Board member Hammond to approve Resolution No. 15-06. For all reimbursements except for City staff it was requested that the item be brought back at a later date to address approval of payment of City reimbursements. Motion carries unanimously. Absent: McBride.

4 BOARD MEMBER ISSUES/REPORTS: None.

ADJOURNMENT: Meeting adjourned at 10:49 a.m.

Brian Wilson, President

Respectfully Submitted by

Heidi Whitlock, Project Manager

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Regular Meeting Minutes
February 2, 2016 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3:02 p.m. by President Wilson.

Roll Call of Board of Directors present: Dave Meserve, Nick McBride, Jim Chapman and Brian Wilson. Absent: Tom Hammond.

Staff Present: Jared Hancock, Executive Officer, Heidi Whitlock, Project Manager, Nancy Cardenas, Treasurer and Diana Wemple, Auditor.

APPROVAL OF AGENDA: Motion by Board member Meserve, second by Board member McBride to approve the agenda as posted; motion carried unanimously.

4 APPROVAL OF MINUTES:

Motion by Board member McBride, second by Vice President Chapman, to approve minutes from November 3, 2015 meeting. Motion carried unanimously. Abstention: Meserve Absent: Hammond

Minutes of December 3, 2015 will be brought back at the next meeting for approval.

Motion by Vice President Chapman, second by Board member McBride, to approve minutes from December 15, 2015 meeting. Motion carried unanimously. Absent: Hammond

5 CORRESPONDENCE: None.

6 PUBLIC COMMENT: None.

7 MATTERS FOR BOARD CONSIDERATION:

7A Election of President and Vice President for the 2016 Calendar Year

Mr. Hancock opened by thanking everyone for their participation and stated that it was time to elect a President and Vice President for the 2016 calendar year. He requested nominations from the Board.

Motion by Vice President Chapman, second by Board member Meserve, to reelect officers as it already stands, Wilson to remain President and Chapman to remain Vice President. Motion carried unanimously. Absent: Hammond.

7B Resolution No. 16-01 Membership in CAPRI

Mr. Hancock stated that this item is for insurance coverage through CAPRI. Discussion occurred on the initial fees verses the fees once operational. He stated the email from Pat Cabulagun was included for the Board's review. The dues are based on annual budget and as the budget increases, the dues may as well. He added that we requested premiums for various payroll amounts once pool is operational. Mr. Hancock stated that staff are recommending moving forward with the Agreement.

Vice President Chapman inquired as to what the operational budget would be utilized. He referenced the \$2,021 amount as that was the amount corresponding with the most feasible payroll and property value numbers. Mr. Hancock

responded that those numbers would probably be the figures that they use and then they can provide us the amount we would be required to pay.

Vice President Chapman also asked for confirmation that \$400.00 would also be required for dues. Mr. Hancock responded yes, but we will send them the information and they will send us the numbers. We requested the various amounts so the Board would have an idea of what future rates could be. He continued that the amounts given are still quite a bit less than was originally budgeted for.

President Wilson asked for clarification that the "dues" are the same as the "admission fees". Mr. Hancock confirmed.

Motion by Board member Meserve, second by Board member McBride, to approve Resolution No. 16-01, approving the execution of, and becoming party to, the Joint Powers Agreement creating the CAPRI. Motion carries unanimously.

7C Resolution No. 16-02 Agreement for Administrative Service with the City of Susanville

Mr. Hancock stated that this item is the Agreement for Administrative Services between the JPA the City of Susanville for staff services. The auditors and HLVRA Treasurer and Auditor have requested an agreement be brought forward. He added that the attorney has already reviewed and approved the document.

Vice President Chapman stated that the outside auditors had concerns with a few items, one of which was the processing of reimbursement claims. He stated that the Board already set up that the Executive Officer can approve claims up to \$25,000. Mr. Hancock responded yes, when the HLVRA adopted the County purchasing policy the maximum amount was \$10,000 however, and that is the amount the Executive Office is permitted to approve. In response to City reimbursements, language was added to this agreement in Section 4 that should prevent further auditing issues. Vice President Chapman shared his approval of this change as it is a safety precaution. He added that the Board would still like to see a breakdown of those approved claims so the Board, and the public, are aware of what was being spent. Mr. Hancock responded that yes, it was discussed at the previous meeting and we will bring back that information.

Motion by Vice President Chapman, second by Board member Meserve, to ratify the agreement between the Honey Lake Valley Recreation Authority and the City of Susanville for Administrative Services. Motion carried unanimously.

7D Update Regarding JPA's ability to accept tax exempt contributions

Mr. Hancock stated that this item is regarding contributions that the HLVRA could accept as tax exempt. These funds would be for construction dollars, not operational costs. The attorney cannot find JPA language except the "wholly owned instrumentality" of a political subdivision language. We do meet all six criteria for this classification. However, if entities join the JPA, and they are for profit, it could cause issues. Before we start excepting donations, we would prefer to request a private letter ruling from the IRS to ensure they cannot change their mind. Mr. Hancock stated that it could be expensive and time consuming but we will look into it.

Board member McBride requested that we obtain that information.

President Wilson stated that this is only an issue if the HLVRA took the donations. If someone else were to take in the donations on their own, we could bypass this. Board member McBride agreed but then reminded the Board that those doing so could change their mind on what to spend the donation money on.

Mr. Hancock stated that City or County could also accept donations on behalf of the JPA but they would be responsible for tracking that it was spent correctly and in accordance with IRC (170). President Wilson requested clarification that if the City or County took in those contributions, they would still be tax deductible. Mr. Hancock confirmed that they would however, the City and County would be held responsible for ensuring that those funds were used in the appropriate way. It was asked if it needed to be spent like the pennies for the pool fund. Mr. Hancock responded that, for example, someone can set up a nonprofit group and cut a check to a for profit organization, the original nonprofit would be responsible. Vice President Chapman asked why someone would spend it incorrectly. Mr. Hancock responded that it could be accidentally but, it would still be the City or County's fault.

Nancy Cardenas inquired if the Auditor would be responsible for tracking the payments. And, if so, wouldn't it be the same as it is now? Vice President Chapman stated that the Board would be responsible for it, not the Auditor. She would be required to tell them before it were spent. It would fall on the Board and the Executive Officer. Vice President Chapman stated that the Board or Administration would be responsible.

President Wilson requested that we obtain more information.

Board member McBride stated that using an outside source did not look promising as they could choose to spend the funds on something else. Vice President Chapman stated that he did not want to use an outside party if we could do it ourselves.

President Wilson requested that staff look into how long it would take and how much it would cost to obtain the private letter ruling. He added that we would need something in writing and to see what types of restrictions we would have. Mr. Hancock clarified that they wanted an example of guidelines to follow when funds are placed in a restricted account. Vice President Chapman stated that he would prefer a list of terms/items it can and cannot be spent on, something clear cut. He added that we may want to transfer the pennies for the pool money into the same account.

Tony Jonas (public) commented on starting up a new nonprofit. Mr. Hancock responded that this is not what the discussion was about. He explained that some functions would fall under charitable contributions using IRC 170 and they could set up a fund for the purpose of items being considered charitable contributions. He continued that the Board could obtain a private letter ruling, specifically for the JPA, stating that all six factors are met to ensure they remain eligible. But, it would limit certain entities from joining if they are for profit entities.

Vice President Chapman requested that Mr. Hancock bring back the restrictions on doing so along with exclusions the Board has to be aware of. For example, the cost estimate for the private letter ruling and how long it would take to obtain one. Also needed would be the draft language for how we met those six criteria to ensure we stay within those guidelines as well as what areas we would be closing permanently.

7E Financial Reports for the period of December 1, 2015 to December 31, 2015

Vice President requested that Diana Wemple, HLVR Auditor, present the updated financials for December. Ms. Wemple briefly discussed the financials presented. Vice President Chapman inquired about the status of the County payment. Ms. Wemple stated that it has not been transferred at this time because the funds are not available. It should be available in March when the tobacco money arrives.

Vice President Chapman thanks Ms. Wemple and Ms. Cardenas for being present at the meetings.

7F Meeting Schedule during the Design and Construction Phases of the Project

Mr. Hancock opened that no staff report was created for this item but the meeting schedule needed to be addressed. He continued that a few discussions with the Board have occurred regarding the frequency of meetings during the design and building phases. He added that negative feedback has been heard about the Board not meeting. He stated that we should keep it the same or change it to better address the comments.

Vice President Chapman stated that we are seeing success and that we now have a contract. This is the most we have had in months and he added that if the Board only met once a month, he would be okay with it from here until June. If we needed something further, we could call a special meeting.

President Wilson agreed that once a month would be preferred and more when needed, Board member Meserve also agreed with this statement. Vice President Chapman suggested the third Tuesday of the month due to scheduling issues with other meetings.

President Wilson asked Mr. Hancock if it was okay to wait six weeks for the next meeting, Mr. Hancock confirmed.

Agreed that the next JPA meeting would be held on March 15th with the following meeting on April 19th.

8 BOARD MEMBER ISSUES/REPORTS:

President Wilson inquired if the service of Ms. Cardenas was still necessary due to Ms. Wemple now participating. Ms. Wemple responded yes, that she is the Auditor but Ms. Cardenas is the Treasurer and they fill different roles. Vice President Chapman added that it is conducted this way for checks and balances.

ADJOURNMENT: Meeting adjourned at 4:11 p.m.

Brian R. Wilson, President

Respectfully Submitted by

Heidi Whitlock, Project Manager

**HONEY LAKE VALLEY RECREATION AUTHORITY
GOVERNING BOARD MEETING
Special Meeting Minutes
March 29, 2016 – 3:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 3:00 p.m. by President Wilson.

Roll Call of Board of Directors present: Dave Meserve, Tom Hammond, Nicholas McBride, Jim Chapman and Brian Wilson.

Staff Present: Jared Hancock, Executive Officer; Gwenna MacDonald, City Clerk, Diana Wemple, Auditor and Nancy Cardenas, Treasurer.

APPROVAL OF AGENDA: Motion by Board member Hammond, second by Board member McBride to approve the agenda as posted; motion carried unanimously.

APPROVAL OF MINUTES: None.

2 **PUBLIC COMMENT:** None.

3 **MATTERS FOR BOARD CONSIDERATION:**

3A Financial Reports for the period of January 1, 2016 to March 18, 2016

Mr. Hancock reported that a request had been presented for the Auditor's Office to provide financial statements for review, and they have been included in the agenda for the period of January 1 to March 18, 2016 for the Board's consideration.

President Wilson asked for clarification regarding the encumbered amount of \$638,000.

Mr. Hancock responded that there was a line for encumbrances and after follow up with Diana Wemple, it was determined that it is almost all encumbered for pool construction.

President Wilson asked if the encumbered amount was in addition to the \$2.3 million that the JPA already has according to the general ledger summary.

Ms. Wemple responded that the cash balance is \$2.683 million, and out of that \$638,000 is encumbered so there is approximately \$2.1 million remaining. The encumbered amount of \$638,000 is what is estimated to be spent for construction costs during this fiscal year.

Board member Chapman asked if that includes the County's contribution of \$200,000 for fiscal year 2015/2016.

Ms. Wemple responded that it does not include the County's contribution.

Board member Meserve asked if the City already made their contribution.

Ms. Wemple answered that the City has made its contribution.

Mr. Hancock commented that the issue of contributions as they relate to the cash balance will be further discussed in the next item on the agenda.

Kathie Garnier asked for clarification regarding the contributions that are expected from the County and City in the upcoming fiscal year, and if it would be the reduced contribution amount.

Ms. Wemple responded that the next contribution made by the City would be for the reduced amount of \$80,000. The County has the 2015/2016 contribution of \$200,000 due for the current year.

Motion by Board member Hammond, second by Board member Meserve, to accept the financials as submitted; motion carried unanimously. Ayes: Hammond, Meserve, Chapman, McBride and Wilson.

3B Review Financial Status and Comparative Operating Budget

Mr. Hancock thanked everyone for being present and for their interest in the project. The purpose of the formation of the JPA is to facilitate the construction of a community swimming pool, and at the forefront of the discussions is how much money is available and how much does the Board want to spend to build the facility. The JPA has entered into a contract with Modern Building Company, Inc. and over the past few months staff has been working with them to develop designs for the project with a budgetary goal of \$2.5 million dollars while incorporating as many of the design features that the JPA has expressed the desire to have in the facility. As the Board was reviewing the financials, Ms. Wemple mentioned that the current cash balance is \$2.683 million and with the County contribution we will have closer to \$2.9 million on hand. After July 1, the contribution from the City and County will be another \$160,000 which will continue in the coming years to assist with the operating expenses and overhead. There are two questions, how much is it going to cost to operate the pool and how much is available for construction. Staff has worked on developing a conservative budget and it is estimated that having \$160,000 to cover deficit operations and put aside money for future enhancements, maintenance and repairs that come up will be a good estimate.

Mr. Hancock explained that in the packet are operating budgets from two facilities that are similar in size, and based upon a 12 to 13 week operation period during the summer. The East Quincy annual operating budget is right at \$60,000 and does not include any revenues that might come in from gate fees. The Idlewild Pool operating budget is \$106,000 annually that includes \$40,000 in building operation costs and revenue in the amount of \$110,000 for an overall annual deficit between \$35,000 and \$40,000 per year. Staff is comfortable that the estimate of \$160,000 for operating revenues is a solid estimate and will allow enough to make improvements, repairs, and not rely on other sources to complete ongoing maintenance.

Staff is working on creating two budgets, one based on the City's fund structure and one based on the County's that will illustrate ongoing operational budgets. Staff plans on using those models as an estimate, and bringing to the Board for review at the next meeting. He requested questions or comments from the Board.

Richard Egan, Lassen County CAO, clarified that the JPA's bylaws are silent on the matter of timing for the contributions made each year by the City and County. It is not specified that the contributions will be made on July 1 of each year.

President Wilson responded that it could be made on July 1st each year.

Mr. Egan responded that it could be, but he would not recommend relying on it being paid on the first day of the new fiscal year.

Mr. Hancock commented that the JPA goal is to be able to send out a letter of request just prior to the expiration of the fiscal year, requesting that the contribution of funds be made as soon as possible and while there are no guarantees until the checks are in the bank, hopefully it will be as close to the beginning of the fiscal year as possible.

Board member Hammond asked if there was a date identified by both agencies regarding the due date.

Mr. Egan responded that as a JPA you have two entities who have agreed to contribute, but there are no established parameters regarding the contributions.

Board member Chapman stated that at the time the JPA was formed, it was intended that the funds would be made available early on and obviously the two agencies have budgets that have to be adopted and appropriation made. Any

time after the appropriations have been available the check could be issued and he is somewhat at a loss as to why that has not happened with the County yet. He would hope that they would be more accommodating for the next payment, and while July 1st is unrealistic there should be no reason that they could not make the contribution by September 1st. The JPA should not have to chase them throughout the year to make the contribution.

Mr. Hancock suggested that the Board members keep the East Quincy and Idlewild budgets handy, as it is good to see the types of line items and expenses that are involved in operating the facility. The East Quincy budget is somewhat light, but the Idlewild budget is more detailed and would be helpful for the JPA in considering the structure of its operating budget.

Board member Chapman commented that it is nice to have a benchmark, but the 12 to 13 week operation period is much shorter than what he hoped to see the Susenville facility operating at. There are issues associated with colder weather and freezing, however with utilizing geothermal heat it should minimize some of those issues, and he hopes that the facility could be used for much longer, and during some milder winters it could feasibly be open nearly all year. In that case, the operating budgets as presented would be the bare minimum that would be required for the facility. The budgets are also not considering the amount raised through gate fees, and it is not unrealistic to expect to be able to bring in an additional \$20,000 - \$30,000. He concluded by stating he would be pushing to operate the pool whenever feasible, and that the budget should not be understated.

Board member Hammond remarked that he has never seen what the revenue was that had been generated annually by the old pool.

Board member Chapman responded that at its peak they were bringing in up to \$100,000 - \$120,000, including college utilization and core users.

Eileen Spencer stated that she thought the Board was down to one design and in the packet there are three choices listed as A, B, and C. She requested an explanation as to what has been cut from the design.

Mr. Hancock responded that those designs were associated with the next item in the agenda and they would be reviewed.

Tony Jonas asked if there was a revenue recovery model associated with the East Quincy pool for their dates of operation.

Mr. Hancock stated that the East Quincy pool did not include that in their budget, and the Idlewild pool lists it at the top line on the first page of their summary.

Mr. Chapman noted that the summary lists the revenue as \$100,720 and expenses as \$106,341.26.

Mr. Hancock explained that it was his understanding that the Roosevelt pool operated at an annual deficit of approximately \$50,000, with a lot of factors that went into that figure including deferred maintenance costs which go up significantly with an older facility. It is estimated that the \$160,000, which will be received from the City and County combined annual contribution, will provide enough revenue to operate the pool, and additional revenue from gate fees and other usage fees will allow funding to be set aside for future improvements, long-term maintenance as well as provide flexibility to adjust programming if the Board decides to extend the operating season. Research and cost analysis has provided a very good idea of what annual operating expenses will be, and he acknowledged that it would not be possible without the contribution of the City and County. At this point, the JPA is headed into the construction phase with \$2.9 million dollars available and it is very exciting that the project is becoming a reality.

Mr. Egan noted that it doesn't appear as if either operating budget includes insurance costs or capital replacement. It seems like capital replacement was a fatal flaw in the Roosevelt Pool operation.

Mr. Hancock agreed, noting that the East Quincy budget seems to list small projects each year, but there were no line items listed for depreciation or replacement funds. Idlewild budgets more for supplies and equipment, but did not call

out insurance costs as a separate line item. Staff will be using these budgets as a model and baseline to create a budget specific for the JPA and will be including costs for insurance and the Board can consider setting aside an amount each year for capital improvements.

President Wilson asked if the revenue figures would be provided for East Quincy.

Mr. Hancock responded that they were working to obtain actual figures for the past two years, rather than budgeted numbers, in case they were falling short. The budget, which will be presented to the Board for review, will be a hybrid and much more detailed than the East Quincy budget, yet shorter than the Idelwild budget, as some of the items for special events and programming that Idelwild has will not be applicable to the JPA budget.

There were no more questions or comments regarding the operating budgets.

3C Design Build Update Modern Building Company Inc.

Mr. Hancock reported that it has been shared that the JPA will have approximately \$2.9 million in fund balance as the final design of the facility is considered. There are other expenses involved, including operating expenses for the first part of the year, equipment and furniture costs, and the discussion today will be to make a determination as to what priorities and features will be included in the final design.

Mr. Hancock stated that staff has worked with Phil Strawn and James Seegert from Modern Building Company, Inc. and they have worked very hard on a compressed time frame, have been responsive and great to work with in putting the numbers together. They started out with the RFP as a baseline for size, scope, and basic outline of the project and discussed features that would be necessary to improve the overall flow and function of the facility. By having those discussions early on, and putting together preliminary sketches, it was possible to produce quantity amounts for things such as drywall and concrete and go out and obtain solid quotes from their subcontractors, allowing a more definite bid on various project components. This has resulted in a lot of consistency with each cost estimate and breakdown in different categories, which provided an opportunity to look at ways to bring back to the desired budget of \$2.5 million dollars. As we went through that process, we were able to come up with a comprehensive facility with a scaled back bath house in the \$2.6 million range and in order to reduce it to \$2.5 million we were looking at significant reductions to the bath house and even to the pool for savings.

It has been discussed at many meetings that what the JPA set out to do was build a swimming pool, and to build a good pool. You only build it once and we have seen that, as the last pool was built almost 100 years ago, the priority would be to keep the square footage of the pool as complete as possible and look at cutting back on other areas first. Nobody is excited about Option C, so we would like to look at Option B or A, or possibly a hybrid. While it is not the recommendation to commit all of the \$2.9 million, \$2.5 million would be feasible and the Board could consider allocating some of the additional funds on hand towards construction to build a facility that would more closely meet the needs of the community.

Mr. Hancock requested that the Board members refer to the budget summary listed in the packet under Option B, he stated that a review of the breakdown of costs would be helpful to see where the majority of the funds were being committed. Mr. Hancock stated that Mr. Strawn and Mr. Seegert from Modern Building Company, Inc. were in attendance to provide more detail on the bidding process, where there might be opportunities for cost savings, and where we are today. He thanked them again for all of their hard work, and stated that we are at the stage where we have 85 – 90 percent of the plans completed for the overall facility so we are well on track to begin construction within the original time frame, which is important for the community.

Mr. Hancock briefly reviewed the budget items listed in Option B, with site demo and well abandonment listed at \$62,515, with the inclusion of excavation, installing site utilities, below ground surge tanks, filtration system, storm drainage and parking, all of the things required to meet minimum development standards. The swimming pool itself is \$715,000 with pool equipment an additional \$177,000, and with these items you are near the \$1.1 to \$1.2 million range. With the landscaping and other site work and frontage improvements, all of the items quickly add up to over the \$2 million mark, so every additional dollar that may be moved towards construction has an exponential impact of being

able to improve the overall feel of the facility. He expressed his appreciation to Modern for preparing the breakdown in such a manner and turned the floor over to Mr. Phil Strawn.

Mr. Strawn stated that he is the project manager and has overseen the design development, and will also be responsible for the oversight of construction development for phase 2 of the project. Initially they began with the RFP and used that as a guideline of what was expected for the project, based on very loose parameters, and early on met with Mr. Hancock who advised that the project budget should be held to \$2.5 million dollars. Through the process, the areas of key savings were identified as well as those items that were more of a want than a need. There are guidelines that must be followed when designing a facility, including the California Building Code, the Health and Safety Code and the ADA Code that lock you into certain dynamics and features that cannot be changed.

The process included three phases which began with the swimming pool which is essentially the crown jewel of the project, with an L-shaped design that is 25 meters by 25 yards with the future addition of adding a diving board. That feature was left alone, and we didn't want to change or revise the pool in any way.

The second phase was to look at the bath house, parking lot and site development. Parking requirements are bound by City standards, ADA requirements, local transit and site utility, and there was not a lot of room to cut parking for any of the options. The parking is a somewhat odd shape, but it is a phased design that can be expanded to the South at the point that the facility expands. It is more than enough space for the start-up, and a limited approach to storm drainage and utilities has been implemented. Geothermal heating was seen as more of a want than a need, and the direct quotes received for floor heating in the bath house and site improvements were approximately \$200,000, so it was removed to help get the project within budget.

Option A was designed as a first model that is more elaborate, has more of a sellable feel for the future, and provides an opportunity for an additional revenue stream by hosting events. It includes a café/food service area where additional revenue could be gained from sales, and the flow and function for staff areas and room for future expansion were some of the features incorporated into that design. With the bath house, you are locked in to a few requirements regarding clearances, the equipment room, and number of bathrooms. With Option A, you have the equipment room on the north side and bathrooms on the south side, so future expansion of the pool, as features are added, would require a corresponding expansion of the equipment room and bathrooms, which could be readily accomplished by expanding both ends of the bath house.

With Option B, there was no opportunity to reduce the bathroom size or equipment room, so it came down to a reduction in office and staffing areas, check in and storage, so we decided on Option B to have all of the access to the pool area be a walk by window. This reduces the interior area and cuts back on drywall, roofing, framing and concrete costs, and the concern from a delivery standpoint is that it places the equipment room on the interior of the building which presents a challenge for future expansion of the facility. If the pool is increased at some point, a separate equipment building would need to be built on site to accommodate the additional equipment space that would be required.

Mr. Strawn concluded that when they looked to design a facility that was capped at \$2.5 million, there was no other choice but to cut the actual pool, so they went back to the pool designer and came up with a smaller 6 lane pool of a much shallower depth, and it is not what is believed that the JPA wants for the community. However, in order to reduce the cost to \$2.5 million, that is what the design looks like and it is listed as Option C.

Mr. Hancock stated that what needs to occur is discussion of the features that have been removed, establish priorities and identify opportunities to accomplish some of the work such as landscaping and site improvements with work crews in order to work within the parameters established for the pool. If there is something that absolutely needs to be included, or if the Board is willing to allocate additional funds to enhance the facility, that is the direction and feedback that is needed at this stage.

Board member Hammond commented that a two percent contingency for both A and B options does not seem to be adequate.

Mr. Hancock responded that two percent is a very low contingency for this type of project, but one of the reasons that it can be kept low is that Modern already has a lot of solid bids in place for the construction.

Mr. Strawn stated that a lot of the costs are already locked in through contractors that will be partnering in the project including the pool, heating and air, concrete will be self-performing and it is to a point where there are relatively few unknown costs. The contractors are locked in as part of the design build project and there is not a lot of risk for anyone, and very little remaining to be bid out.

Board member Hammond responded that two percent still seems awfully light.

Mr. Strawn stated that they did their best to prepare a design based on the \$2.5 million budget and did not pad the contingency amount.

Board member McBride clarified that there would be no geothermal included.

Mr. Strawn said no.

Board member McBride reiterated that there would be no water heated with geothermal.

Mr. Hancock explained that the intent to heat the water with the City's geothermal system is something that is still being worked towards.

Board member McBride asked about the decking area between the pool and the bath house, noting that it went back to being a large area. He asked if that was based upon a State mandate.

Mr. Strawn responded that the RFP which was put out by the JPA called for a certain square footage of decking required. It is slightly less in model A and B, and was scaled back even more for model C, so the amount of decking was requested per the verbiage in the RFP.

Board member McBride noted that the pool shows the location as pushed back towards the property line, and that creates a much larger parking area and the JPA wasn't in favor of that. These are some of the issues that were discussed as a Board and it seems as if they are being neglected. He asked if \$200,000 for land work included the parking lot or if it was limited to site demo, excavation and well abandonment.

Mr. Strawn responded that the number is solid and we have a quote from a contractor to perform the work.

Board member McBride stated that the JPA has \$450,000 just into ground work, including the demolition of the old building. He asked for clarification regarding well abandonment, adding that at some point it needs to be designed to tie in to the system.

Mr. Strawn responded that it would be a complete abandonment per County requirements and would include a cap and fill. The location of the well is under the future building so a complete abandonment is recommended.

Board member McBride asked if this was a result of the pool location being pushed to the back of the property.

Mr. Strawn responded that he believed the well has always been located underneath the site of the building footprint.

Mr. Hancock asked if Mr. Strawn had a quote specifically for the cost of well abandonment.

Mr. Strawn answered that he did, and it includes removal of equipment and is approximately \$7,000. That includes costs to pull permits, legally abandon it and have it in a condition to build over the top.

President Wilson asked who the permits were pulled through.

Mr. Strawn answered that it was a process permitted through the County.

Board member Chapman noted that the estimated cost is \$20,000, not \$7,000.

Mr. Strawn explained that the original estimate was \$20,000, but after receiving local quotes, the cost has been reduced to \$7,000.

Mr. Hancock stated that there have been a lot of discussions regarding the well which is fairly unique in nature, and he requested that Mr. Strawn provide an update regarding the research and feedback that Modern received regarding the well.

Mr. Strawn explained that per the Health Code, any water going into the pool must be potable, so the well would have to be tested for water quality. The real issue is the age of the well, and in the process of research, Modern reached out to all areas of the County and State for assistance in determining the age of the well, and the responses they received all stated that the well is believed to be too old to be on record. The records started in 1930, and there are no records on file with the Water Board or State Water Quality, and based upon the age of the facility and when it was built, it is assumed that the well is far beyond its useful life. Trying to incorporate an aged well into a brand new facility of this type is not something that Modern would recommend, and at a minimum, it would need to be inspected and certified. Getting it scoped and a new casing installed, which you would want to do before building over the top of it, would be the minimum, and the cost for new casing or to put in a new well would be hundreds of thousands of dollars.

Board member Chapman asked why the building would have to be on top of it. The JPA enlarged the parcel so there would be plenty of ground and the idea of building on top of the well is crazy. He recommended that the JPA give clear direction that whatever is built, whatever hole is dug to pour a pool be away from where the well is located. It is obvious that Modern Building does not want to use the well, so cap it and drill a new well somewhere there isn't going to be a building and use the hot water that is there. He stated that is the water that needs to be used, and he will insist that the geothermal resource is used because that is the whole reason that site was chosen for the facility. If the geothermal well is not going to be used then put in a new well or rehabilitate the old one, or else we have wasted our time for the past 2-1/2 years.

Board member McBride asked for an explanation regarding pool timing and certification.

Mr. Strawn explained that it includes the timing touch pads, score board, wiring and conduit for racing. The certification is a process that involves an independent third party coming to examine the facility and make sure that any racing that occurs at the facility that sets a record would qualify for national and international records.

Board member McBride asked if the conduit and wiring could be put in with the remainder of the improvements to be added later, and how much of a savings would that be.

Mr. Strawn answered that yes, those could be phased improvements and would result in a savings of about \$20,000.

Board member McBride responded that it could be a good community project to add in later.

Mr. Strawn added that the JPA would own a complete set of design plans that would be available to show exactly what the requirements would be to add in those improvements later. The difference between having it certified or not certified is that if a record was broken at that pool, in order for it to count, it has to be a certified pool. You will still be able to hold competitive swim meets there, hold junior classes, and high school race times still go on to be posted on the USA swim website. It would be a sanctioned facility however if a U.S. or World record is broken then it would not count as a record broken at a certified record qualification pool.

Mr. Hancock added that the timing equipment is important but given the likelihood of a national or world record being broken at the facility and the added cost, the certification is not really necessary.

Board member McBride stated that between Option A and B, it appears that the bath house building square footage is almost identical. He suggested the removal of the center waiting area, lobby and concession, the building size could be reduced and still retain the location of the equipment room on the exterior wall of the building.

Mr. Strawn agreed, but stated that would not allow space for the check-in window pass through area. Model B could be rearranged, but it was designed to provide a good flow from the parking lot past the check in window and to the facility. Keeping facility users out of the interior of the building provided that additional convenience and the design seemed to flow better.

Board member McBride responded that the existing staff area could become the new lobby, and the first aid station could be the entrance out to the pool deck. The staff room could be used for storage, and the walk through window area could be removed. It seems as if the equipment room should be located on the exterior wall so that the facility could be easily expanded at some point in the future.

There was a general discussion regarding the revision of Option A by removing the lobby, waiting and concession areas in the middle, moving the bathrooms and equipment area together, and then modifying so that the staff area becomes the lobby, the family restroom becomes the storage area, and the first aid station is the access point to outdoors. This removed the walkway down the middle and allowed for the equipment storage room to remain on the exterior of the wall.

Board member McBride asked how the future enclosure of the pool would be tied in to the existing design.

Mr. Strawn responded there would be a few issues and it is likely it would be a pre-engineered metal building. A fire wall would be required between the two structures, and the current building is not designed with a fire wall. Unless there is a 20 foot separation between buildings, it is required to have a fire wall in both buildings. In looking at the existing layout, it is likely that it would be easier to have the pool covered by its own building with a metal awning to cover the walkway between the two structures. This would also be an advantage for the larger pool decking area.

Board member McBride asked if the firewall would be block construction.

Mr. Strawn answered that it would involve two layers of gypsum walls, a fire blanket and additional framing.

President Wilson asked for an explanation regarding the general conditions costs.

Mr. Strawn answered that this amount represents the cost for a superintendent living in town during construction, a job site trailer, site fencing, site water and power, storage boxes, and those types of expenses.

Board member McBride asked if the existing fencing on site would be used.

Mr. Strawn responded that it would be used for three sides.

President Wilson asked that if the Board chose Option B as a final design, what types of things are not included in the proposed budget that would still be required for the project.

Mr. Strawn explained that the budget did not include geothermal heating for the floors, fencing for the pool, landscaping, or furniture for the inside. Once bids are obtained for those items, they will have a better idea of what types of costs can be reduced and negotiated for additional savings.

President Wilson asked if the pool equipment was included in the cost.

Mr. Strawn responded that the pool equipment such as lane lines, covers, and all of the equipment to run the pool as well as the first stocking of supplies has been included in the budget.

President Wilson asked if there was a ball park figure for those additional items, as things such as fencing and landscaping can be expensive.

Mr. Strawn responded that fencing and landscaping costs were backed out to reduce the overall price. The cost for chain link fencing surrounding the pool is about \$30,000 and includes a vehicle gate for the pool area, and an ADA access gate. The upgrade to a nicer panel style iron fence could be about 25 percent higher than that. The landscaping which is included is a minimal style around the bath house and street frontage areas and was between \$20,000 and \$30,000.

President Wilson asked if they were looking at somewhere around \$75,000 for those additional items.

Mr. Strawn responded that it was a safe estimate.

President Wilson stated that because of the timing of when the next payment of \$160,000 comes in, that money cannot be counted on for construction. The earliest it could be paid is July, so the cash balance is really \$2.74 million minus whatever is left on the design contract, minus costs for staff time and so we are under \$2.7 million total dollars available for construction and then the reserve for the first few months of operations.

Mr. Hancock added that the only component missing is the \$200,000 County contribution for 2015/2016.

President Wilson said that he started at \$2.9 million and subtracted \$160,000 for the fiscal year 2016/2017 contribution in his estimate. He asked how much money the JPA has available right now that it is not going to be spent before the payment comes in from the City and County for the 2016/2017 payment of \$160,000.

Mr. Hancock responded that it is \$2.75 million, if funds are also allocated for the first few months of operations and expenses.

President Wilson asked if the \$2.75 million needs to include the estimated \$75,000 needed for fencing and landscaping, stating that he is estimating how much money is really available to spend on the pool with the inclusion of a reserve for the first few months of operations.

Mr. Hancock explained that his calculation was correct, and the target of retaining between \$120,000 and \$150,000 was a good estimate for the first few months of operations. The fence contract, for example, includes labor and materials costs. The cost could be brought down by buying the materials and using a work crew to install it. If the JPA's plan is to take care of the items by putting it out to bid and then paying a contractor to come in and build it, it would be more prudent to leave it included as part of the scope with Modern, and have them work on timing and obtaining contracts. Those types of items, such as landscaping, would be the ones that the JPA would want to do to take advantage of the resources that are unique to the area, such as the prison crews.

Board member Meserve commented that his understanding is that even though the well will be capped and abandoned, that the geothermal would still be used for heating the pool from the City source.

Mr. Strawn responded that it would be a simple thing to look into, but the current design does not reflect that.

Board member Meserve responded that it was one of the things that had been discussed during the beginning of the process, and why they chose that location for the onsite well, which would be used for radiant heating, because it was insufficient to use as a heat exchange for the pool.

Mr. Hancock explained that there are two different heat sources at the site through geothermal; the City's geothermal system which runs at 160 degrees and the line runs right at the street. The intent is to make sure that the design accommodates the heat exchanger so the hot water for the bath house is all heated through that source. The pool maintains the temperature fairly well in the summer but if the facility operation is extended into other months, not using the geothermal heat source would significantly increase heating costs. The primary things that should be considered for the onsite well would be using it to top off the water in the pool if the level was getting lower, and using

it for the radiant floor heating. If the City's geothermal system is already going through the facility, it will be more cost effective to only use that source. Every time the well comes on, it would incur pumping costs for water that is only 106 degrees.

Board member Chapman asked what Options A and B are utilizing for a heat source to heat the pool and building.

Mr. Strawn responded that it is based on natural gas with an in-attic furnace for the building heat, and the pool was designed to be heated by natural gas.

Board member Chapman asked what the estimated heating costs were for Option A based on the floor plan that has been provided.

Mr. Strawn responded that the figures were not readily available.

Board member Chapman responded that he was very disappointed that we don't have the information, as it is important to know what those costs are when considering the design. He stated that he was even more disappointed to learn that the whole project is based upon heating with natural gas, and not geothermal, which was the whole reason for choosing that location. He stated that this was not what we bargained for and excused himself from the meeting.

At 4:20 p.m. Board member Chapman left the meeting and did not return.

An unidentified member of the audience asked why the geothermal was not being used if that is where the pool is being built.

Board member McBride stated that the only reason the JPA agreed to tear down the old pool building and incur a \$250,000 expense was to be able to build the pool at that site because of the geothermal, and that is how the rest of the Board wanted to go.

Tony Jonas asked if Mr. Strawn could talk about the swimming pool.

Mr. Strawn stated that the pool is an L-shaped design with six lanes each direction. The depth goes from 4 feet to 7 feet on one side, and on the other it goes from seven feet to 13.5 feet to allow for the installation of a diving board on the deep end. It is a gutter less pool so it has a two foot perimeter large trench drain, a large backflow tank adjacent to pool, stacked filters in equipment room, an eight inch feed, all automatic chlorination process, tile lane lines and border, tile on the stairs and it is gunnite construction.

Mr. Jonas asked about any soil issues at the site.

Mr. Strawn responded that based on the geological report, the soil compaction is not adequate so the site has to be dug out, put back and re-compacted and then dug out to put the pool in. The soil quality is good but it is not compacted to the strength it needs to be for pool construction.

Mr. Jonas asked about the costs for project permitting.

Mr. Strawn responded that the permits would be obtained from the City and County, but the costs were not included in the budget, and an estimate was not available.

President Wilson asked if the JPA would be making a request to both agencies to waive permitting costs.

Mr. Strawn responded that it was the assumption that permit fees would be waived.

Mr. Egan responded that the request could certainly be made, but cautioned against making assumptions.

Board member Hammond stated that it seems that numbers are so close, but this is an example of why such a low contingency makes him nervous, as there are always hidden costs no matter what.

Mr. Hancock stated that the permitting process would be largely through the City. The County Public Health would be needed and it would be through the City for plan check, building and mitigation fees, and to the Sanitary District and LMUD. Additional research would be required to identify whether or not the project would be exempt from school development fees.

Mr. Seegert spoke regarding the project in general, stating that when the initial request went out, it was a very unique thing to be utilizing geothermal and Modern was intrigued. It is a cool concept, and an interesting project and they were all very excited to be a part of it. A lot of time and research went into using the existing well, and it was discouraging to learn after weeks and months and speaking with numerous experts in the field to learn that it would be cost prohibitive to use it for this project. Anything can be done at a cost, but it doesn't seem like financially the right way to go, and he understands the concern but a lot of time was dedicated to trying to figure out a way to utilize the well for the project and budget was a concern so they shifted gears and it was one of the first items looked at in terms of budget.

Board member McBride stated that the well can be abandoned but there is a geothermal on the street. The well was appealing because it is hot potable water and that was a benefit. The geo heating was intended to be pulled from the street to heat locker rooms and pool water. It was the reason that the project site was chosen and it needs to be included. The decking heat is just a luxury but the JPA chose that location to be able to heat the building and pool with geothermal that was located at that site. There were other sites that would have saved money but the geothermal wasn't there. Board member McBride apologized for Board member Chapman leaving the meeting, adding that he is very passionate about using the geo resource and he fought hard to select that location for the pool site.

Mr. Seegert responded that the design was developed and the geothermal was not intentionally left out. The RFP specified utilizing geo to heat the floors and deck and so an assumption was made that it was only for that purpose. The pool designer understood that it was the intent to use the well to top off the pool, but he had his own reasons for being opposed to that, and didn't understand that the intent was to heat the pool itself with geothermal. He has been contacted and it is only a matter of adding a heat exchanger and some additional site work to get the geothermal to the pool. It is not currently in the budget but it can be looked into.

Board member McBride responded that he feels as if the Board and Modern are close to an agreement and have to just find a few places to save. He is not clear on what is involved in all of the signage, but it is his business and he would be happy to take care of the signage for the facility. He challenged others in the community to do the same, to step up and contribute to make sure that the JPA builds the best facility possible. The challenge should be put in the paper, and community organizations and groups should be asked to contribute for the additional items on the list.

Mr. Strawn noted that the signage cost includes all exterior and interior signage that is required by the ADA prior to being installed and prior to obtaining a Certificate of Occupancy for the facility. The budget was designed with the thought that items could be backed out of the project to work with the established budget. There are also those items that could be added by community groups and donations. Items such as fencing are important and he would not be comfortable walking away from the project with a large item like fencing left out to be added later. If there are other ways to scale back or use work crews, those are items that could be backed out.

An unidentified member of the audience asked if the cost would be cheaper to hook up to natural gas.

Mr. Strawn responded that it would be a short term savings but in the long term, geothermal is essentially free heat.

Mr. Hancock stated that everyone agrees why the site was chosen, and geothermal is very important. It was his understanding with all of these figures that the pool was to be heated by geothermal, and the only thing being removed from the budget was the deck heating and radiant heating in the facility. The City is very experienced with heat exchangers and sizing and they are not that expensive. It would not take much to add them and that was definitely the intent. The discussions to date regarding geothermal largely focused on the constraints of using the on-site well.

President Wilson commented that he is hearing the concern about price, and that nobody seems to like Option C. What the JPA is looking at is some sort of hybrid between option A and B, and he is not optimistic about budget, and at this point we have identified another \$50,000 - \$100,000 in expenses. He said he felt like \$2.696 million is still a little rich.

Mr. Hancock stated that he was taking notes regarding the comments and that what is needed is a budget price that can be utilized to develop the final design. He asked for confirmation that the timing equipment installation would be postponed and the initial construction would include just running the conduit. There was a clear suggestion to take Option A, remove the middle section lobby and concession areas and bring the ends of the building together. It is a suggestion that could be worked with for additional cost savings, but the JPA needs to establish a construction budget cost.

President Wilson asked Mr. Strawn what his experience tells him is the likelihood that if the Board chooses \$2.6 or \$2.65 million as a top figure, that it will actually be built for that cost. He stated that he wanted to get an idea of what type of reserve is actually needed. If he was building a house he could guarantee that it would cost 10 or 20 percent more than he was planning to spend.

Mr. Hancock asked if Modern gives a final design cost, can the JPA expect that the final price is going to be 10 or 20 percent more than contracted.

Mr. Strawn stated that if the price is set at \$2.75 million then that price would be one Modern can work with. He stated that there would be approximately \$75,000 additional costs with landscaping and fencing, a little more to add the geothermal component for heating the pool, but there is going to be savings when proceeding to the public bid phase. The existing quotes based off design are from local subcontractors and they have given feedback and written quotes. Those quotes will be used to put the items out to bid and in a competitive market additional savings will be realized through that process.

Board member Hammond asked if there was any way to reduce the size of the building.

Mr. Strawn responded that was reflected in Option B, with building requirements the bath house is about as small as it can be.

President Wilson asked if stick built was the cheapest option. Mr. Strawn responded that it was, and initially they looked at block construction but it was way too expensive.

Board member Hammond asked if a metal building was an option.

Mr. Strawn responded that there were concerns with a metal building given the level of humidity and chemicals associated with the operation.

President Wilson stated when the JPA originally started down the path, there was a guaranteed price not to exceed, and asked for an update regarding that status.

Mr. Hancock responded that the original bid set a gross maximum price of \$3.1 million with a construction maximum of \$2.98 million. The goal was to enter into a contract for design for the first phase, and then come up with a new gross maximum price for the construction phase. Once the final design is developed, then a new contract will be executed with Modern for the construction phase and will include a gross maximum price.

Mr. Strawn explained that the plan is to use a general budget approach where the JPA decides what the budget needs to be, then Modern develops the final design that is ready to go to permit. That design will be put out to bid for all of the remaining scopes. The contractors that have partnered with Modern for the project, including the pool, heating/electrical, air and concrete have already submitted solid proposals so the items that will be put to bid will be in a competitive market, and once those final numbers are obtained, Modern will prepare a Phase 2 proposal and present

that to the JPA. That proposal will include a new contract that states for these designs, this facility will be built for the price that is established based upon the JPA's budget.

President Wilson clarified that at that point, the JPA either signs the contract or doesn't. He requested comments from the Board regarding design preferences and price.

Mr. Hancock stated that there has been a lot of valuable discussion and requested narrowing down the items to some specific things that the Board is agreeing on.

It was the general consensus of the Board to build an L-shaped pool, heated by geothermal and also to heat the building with geothermal if possible. The Board discussed the well abandonment process, the layout and location of the building and requested to not build over top of the existing well, even if it was going to be abandoned and capped. The parking lot layout was discussed, with the phase 2 implementation expanding it to the property line.

The Board discussed additional items related to the well. Mr. Jonas stated that the on-site well stopped running three years prior to the old pool being closed down. It is over 100 feet in depth, and Mr. Strawn discussed the challenge of scoping and re-casing such an old well. He stated that it would be virtually impossible to have an engineer sign off on the well due to its age.

Mr. Hancock summarized the items that the Board had prioritized through the discussion process as follows:

- An L-shaped pool design with geothermal heated water
- Geothermal heating in the building
- Narrow the parking lot
- Move the building to the south and to the east as much as needed to not be located on top of the old well
- Bring the well casing to the surface for the abandonment procedure
- Reduce the decking area between the pool and building to a minimum.

There was additional discussion and explanation regarding the design of the pool surge system and why the practice to top off the water level by using geothermal heated water was impractical due to the automated nature and speed of the adjustment to the water levels.

President Wilson noted that it sounded as if the Board did not need to worry about moving the building, and abandoning the well as cheaply as possible would be the priority. He invited comments from the Board regarding a maximum budget price, admitting they all probably had varying levels of comfort. Right now, the budget is at \$2.75 million and that does not include furniture.

Mr. Strawn responded that \$2.75 million is a safe number to include fencing and landscaping.

Board member Hammond requested a contingency of \$150,000 for over runs, change orders and those types of items.

Mr. Hancock explained that the reason the contingency is so low, is that Modern is basing the estimated budget on solid bids that have been presented by their subcontractors and project partners.

Mr. Strawn added that they have approximately \$2 million locked in on solid numbers, and the two percent contingency is actually a higher percentage. There is between \$600,000 - \$800,000 in costs that are not locked in and that represents where the outlying risk is, so two percent contingency is based on \$600,000 to \$800,000, and not \$2.75 million.

President Wilson asked what the remaining balance was to be paid on the design contract.

Mr. Hancock responded that it was about \$40,000. He reminded the Board that the facility would not be open to the public until spring 2017, and with the County's 2015/2016 contribution, and the expected 2016/2017 contributions from the City and County, an additional \$360,000 will be received during construction. He stated that he is comfortable with the \$2.75 million figure for construction, and does not want to see the Board in a position when the pool opens that

they have a lot more money than needed for initial operations that could have been dedicated towards the construction of the facility.

There was additional discussion regarding the cost of permitting and fees, and working to generate interest in the community to participate in fund raising and contributions that will enhance the design and provide for added items such as lockers and furniture. Requirements for landscaping installation prior to the facility opening and ways to cut costs by utilizing inmate labor to install improvements was discussed, and it was agreed that the installation of the main irrigation line should be included in the construction cost and not completed by work crew labor. Mr. Hancock suggested that including the landscaping cost estimate in the budget would allow the JPA to obtain a more definitive price and at that point, project components could more easily be backed out of the budget and taken on as community projects to reduce the overall cost of the facility.

Mr. Seegert expressed his concern regarding the \$2.75 million figure including fencing, landscaping, and geothermal costs would be stretching things a bit. He stated that he is nervous about the idea of trying to get the budget down that tight. The low contingency is a sign that the costs as provided are solid, and there are not too many areas left to pick from in terms of bringing down the cost without sacrificing features. He added that if the \$2.75 million budget was firm, he suggested leaving out the landscaping.

Mr. Hancock clarified that the request was to reduce the amount of decking between the bath house and the pool.

Board member McBride stated that the space was needed, but asked if the decking area could be replaced with a concrete walking path.

Mr. Strawn agreed that the decking area could be minimized and concrete could be utilized where feasible. Decking could always be added if there was cost savings in other areas.

It was the consensus of the Board to establish the construction budget at a price of \$2.75 million dollars with the design focus as discussed.

3D Private letter Ruling for Exempt Contributions

Mr. Hancock provided a brief update regarding the status of the HLVRA's ability to accept tax deductible contributions for the swimming pool. Staff had been in contact with the IRS to determine the time and cost associated with obtaining the Private Letter Ruling. The IRS requires a written request, and based on the information available, the fee for submitting the written request is \$2,200. He added that the IRS is not able to provide a time frame for completing the Private Letter Ruling, however it would be worthwhile to obtain the determination in writing.

Board member McBride commented that the only way to get large donations is if people are able to write them off.

4 BOARD MEMBER ISSUES/REPORTS: None.

ADJOURNMENT:

Motion by Board member Hammond, second by Board member McBride, to adjourn; motion carried. Ayes: McBride, Hammond, Meserve and Wilson. Absent: Chapman.

Meeting adjourned at 5:40 p.m.

Brian Wilson, President

Respectfully Submitted by

Gwenna MacDonald, City Clerk for
Heidi Whitlock, Project Manager

Submitted By: Jared G. Hancock, Executive Officer

Action Date: May 31, 2016

HLVRA AGENDA ITEM

SUBJECT: Acceptance of annual audit for Fiscal Year ending 2014 and 2015

SUMMARY: The Honey Lake Valley Recreation Authority contracted with Price Paige & Company for the purposes of conducting the annual audit. The HLVRA, because of limited transactions during the 2014 fiscal year, opted to conduct a two-year audit in 2015. Attached is the final audit document provided by Price Paige & Company.

FISCAL IMPACT: None.

ACTION REQUESTED: Accept and File annual audit for fiscal year 2014 and 2015

ATTACHMENTS: Letter of Communication to Board
Financial Statements for fiscal year 2014 and 2015



April 12, 2016

To the Members of the Board of Directors
Honey Lake Valley Recreation Authority
Susanville, California

We have audited the financial statements of the Honey Lake Valley Recreation Authority (the "Authority") for the years ended June 30, 2015 and 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 23, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015 or 2014. We noted no transactions entered into by the Authority during the years for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates made by management during the years ended June 30, 2015 and 2014.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during our audit for the years ended June 30, 2015 and 2014.

677 Scott Avenue
Clovis, CA 93612

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 12, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Price Pange & Company

**HONEY LAKE VALLEY
RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2015 AND 2014**

HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
of the Honey Lake Valley Recreation Authority
Susanville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Honey Lake Valley Recreation Authority (the "Authority"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Honey Lake Valley Recreation Authority, as of June 30, 2015 and 2014, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Price Pugh & Company

Clovis, California
April 12, 2016

BASIC FINANCIAL STATEMENTS

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|------------------------------------|------------|------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 394,075 | \$ 400,043 |
| Total current assets | 394,075 | 400,043 |
| Construction in progress | 236,759 | - |
| Total assets | \$ 630,834 | \$ 400,043 |
| LIABILITIES | | |
| Current liabilities: | | |
| Due to other governmental agencies | \$ - | \$ 50,946 |
| Total current liabilities | - | 50,946 |
| NET POSITION | | |
| Net investment in capital assets | 236,759 | - |
| Unrestricted | 394,075 | 349,097 |
| Total net position | 630,834 | 349,097 |
| Total liabilities and net position | \$ 630,834 | \$ 400,043 |

The notes to the financial statements are an integral part of this statement.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

| | 2015 | 2014 |
|--|------------|------------|
| Operating revenues: | \$ - | \$ - |
| Operating expenses: | | |
| Professional and specialized services | 99,115 | 50,946 |
| Publications and legal notices | 1,076 | - |
| Special department expense | 19,549 | - |
| Office expense | 55 | - |
| | 119,795 | 50,946 |
| Total operating expenses | | |
| | (119,795) | (50,946) |
| Net operating income (loss) | | |
| Nonoperating revenues (expenses): | | |
| Operating contributions from members | 400,000 | 400,000 |
| Interest income | 1,436 | 43 |
| Other income | 96 | - |
| | 401,532 | 400,043 |
| Total nonoperating revenues (expenses) | | |
| | 281,737 | 349,097 |
| Change in net position | | |
| Net position - beginning | 349,097 | - |
| Net position - ending | \$ 630,834 | \$ 349,097 |

The notes to the financial statements are an integral part of this statement.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Payments to vendors for services and supplies | \$ (170,741) | \$ - |
| Net cash provided (used) by operating activities | <u>(170,741)</u> | <u>-</u> |
| Cash flows from investing activities: | | |
| Interest received | <u>1,436</u> | <u>43</u> |
| Net cash provided (used) by investing activities | <u>1,436</u> | <u>43</u> |
| Cash flows from capital and related financing activities: | | |
| Purchases of capital assets | <u>(236,759)</u> | <u>-</u> |
| Net cash provided (used) by capital and related financing activities | <u>(236,759)</u> | <u>-</u> |
| Cash flows from noncapital and related financing activities: | | |
| Contributions received from members | 400,000 | 400,000 |
| Other income | <u>96</u> | <u>-</u> |
| Net cash provided (used) by noncapital and related financing activities | <u>400,096</u> | <u>400,000</u> |
| Net Increase (decrease) in cash and cash equivalents | (5,968) | 400,043 |
| Cash and cash equivalents - beginning of year | <u>400,043</u> | <u>-</u> |
| Cash and cash equivalents - end of year | <u>\$ 394,075</u> | <u>\$ 400,043</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating income (loss) | \$ (119,795) | \$ (50,946) |
| <i>Change in Assets and Liabilities:</i> | | |
| Increase (decrease) in due to other governmental agencies | <u>(50,946)</u> | <u>50,946</u> |
| Net cash provided (used) by operating activities | <u>\$ (170,741)</u> | <u>\$ -</u> |
| Reconciliation of Cash to Financial Statements | | |
| Cash for operations | <u>\$ 394,075</u> | <u>\$ 400,043</u> |
| Total cash and cash equivalents | <u>\$ 394,075</u> | <u>\$ 400,043</u> |

The notes to the financial statements are an integral part of this statement.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Honey Lake Valley Recreation Authority (the "Authority") was formed pursuant to a Joint Powers Agreement dated November 18, 2013. The Authority is a joint powers authority established by and between the County of Lassen (the "County") and the City of Susanville (the "City") pursuant to the Government Code of the State of California. Its purpose is to plan, finance, implement, manage, own and operate a multi-jurisdictional recreation system and swimming pool.

The Authority has a Board of Directors which consists of five persons, two from the County and two from the City, and one public member at-large who is appointed by the City and County members. The activities of the Authority are funded by contributions from its member agencies, the County and the City.

The Authority is not a component unit of the County or City. The Authority is legally separate and fiscally independent and the Authority itself has no component units. The Authority does not have employees and all services are supplied by County and City staff or contracted.

The financial statements present information on the financial activities of the Authority, which is considered an enterprise fund. The Authority's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting principles are described below.

Basis of Accounting and Measurement Focus

Enterprise funds are accounted for on a flow of "economic resources" measurement focus and the accrual basis of accounting. This method recognizes revenues in the accounting period in which they are earned. Expenses are recognized in the accounting period in which the related fund liability is incurred. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include governmental contributions. Revenues from governmental contributions are recognized in the fiscal year in which all eligible requirements have been satisfied.

Operating revenues include charges to users and result from exchange transactions associated with the principal activities of the Authority. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grants and investment earnings, result from nonexchange transactions or ancillary activities.

Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

When both restricted and unrestricted resources are available, unrestricted resources are used only after restricted resources are depleted.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Authority maintains its cash in the Lassen County Treasury. The County pools these deposits with those of other entities in the County and invests the cash. Interest earned is deposited quarterly into participating funds. Any investment losses, if any, are proportionately shared by all funds in the pool. The Lassen County Treasury Oversight Committee oversees the Treasurer's compliance with the County investment policy.

For purposes of the Statement of Cash Flows, all highly liquid investments with original maturities of three months or less at acquisition and the Authority's investment in the County Treasury Pool are considered to be cash equivalents. The Authority had no investments during the years ended June 30, 2015 and 2014.

Capital Assets

All capital assets acquired by the Authority are owned in common by the parties to the Joint Powers Agreement, in equal shares, unless otherwise determined in writing by all of the parties hereto. The Authority defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated cost if actual cost is not known. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is provided by the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

| | |
|---------------------------|----------------|
| Building and improvements | 25 to 40 years |
| Equipment | 5 to 30 years |

Costs related to the construction of capital assets are not depreciated until they are ultimately placed into service.

Net Position

Net position is reported in three categories as follows:

- Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This category represents net position of the Authority that is not restricted for any projects or other purposes.

HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pronouncements

1) New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of this statement are not applicable to the Authority.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement are effective for the Authority's fiscal year ended June 30, 2015. The provisions of this statement are not applicable to the Authority.

Governmental Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for the Authority's fiscal year ended June 30, 2014. The provisions of this statement are not applicable to the Authority.

HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements (Continued)

1) New Accounting Pronouncements Adopted (Continued)

Governmental Accounting Standards Board Statement No. 71

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this statement are effective for the Authority's fiscal year ended June 30, 2015. The provisions of this statement are not applicable to the Authority.

2) New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements for this provision are effective for the Authority's fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 73

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and accessing accountability. This statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 74

On June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2017.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements (Continued)

2) New Accounting Pronouncements Not Yet Adopted (Continued)

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Authority’s fiscal year ending June 30, 2018.

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements for this statement are effective for the Authority’s fiscal year ending June 30, 2016.

NOTE 2 – CASH

Cash consisted of the following at June 30:

| | 2015 | 2014 |
|-------------------------|-------------------|-------------------|
| Cash in County Treasury | <u>\$ 394,075</u> | <u>\$ 400,043</u> |

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – CASH (Continued)

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

The California Government Code ("Code") requires California banks and savings and loan associations to secure the Authority's and County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Authority or County's name, as applicable.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

Concentration of Credit Risk

At June 30, 2015 and 2014, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. governments, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At June 30, 2015 and 2014, the County's investment pool had no securities exposed to custodial credit risk.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 2 – CASH (Continued)

Local Agency Investment Fund (LAIF)

The County is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2015 and 2014, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

| | <u>Balance July 1, 2014</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2015</u> |
|---|---------------------------------|-------------------|--------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ - | \$ 236,759 | \$ - | \$ 236,759 |
| Total capital assets, not being depreciated | <u>-</u> | <u>236,759</u> | <u>-</u> | <u>236,759</u> |
| Capital assets, net | <u>\$ -</u> | <u>\$ 236,759</u> | <u>\$ -</u> | <u>\$ 236,759</u> |

The Authority did not have any depreciation expense for the years ended June 30, 2015 or 2014.

NOTE 4 – ACCRUED EXPENSES

For the year ended June 30, 2014, accrued expenses were \$50,946, which are costs owed to the City of Susanville for personnel costs and related benefits. No amounts were due to the City or County at June 30, 2015.

**HONEY LAKE VALLEY RECREATION AUTHORITY
SUSANVILLE, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 5 – CAPITAL CONTRIBUTIONS FROM MEMBERS

In accordance with the Authority's Joint Powers Agreement, members of the Authority are required to provide annual funding to the Authority to support operating costs. The agreement requires each member, the County and the City, to each contribute \$200,000 per year for fifteen years total, ending on June 30, 2028. During the years ended June 30, 2015 and 2014, member contributions totaled \$400,000 each year.

NOTE 6 – RELATED PARTY TRANSACTIONS

Pursuant to a contract between the County and the Authority, the County is to provide various accounting services to the Authority, including purchasing, warrant preparation and general accounting. The County has agreed to waive indirect expenses normally charged for these services for a period of two years, ending April 2016.

The Authority has contracted with the City to utilize the City's staff to support the administration and planning activities of the Authority. During the years ended June 30, 2015 and 2014, the Authority paid the City a total of \$28,874 and \$72,337, respectively, for contracted services. The total amount due to the City at June 30, 2014 was \$50,946. No amounts were due to the City at June 30, 2015.

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. As such, the Authority participates in a Joint Powers Authority named CAPRI, to provide coverage for workers' compensation and general liability exposure and to pay for the administration of the program. Primary and excess workers' compensation insurance, as well as excess property and general liability insurance are reinsured through a commercial company. There is a self-insured retention of \$100,000 for general liability and \$50,000 for property.

NOTE 8 – CONTINGENCIES

The Authority may be subject to litigation arising in the normal course of business. In the opinion of the Authority, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 12, 2016, the date the financial statements were issued. No events requiring recognition or disclosure in the financial statements were identified.



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

To the Members of the Board of Directors
of the Honey Lake Valley Recreation Authority
Susanville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Honey Lake Valley Recreation Authority (the Authority), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 12, 2016.

Internal Control Over Financial Reporting

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

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

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

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

Compliance and Other Matters

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

Purpose of this Report

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

Price Pange & Company

Clovis, California
April 12, 2016

Submitted By: Jared G. Hancock, Executive Officer

Action Date: May 31, 2016

HLVRA AGENDA ITEM

SUBJECT: HLVRA's Ability to Accept Tax Deductible Contributions of the Community Swimming Pool - IRS Private Letter Ruling Update

SUMMARY: HLVRA Staff has been informed that the HLVRA does not qualify for the reduced rate of \$2,200 and instead would need to issue a processing fee check of \$28,300 to the IRS. This does not include anticipated legal fees associated with the administration of the appropriate communications with the IRS during this private letter ruling review process.

Staff recommends the HLVRA pursue other means of accepting pool donations that would be tax deductible through member agencies. The City of Susanville or Lassen County could be suitable agencies to properly administrate these funds.

FISCAL IMPACT: None.

ACTION REQUESTED: Direction to Staff

ATTACHMENTS: IRS – Revenue Procedure 2016-1, Appendix A, Schedule of User Fees

| | |
|--|------------------|
| – user fees | 4.02 |
| User Fees | |
| – schedule of user fees | Appendix A |
| – user fee requirements | 15 |
| to reopen case | 8.05(3) |
| Where to Send | |
| – determination letter request | 7.04 |
| – letter ruling request | 7.04, 9.05 |
| additional information | 8.05(6), 9.08(6) |
| hand delivery | 7.04(1) |
| Withdrawal of Letter Ruling and Determination Letter Requests | 7.08 |

APPENDIX A

SCHEDULE OF USER FEES

NOTE: Checks or money orders must be in U.S. dollars.

(A) FEE SCHEDULE

| CATEGORY | USER FEE FOR REQUESTS RECEIVED AFTER FEBRUARY 1, 2015 |
|--|--|
| (1) User fee for a request for a determination letter from a Director. The user fee for each determination letter request governed by Rev. Proc. 2016–1, this revenue procedure. | \$275 See section 3.05 of Rev. Proc. 2015–41, 2015–35 I.R.B. 263. |
| (2) User fee for a request for an advance pricing agreement or a renewal of an advance pricing agreement. | |
| (3) User fee for a request for a letter ruling or closing agreement. Except for the user fees for advance pricing agreements and renewals, the reduced fees provided in paragraph (A)(4) of this appendix, the user fees provided in paragraph (A)(5) of this appendix, and the exemptions provided in section 15.04 of Rev. Proc. 2016–1, this revenue procedure, the user fee for each request for a letter ruling or closing agreement under the jurisdiction of the Associate Chief Counsel (Corporate), the Associate Chief Counsel (Financial Institutions and Products), the Associate Chief Counsel (Income Tax and Accounting), the Associate Chief Counsel (International), the Associate Chief Counsel (Passthroughs and Special Industries), the Associate Chief Counsel (Procedure and Administration), or the Associate Chief Counsel (Tax Exempt and Government Entities) is as follows: | |
| (a) Accounting periods | |
| (i) Form 1128, <i>Application to Adopt, Change, or Retain a Tax Year</i> , (except as provided in paragraph (A)(4)(a) of this appendix) | \$4,200 |
| (ii) Requests made on Part II of Form 2553, <i>Election by a Small Business Corporation</i> , to use a fiscal year based on a business purpose (except as provided in paragraph (A)(4)(a) of this appendix) | \$4,200 |
| (iii) Letter ruling requests for extensions of time to file Form 1128, <i>Application to Adopt, Change, or Retain a Tax Year</i> , Form 8716, <i>Election To Have a Tax Year Other Than a Required Tax Year</i> , or Part II of Form 2553 under § 301.9100–3 (except as provided in paragraph (A)(4)(a) of this appendix) | \$3,700 |
| (b) Changes in Methods of Accounting | |
| (i) Non-automatic Form 3115, <i>Application for Change in Accounting Method</i> (except as provided in paragraph (A)(4)(a) or (b), or (5)(b) of this appendix) | \$8,600 |
| (ii) Letter ruling requests for extensions of time to file Form 3115, <i>Application for Change in Accounting Method</i> , under § 301.9100–3 (except as provided in paragraph (A)(4)(a) or (b), or (5)(c) of this appendix) | \$9,100 |
| NOTE: Effective February 3, 2016, the user fees provided in paragraph (A)(3)(b) of this appendix apply to exempt organizations filing a Form 3115 for a non-automatic change in method of accounting. | |
| No user fee is required if the change in accounting period or method of accounting is permitted to be made pursuant to a published automatic change request procedure. See section 9.22 and Appendix G of Rev. Proc. 2016–1, this revenue procedure, for the list of automatic change request procedures published and/or in effect as of December 31, 2015. | |
| (c) (i) Letter ruling request for relief under § 301.9100–3 | \$9,800 |
| (ii) All other letter ruling requests (including accounting period and method of accounting requests other than those properly submitted on Form 1128, <i>Application to Adopt, Change, or Retain a Tax Year</i> , Part II of Form 2553, <i>Election by a Small Business Corporation</i> , or Form 3115, <i>Application for Change in Accounting Method</i>) (except as provided in paragraph (A)(4)(a) or (b), or (5)(a) of this appendix) | \$28,300 |
| (d) Requests for closing agreements on a proposed transaction or on a completed transaction before a return for the transaction has been filed in which a letter ruling on that transaction is not requested or issued (except as provided in paragraph (A)(4)(a) or (b) of this appendix) | \$28,300 |
| (e) A request for a Foreign Insurance Excise Tax Waiver Agreement | \$8,000 |
| NOTE: A taxpayer who receives relief under § 301.9100–3 (for example, an extension of time to file Form 3115, <i>Application for Change in Accounting Method</i>) will be charged a separate user fee for the letter ruling request on the underlying issue (for example, the accounting period or method of accounting application). | |
| (4) Reduced user fee for a request for a letter ruling, method or period change, or closing agreement. A reduced user fee for a request involving a personal, exempt organization, governmental entity, or business tax issue is provided in the following situations if the person provides the certification described in paragraph (B)(1) of this appendix: | |
| (a) Request involves a tax issue from a person with gross income (as determined under paragraphs (B)(2), (3), (4), and (5) of this appendix) of less than \$250,000 | \$2,200 |
| (b) Request involves a tax issue from a person with gross income (as determined under paragraphs (B)(2), (3), (4), and (5) of this appendix) of less than \$1 million and \$250,000 or more. | \$6,500 |
| (5) User fee for substantially identical letter ruling requests, identical changes in method of accounting, or plans from issuing authorities under § 25(c)(2)(B). If the requirements of section 15.07 of Rev. Proc. 2016–1, this revenue procedure, are satisfied, the user fee for the following situations is as follows: | |
| (a) Substantially identical letter rulings requested (other than changes in methods of accounting requested on Form 3115) | |
| Situations in which a taxpayer requests substantially identical letter rulings for multiple entities with a common member or sponsor, or for multiple members of a common entity, or for two or more identical trusts or for multiple beneficiaries of a trust or a trust divided into identical subtrusts or for husband and wife making split gifts, for each additional letter ruling request after the \$28,300 fee or reduced fee, as applicable, has been paid for the first letter ruling request | \$2,700 |
| NOTE: Each entity or member that is entitled to the user fee under paragraph (A)(5)(a) of this appendix, that receives relief under § 301.9100–3 (for example, an extension of time to file an election) will be charged a separate user fee for the letter ruling request on the underlying issue. | |
| NOTE: The fee charged for the first letter ruling is the highest fee applicable to any of the entities. | |
| (b) Identical change in method of accounting requested on a single Form 3115, <i>Application for Change in Accounting Method</i> , as provided in section 15.07(4). Fee for each additional applicant seeking the identical change in method of accounting on the same Form 3115 after the \$8,600 fee or reduced fee, as applicable, has been paid for the first applicant. | \$180 |
| (c) Substantially identical plans under § 25(c)(2)(B) | \$1,500 |
| Situations where an issuing authority under § 25 submits substantially identical plans for administering the 95-percent requirement of § 143(d)(1) following the submission of an initial plan that was approved. | |
| NOTE: The fee charged for the first letter ruling is the highest fee applicable to any of the entities. | |
| (d) Extension of time requested to file Form 3115, <i>Application for Change in Accounting Method</i> , for an identical change in method of accounting as provided in section 15.07(4). Fee for each additional or each additional applicant seeking the identical extension of time under § 301.9100–3 to file a single Form 3115 for the | |

identical change in method of accounting after the \$9,100 fee or reduced fee, as applicable, has been paid for the first applicant.

\$180

NOTE: When an extension of time to file Form 3115, *Application for Change in Accounting Method*, is granted under § 301.9100-3 for multiple applicants, a separate user fee will be charged for the change in method of accounting application, Form 3115.

(6) User fee for information letter requests.

\$0

(7) User fee for pre-filing agreements

\$50,000

(8) Tax treaty limitation of benefits. See Rev. Proc. 2015-40, 2015-35 I.R.B. 236 for procedures for requesting competent authority assistance under tax treaties.

\$27,500

(9) Statement of Value. See Rev. Proc. 96-15 for procedures for requesting a statement of value.

(a) Effective February 3, 2016:

(i) User fee for a case with 1-3 items

\$5,700

(ii) Cost per each additional item beyond 3

\$290

(B) PROCEDURAL MATTERS

(1) **Required certification.** A person seeking a reduced user fee under paragraph (A)(4) of this appendix must provide the following certification in order to obtain the reduced user fee:

(a) If a person is seeking a reduced user fee under paragraph (A)(4)(a) of this appendix, the person must certify in the request that his, her, or its gross income, as defined under paragraphs (B)(2), (3), (4), and (5) of this appendix, as applicable, is less than \$250,000 as reported on their last federal income tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed.

(b) If a person is seeking a reduced user fee under paragraph (A)(4)(b) of this appendix, the person must certify in the request that his, her, or its gross income, as defined under paragraphs (B)(2), (3), (4), and (5) of this appendix, as applicable, is less than \$1 million and more than \$250,000 for the last full (12 months) taxable year ending before the date the request is filed.

The certification must be attached as part of the ruling request.

(2) **Gross income for a request involving a personal tax issue.** For purposes of the reduced user fees provided in paragraphs (A)(4)(a) and (b) of this appendix of—

(a) **U.S. citizens and resident alien individuals, domestic trusts, and domestic estates,** "gross income" is equal to "total income" as reported on their last federal income tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed, plus any interest income not subject to tax under § 103 (interest on state and local bonds) for that period. "Total income" is a line item on Federal tax returns. For example, if the 2014 Form 1040, *U.S. Individual Income Tax Return*, is the most recent 12-month taxable year return filed by a U.S. citizen, "total income" on the Form 1040 is the amount entered on line 22.

In the case of a request for a letter ruling or closing agreement from a domestic estate or trust that, at the time the request is filed, has not filed a Federal income tax return for a full taxable year, the reduced user fee in paragraph (A)(4)(a) of this appendix will apply if the decedent's or (in the case of an individual grantor) the grantor's total income as reported on the last Federal income tax return filed for a full taxable year ending before the date of death or the date of the transfer, taking into account any additions required to be made to total income described in this paragraph (B)(2)(a), is less than \$250,000 (or less than \$1,000,000 for the paragraph (A)(4)(b) fee to apply). In this case, the executor or administrator of the decedent's estate or the grantor must provide the certification required under paragraph (B)(1) of this appendix.

(b) **Nonresident alien individuals, foreign trusts, and foreign estates,** "gross income" is equal to "total effectively connected income" as reported on their last Federal income tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed, plus any income for the period from United States or foreign sources that is not taxable by the United States, whether by reason of § 103, an income tax treaty, § 871(h) (regarding portfolio interest), or otherwise, plus the total amount of any fixed or determinable annual or periodical income from United States sources, the United States tax liability for which is satisfied by withholding at the source. "Total effectively connected income" is a line item on Federal tax returns. For example, if the 2014 Form 1040NR, *U.S. Nonresident Alien Income Tax Return*, is the most recent 12-month taxable year return filed by a nonresident alien individual, "total effectively connected income" on the Form 1040NR is the amount entered on line 23.

In the case of a request for a letter ruling or closing agreement from a foreign estate or trust that, at the time the request is filed, has not filed a Federal income tax return for a full taxable year, the reduced user fee in paragraph (A)(4)(a) of this appendix will apply if the decedent's or (in the case of an individual grantor) the grantor's total income or total effectively connected income, as relevant, as reported on the last Federal income tax return filed for a full taxable year ending before the date of death or the date of the transfer, taking into account any additions required to be made to total income or total effectively connected income described respectively in paragraph (B)(2)(a) of this appendix or in this paragraph (B)(2)(b), is less than \$250,000 (or less than \$1,000,000 for the paragraph (A)(4)(b) fee to apply). In this case, the executor or administrator of the decedent's estate or the grantor must provide the certification required under paragraph (B)(1) of this appendix.

(3) **Gross income for a request involving a business-related tax issue.** For purposes of the reduced user fees provided in paragraphs (A)(4)(a) and (b) of this appendix of—

(a) **U.S. citizens and resident alien individuals, domestic trusts, and domestic estates,** "gross income" is equal to gross income as defined under paragraph (B)(2)(a) of this appendix, plus "cost of goods sold" as reported on the same Federal income tax return.

(b) **Nonresident alien individuals, foreign trusts, and foreign estates,** "gross income" is equal to gross income as defined under paragraph (B)(2)(b) of this appendix, plus "cost of goods sold" as reported on the same Federal income tax return.

(c) **Partnerships with a Form 1065 filing requirement and corporations (foreign and domestic),** "gross income" is equal to "total income" as reported on their last Federal tax return (as amended) filed for a full (12 months) taxable year ending before the date the request is filed, plus "cost of goods sold" as reported on the same Federal tax return, plus any interest income not subject to tax under § 103 (interest on state and local bonds) for that period. Partnerships with a Form 1065 filing requirement should also include "gross rents" reported on Form 8825 at line 2, as well as the income amounts reported on Schedule K Form 1065 at lines 3a, 5, 6a, 7, 8, 9a, 10, and 11 from the same Federal tax return described in the preceding sentence to calculate "gross income" for the purpose of applying the reduced user fee in paragraph (A)(4) of this Appendix. If a partnership is not required to file or a corporation is not subject to tax, "total income" and "cost of goods sold" are the amounts that the partnership or corporation would have reported on the Federal tax return if the partnership had been required to file or the corporation had been subject to tax.

"Cost of goods sold" and "total income" are line items on Federal tax returns. For example, if the 2014 Form 1065, *U.S. Return of Partnership Income*, is the most recent 12-month taxable year return filed by a partnership, "cost of goods sold" and "total income" on the Form 1065 are the amounts entered on lines 2 and 8, respectively, and if the 2014 Form 1120, *U.S. Corporation Income Tax Return*, is the most recent 12-month taxable year return filed by a domestic corporation, "cost of goods sold" and "total income" on the Form 1120 are the amounts entered on lines 2 and 11, respectively.

If, at the time the request is filed, a partnership or corporation subject to tax has not filed a Federal tax return for a full taxable year, the reduced user fee in paragraph (A)(4)(a) or (b) of this appendix will apply if, in the aggregate, the partners' or the shareholders' gross income (as defined in paragraph (B)(3)(a), (b), or (c), of this appendix, as applicable) is less than \$250,000 for purposes of paragraph (A)(4)(a) or \$1 million for purposes of paragraph (A)(4)(b) for the last full (12 months) taxable year ending before the date the request is filed. In this case, the partners or the shareholders must provide the certification required under paragraph (B)(1) of this appendix.

(4) **Gross income for a request involving an exempt organization or governmental entity.** For purposes of the reduced user fees provided in paragraphs (A)(4)(a) and (b) of this appendix of—

(a) **Organizations exempt from income tax under "Subchapter F-Exempt Organizations" of the Code,** "gross income" is equal to the amount of gross receipts for the last full (12 months) taxable year ending before the date the request for a letter ruling or closing agreement is filed.

(b) **State, local, and Indian tribal government entities,** "gross income" is equal to the annual operating revenue of the government requesting the ruling for its last fiscal year ending before the date of the ruling request. The annual operating revenue is to be determined at the government level and not at the level of the government entity or agency making the request.

(5) **Special rules for determining gross income.** For purposes of paragraphs (B)(2), (3) and (4) of this appendix, the following rules apply for determining gross income.

(a) **Gross income of individuals, trusts, and estates.**

(1) In the case of a request from a married individual, the gross incomes (as defined in paragraph (B)(2) or (3) of this appendix, as applicable) of the applicant and the applicant's spouse must be combined. This rule does not apply to an individual: (1) who is legally separated from his or her spouse and (2) who did not file a joint income tax return; and

(2) If there are two or more applicants filing the request, the gross incomes (as defined in paragraph (B)(2) or (3) of this appendix, as applicable) of the applicants must be combined.

(b) Gross income of domestic partnerships and corporations.

(1) In the case of a request from a domestic corporation, the gross income (as defined in paragraph (B)(3) of this appendix) of (i) all members of the applicant's controlled group (as defined in § 1563(a)), and (ii) any taxpayer who is involved in the transaction on which the letter ruling or closing agreement is requested, must be combined; and

(2) In the case of a request from a domestic partnership, the gross income (as defined in paragraph (B)(3) of this appendix) of (i) the partnership, and (ii) any partner who owns, directly or indirectly, 50 percent or more of the capital interest or profits interest in the partnership, must be combined.

(c) Gross income of exempt organizations. If there are two or more organizations exempt from income tax under Subchapter F filing the request, the gross receipts (as defined in paragraph (B)(4)(a) of this appendix) of the applicants must be combined.

APPENDIX B

SAMPLE FORMAT FOR A LETTER RULING REQUEST

INSTRUCTIONS

To assist you in preparing a letter ruling request, the Service is providing this sample format. You are not required to use this sample format. If your request is not identical or similar to the sample format, the different format will not defer consideration of your request.

(Insert the date of request)

Internal Revenue Service

Insert either: Associate Chief Counsel (Insert one of the following: Corporate, Financial Institutions and Products, Income Tax and Accounting, International, Passthroughs and Special Industries, Procedure and Administration, or Tax Exempt and Government Entities)

Attn: CC:PA:LPD:DRU

P.O. Box 7604

Ben Franklin Station

Washington, DC 20044

Dear Sir or Madam:

(Insert the name of the taxpayer) requests a ruling on the proper treatment of *(insert the subject matter of the letter ruling request)* under section *(insert the number)* of the Internal Revenue Code.

[If the taxpayer is requesting expedited handling, a statement to that effect must be attached to, or contained in, the letter ruling request. The statement must explain the need for expedited handling. See section 7.02(4) of Rev. Proc. 2016-1, this revenue procedure. Hereafter, all references are to Rev. Proc. 2016-1 unless otherwise noted.]

A. STATEMENT OF FACTS

1. Taxpayer Information

[Provide the statements required by sections 7.01(1)(a) and (b).]

2. Description of Taxpayer's Business Operations

[Provide the statement required by section 7.01(1)(c).]

3. Facts Relating to Transaction

[The ruling request must contain a complete statement of the facts relating to the transaction that is the subject of the letter ruling request. This statement must include a detailed description of the transaction, including material facts in any accompanying documents, and the business reasons for the transaction. See sections 7.01(1)(d), 7.01(1)(e), and 7.01(2).]

B. RULING REQUESTED

[The ruling request should contain a concise statement of the ruling requested by the taxpayer. The Service prefers that the language of the requested ruling be exactly the same as the language the taxpayer wishes to receive.]

C. STATEMENT OF LAW

[The ruling request must contain a statement of the law in support of the taxpayer's views or conclusion and identify any pending legislation that may affect the proposed transaction. The taxpayer also is strongly encouraged to identify and discuss any authorities believed to be contrary to the position advanced in the ruling request. See sections 7.01(6), 7.01(8), 7.01(9), and 7.01(10).]

D. ANALYSIS

[The ruling request must contain a discussion of the facts and an analysis of the law. The taxpayer also is strongly encouraged to identify and discuss any authorities believed to be contrary to the position advanced in the ruling request. See sections 7.01(3), 7.01(6), 7.01(8), 7.01(9), and 7.01(10).]

E. CONCLUSION

[The ruling request should contain a statement of the taxpayer's conclusion on the ruling requested.]

F. PROCEDURAL MATTERS

1. Revenue Procedure 2016-1 Statements

a. [Provide the statement required by section 7.01(4) regarding whether any return of the taxpayer, a related taxpayer within the meaning of § 267 or of a member of an affiliated group of which the taxpayer is also a member within the meaning of § 1504 which would be affected by the requested letter ruling or determination letter, is currently under examination, before Appeals, or before a Federal court, or was previously under examination, before Appeals, or before a Federal court.]

b. [Provide the statement required by section 7.01(5)(a) regarding whether the Service previously ruled on the same or similar issue for the taxpayer, a related taxpayer, or a predecessor. Please further note that if a reduced user fee is being submitted, a certification of eligibility for the reduced fee must be included with the ruling request.]

Submitted By: Jared G. Hancock, Executive Officer

Action Date: May 31, 2016

HLVRA AGENDA ITEM

SUBJECT: Update on Design-Build

SUMMARY: Modern Building Company (MBC) has incorporated the Board's input on March 29th, 2016 with a not to exceed Pool construction budget of \$2.75 million dollars.

The attached Option B project plans include that input illustrating a geothermal heated L-shaped pool with geothermal heating in the building, streamlined parking lot, extended well casing to the surface and capped, reduced decking area between the pool and building to a minimum. With this design the additional HLVRA responsibilities include landscaping and lockers.

FISCAL IMPACT: None.

**ACTION
REQUESTED:** None.

ATTACHMENTS: Budget (\$2.75 million)
Pool Design Plans



P.O. Box 772
Chico, CA 95927
(530) 891-4533
(530) 891-6834 FAX

May 24, 2016

Mr. Ian Sims
City of Susanville
66 North Lassen Street
Susanville, CA 96130

RE: Susanville Community Pool Project – Final Budget Proposal

Dear Ian:

Modern Building, Inc. proposes to furnish all labor, materials, equipment, transportation and services to provide Phase 2 - Construction Services for the Design-Build delivery of the Community Pool project as outlined in our master contract per the inclusions, exclusions, and qualifications below for the sum of: **\$2,750,000.00.**

INCLUSIONS

This proposal is based upon construction delivery of the complete permit set of plans, specifications, submittals, and shop drawings submitted for permit to the City of Susanville on May 6th, 2016 and subsequent follow up delivery pending City, County and Special District Review Comments.

QUALIFICATIONS

- 1) Special Inspections are typically carried by the owner. It could be deemed as a conflict of interest and therefore would be recommended to be carried by the owner. Due to owner request for this scope to be carried by Modern Building, an allowance for these services has been carried in our pricing.
 - a. Geotechnical Inspections - \$6,000.00 by NST Engineering
 - b. Special Inspections - \$2,000.00 by NST Engineering
- 2) By our interpretation of the California Building Code, the Project Design should not require the need for any form of fire water, FDC, or PIV. Therefore, these costs have not been included in our pricing. Our pricing is contingent on the City's Permit Review Process coming back in agreement with us on this design facet.
- 3) Pool fencing has been included in the budget and is currently designed to be decorative iron fencing, 6' tall, powder coated black, with vertical bars set 4" apart.
- 4) Irrigation and Landscaping has been designed and priced, but not included in the budget.
- 5) Irrigation sleeves will be installed under hardscapes to allow for future install of irrigation.
- 6) Lockers have been designed and priced, but not included in the budget.

- 7) Phase 2 of the parking lot has been designed, but not included in the budget.
- 8) Phone/Data infrastructure within the bath house building will be installed, but cabling and final terminations will be by owner.
- 9) Trenching, compaction, backfill and asphalt patch for the Natural Gas Line from the Meter to the point of connection in the street are by Modern, but the install of the Natural Gas line and connection to meter and main in street is by Natural Gas Service Company.
- 10) Geothermal well is to have equipment removed, foundation demolished and casing extended to finish grade for future investigation by JPA to determine if usable.
- 11) Geothermal water has been incorporated into the design to provide primary heating for the swimming pool water and building heating.
- 12) Geothermal water has not been incorporated into the design with regards of providing domestic water heating.
- 13) The infrastructure for the swimming pool timing equipment and starter stands will be installed, but the physical timing equipment and starter stands have not been included in this budget.
- 14) Final Credentialed Pool Certification of the swimming pool by an independent 3rd party has not been included in this budget. The pool has been designed and will be constructed in a way so that once the starter stands and final timing equipment have been installed at a future date; the Final Certification can be performed by others.
- 15) At time of bid, Modern was not able to obtain formal bids for the Hydroseeding or Parking Lot Striping scopes of work. It is our understanding that it is acceptable to carry a budget for these items and to provide the JPA with the contractor information once a formal bid can be obtained. Their respective budgets are \$2,500 and \$5,000 each.
- 16) Trash Enclosure is priced to be Chain Link with standard galvanized mesh with vision slats.
- 17) Building roofing to be 30 year composition asphalt shingles with snow guards, ridge vents, and gutters.

EXCLUSIONS

- 1) Any Plan Check, Building Department/Health Department permit comments, or fees of any kind.
- 2) Utility connection fees of any kind.
- 3) Any cost of testing or inspections not specifically spelled out in the qualifications.
- 4) Fire suppression system for the building.
- 5) Fire water lines, FDC, or PIV for fire services.
- 6) Intrusion Alarm and/or Security systems of any kind.
- 7) Camera Systems of any kind.
- 8) Card Access Systems of any kind.
- 9) Telephone/Data Cabling, Devices, and/or equipment by others.
- 10) Televisions, computers, furniture, trash cans, benches, bike racks and other furnishings.
- 11) Irrigation and Landscaping.
- 12) Lockers in both Men and Women's locker rooms.
- 13) Phase 2 parking lot pavement, subgrade preparations, drainage, and concrete curbs.



P.O. Box 772
Chico, CA 95927
(530) 891-4533
(530) 891-6834 FAX

- 14) Natural Gas line install in trench and connection to building meter.
- 15) Geothermal Water heating for building Domestic Water services.
- 16) Geothermal Water heated radiant flooring, pool decking, and sidewalk heating.
- 17) Swimming Pool Starter Stands.
- 18) Swimming Pool Timing Equipment.
- 19) Swimming Pool Cover and Cover Reel.
- 20) Swimming Pool Lane Lines.
- 21) Repairs to Existing Chain Link Fencing surrounding site currently.
- 22) Repairs to South Street due to construction vehicles and deliveries.
- 23) Unforeseen root damage to existing man-hole located at the North side of South Street.
- 24) Final Credentialed Pool Certification by independent 3rd party.
- 25) Unforeseen objects encountered during excavation.
- 26) Dehumidification systems.
- 27) Benches and signage associated with bus drop off area.
- 28) Contractual Percentage goals for SBE, DBE, WBE, and DVBE (not shown in contract but outlined on Exhibit 22 as if it might have been required).

We look forward to working with you on this project. Should there be any questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Strawn".

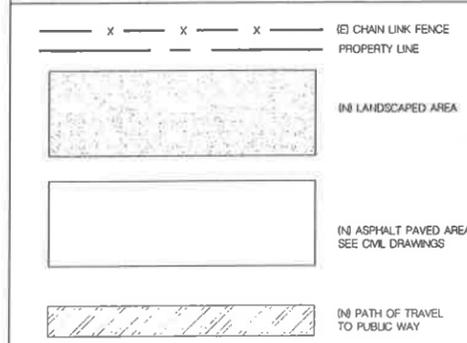
Phil Strawn
Project Manager
Modern Building, Inc.

CC: Project File, Jared Hancock, Heidi Whitlock, and James Seegert

SUSANVILLE COMMUNITY POOL PHASE 2 PROPOSAL - 05/24/2016

| CSI DIV. | ITEM | BUDGET | % BUDGET |
|--|---|------------------------|-----------------|
| 02 | Site Demo, Pool Excavation, Well Extention, Paving, Site Utilities, Site Grading, Paving, Street Work, Storm Drainage, Striping, Hydroseeding, etc. | \$ 339,640.00 | 12.4% |
| 02 | Geothermal Lines to Building | \$ 41,880.00 | 1.5% |
| 02 | Below Grade Tanks | \$ 36,330.00 | 1.3% |
| 02 | Landscaping & Irrigation | \$ - | 0.0% |
| 02 | Fencing & Gates | \$ 22,470.00 | 0.8% |
| 03 | Site Concrete | \$ 46,840.00 | 1.7% |
| 03 | Pool Decking | \$ 64,070.00 | 2.3% |
| 03 | Building Foundation | \$ 47,140.00 | 1.7% |
| 04 | Masonry | \$ - | 0.0% |
| 05 | Metals | \$ - | 0.0% |
| 06 | Wood Framing & Sheathing | \$ 69,700.00 | 2.5% |
| 06 | Casework | \$ 6,240.00 | 0.2% |
| 07 | Roofing & Vapor Barrier | \$ 14,040.00 | 0.5% |
| 07 | Insulation | \$ 2,260.00 | 0.1% |
| 08 | Doors & Hardware | \$ 9,450.00 | 0.3% |
| 08 | Windows & Storefront | \$ 7,620.00 | 0.3% |
| 09 | Drywall | \$ 21,060.00 | 0.8% |
| 09 | Flooring | \$ 20,540.00 | 0.7% |
| 09 | FRP & Painting | \$ 12,220.00 | 0.4% |
| 10 | Lockers | \$ - | 0.0% |
| 10 | Restroom / Locker Room Accessories | \$ 9,620.00 | 0.3% |
| 10 | Pool Accessories | \$ 12,190.00 | 0.4% |
| 10 | Facility & Site Signage | \$ 2,950.00 | 0.1% |
| 10 | Site Furnishings | \$ 5,280.00 | 0.2% |
| 11 | Equipment - Other | \$ - | 0.0% |
| 12 | Furniture | \$ - | 0.0% |
| 13 | Swimming Pool | \$ 716,060.00 | 26.0% |
| 13 | Pool Equipment | \$ 178,170.00 | 6.5% |
| 13 | Pool Timing & Certification | \$ 19,970.00 | 0.7% |
| 14 | Conveyring Systems | \$ - | 0.0% |
| 15 | Building & Site Plumbing | \$ 130,590.00 | 4.7% |
| 15 | HVAC & Exhaust | \$ 66,920.00 | 2.4% |
| 16 | Fire Alarm & Smoke Detection | \$ 14,990.00 | 0.5% |
| 16 | Building Power/Data/Lighting | \$ 86,050.00 | 3.1% |
| 16 | Site Lighting & Electrical | \$ 104,860.00 | 3.8% |
| 16 | Electrical Panels & Equipment | \$ 16,970.00 | 0.6% |
| SUBTOTAL - BASE BID M/L/E/S | | \$ 2,126,120.00 | 77.3% |
| SUBTOTAL - GENERAL CONDITIONS | | \$ 276,200.00 | 10.0% |
| SUBTOTAL - PROJECT | | \$ 2,402,320.00 | 87.4% |
| OVERHEAD & PROFIT (10%) | | \$ 240,232.00 | 8.7% |
| INSURANCE & BOND | | \$ 36,043.00 | 1.3% |
| MODERN PROJECT CONTINGENCY (3%) | | \$ 71,405.00 | 2.6% |
| PROJECT TOTAL BUDGET | | \$ 2,750,000.00 | 100.0% |

LEGEND

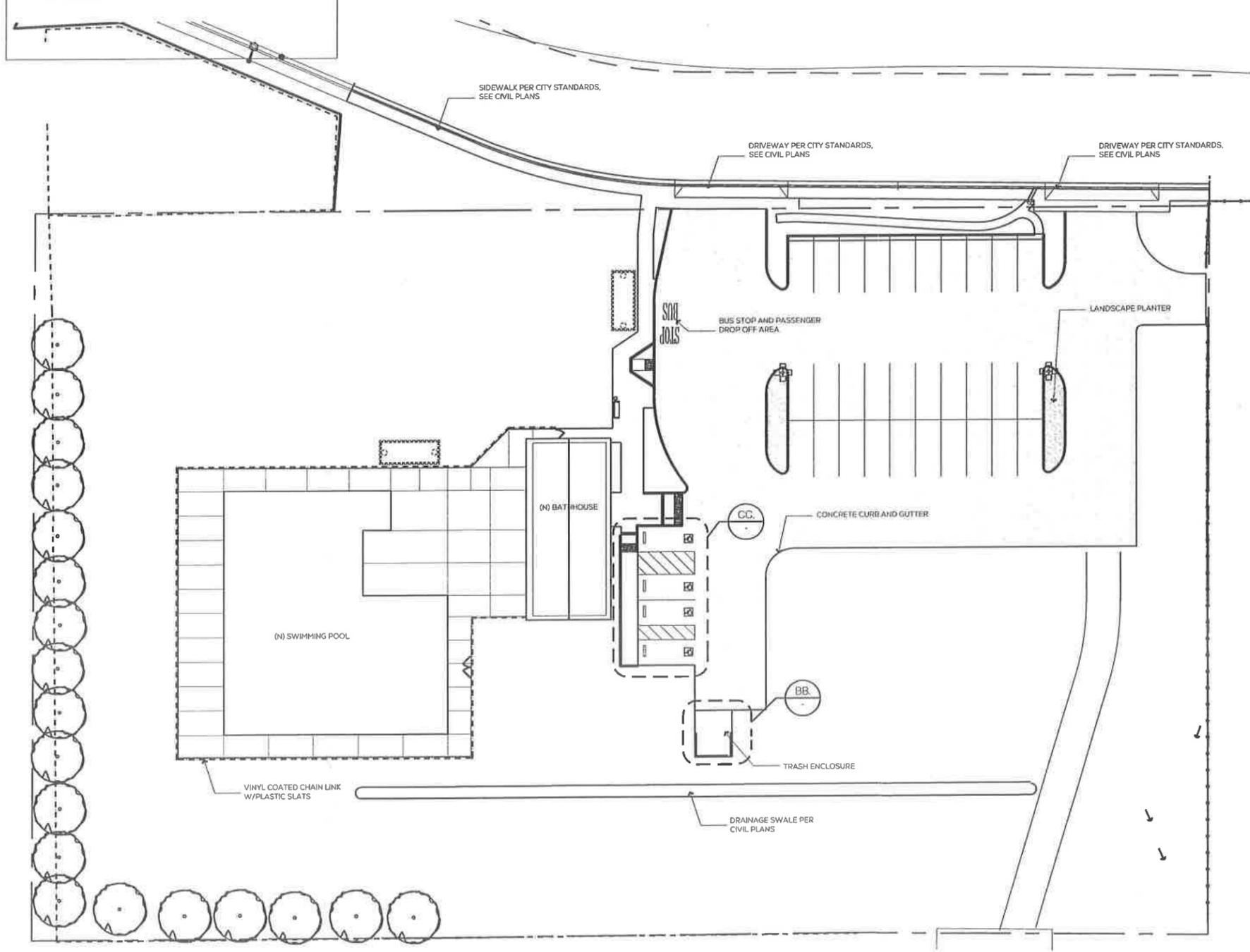


PARKING SUMMARY

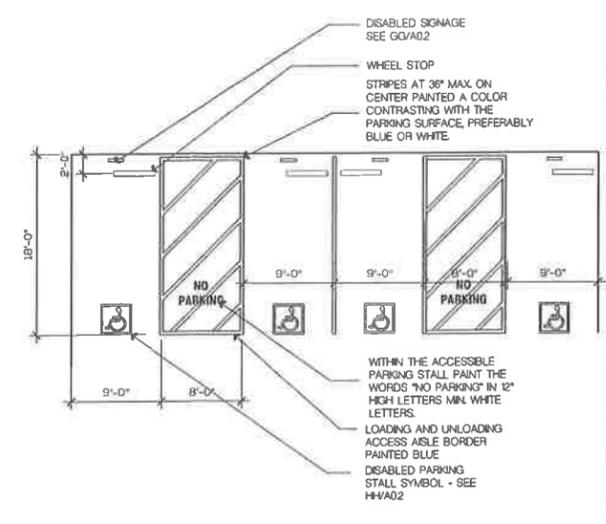
NEW SWIMMING POOL = 5 800SF
 NEW POOLHOUSE = 1585 SF

36 PARKING SPACES PROVIDED IN PHASE 1

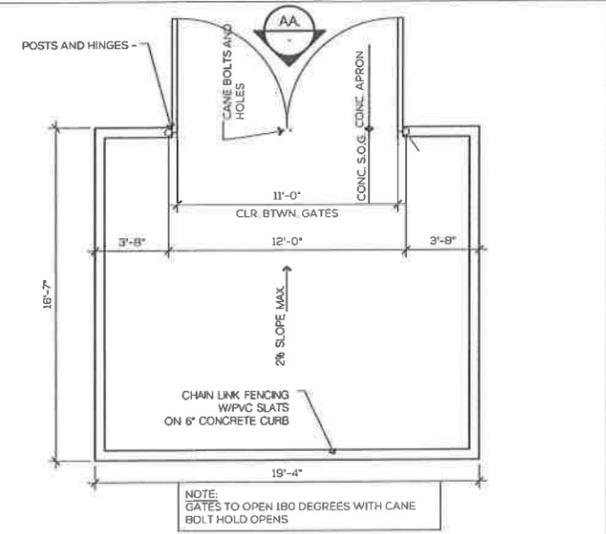
ACCESSIBLE = 2 REQUIRED FOR 25-50 SPACES
 (4) ACCESSIBLE SPACE PROVIDED



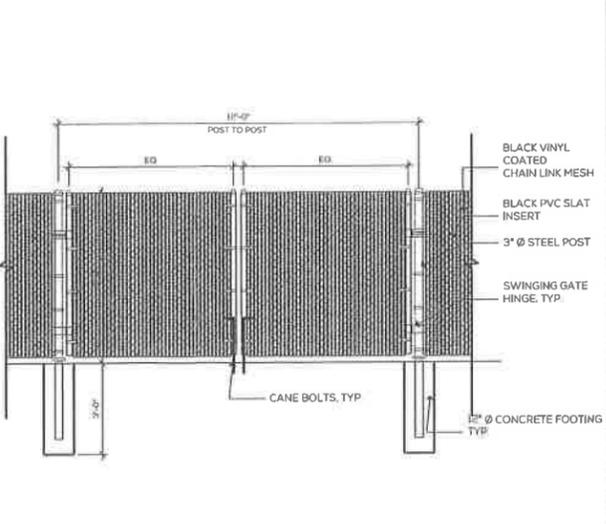
GG-PROPOSED SITE PLAN
 SCALE: 1/4" = 1'-0"



CC- ACCESSIBLE STALLS AND LOADING ZONES
 SCALE: 1" = 1'-0"



BB- TRASH ENCLOSURE PLAN DETAIL
 SCALE: 1/4" = 1'-0"



AA- TRASH ENCLOSURE ELEVATION
 SCALE: 3/8" = 1'-0"



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 CHICO, CA 95928
 530 342 0302

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HVLRA COMMUNITY POOL PROJECT
 DESIGN-BUILD PROJECT #16-01

801 SOUTH STREET
 SUSANVILLE CA 96130
 ASSESSORS PARCEL NUMBER



| | |
|---------------|------------|
| RGA PROJECT # | 15-461 |
| DRAWN | TV |
| CHECKED | RGA |
| STATUS DATE | 2016.04.26 |
| PLAN CHECK | 2016.05.02 |

SITE PLAN

A0.1



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POOL
PROJECT**
DESIGN-BUILD
PROJECT #16-01

**801
SOUTH
STREET**

SUSANVILLE
CA
98130
ASSESSORS
PARCEL NUMBER

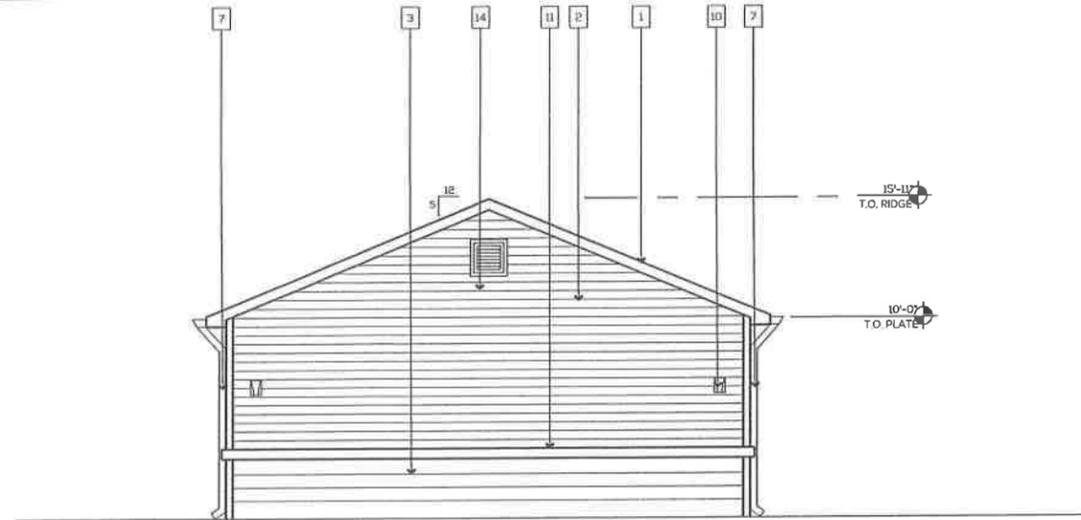
MODERN



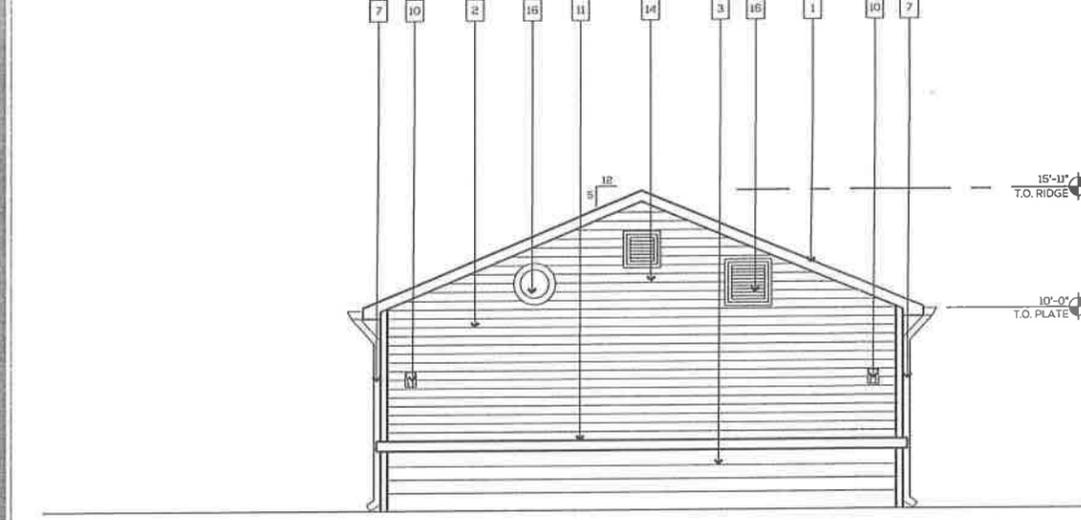
| | |
|---------------|------------|
| RGA PROJECT # | 15-461 |
| DRAWN | TV |
| CHECKED | RGA |
| STATUS DATE | 2016.04.26 |
| PLAN CHECK | 2016.05.02 |

**BUILDING
ELEVATIONS**

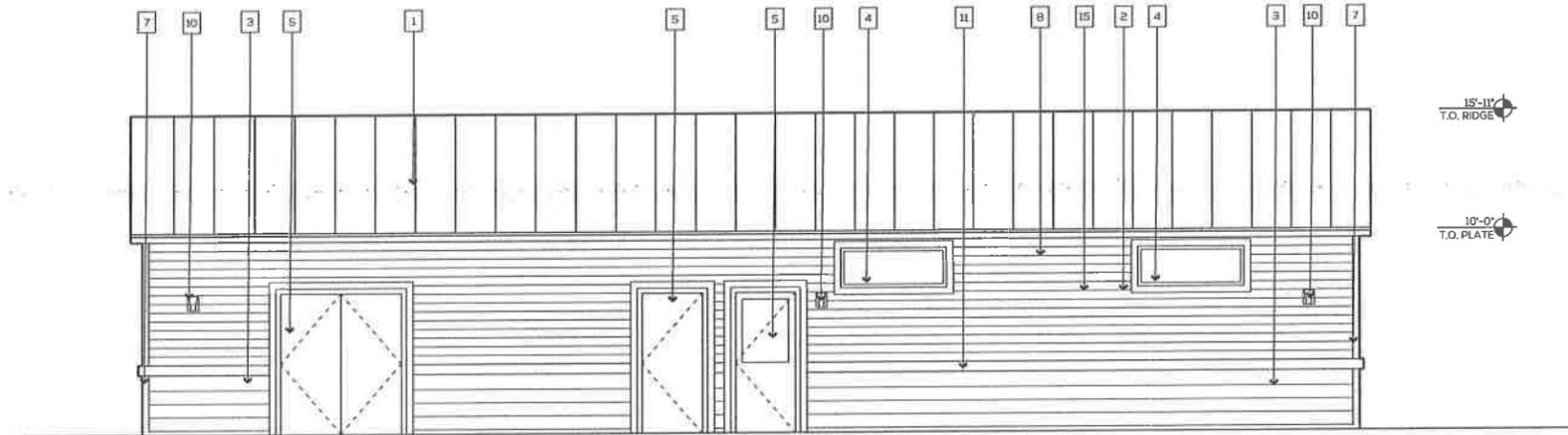
A3.1



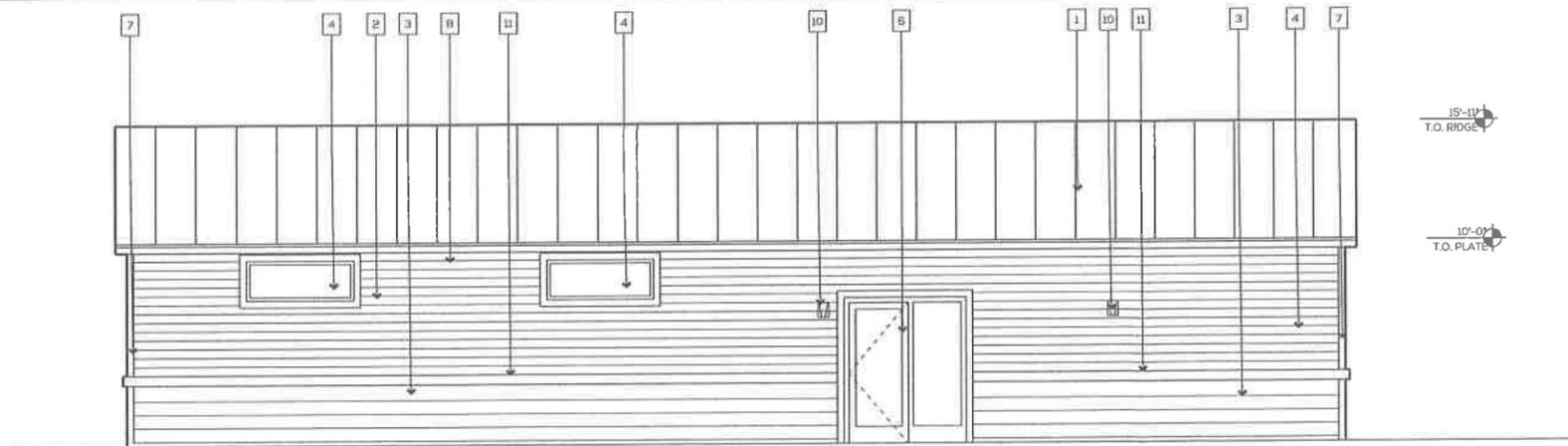
LL-NORTH ELEVATION
SCALE: 1/4" = 1'-0"



CC-SOUTH ELEVATION
SCALE: 1/4" = 1'-0"



HH-WEST ELEVATION
SCALE: 1/4" = 1'-0"



GG-EAST ELEVATION
SCALE: 1/4" = 1'-0"

- 1 COMPOSITE SHINGLE ROOF
- 2 HARDIEPLANK CEMENT BOARD SIDING, 5 1/2" WIDTH
- 3 HARDIEPLANK CEMENT BOARD SIDING, 9" WIDTH
- 4 ALUMINUM STOREFRONT WINDOW W/ CLEAR ANODIZED FINISH
- 5 HOLLOW METAL DOOR
- 6 ALUMINUM STOREFRONT DOOR W/ CLEAR ANODIZED FINISH
- 7 4" SQ. DOWNSPOUT, COLOR TO MATCH ADJACENT SIDING
- 8 ALUMINUM GUTTER
- 9 ALUMINUM LOUVER, FINISH TO MATCH ADJACENT STOREFRONT FRAMING, SEE N/A7.1
- 10 WALL MOUNTED LIGHT FIXTURE PER ELECTRICAL
- 11 HARDIE TRIM PANEL
- 12 ALUMINUM EAVE VENT
- 13 HVAC COMPONENT PER MECHANICAL

AA- KEYNOTES
SCALE: 1/4" = 1'-0"

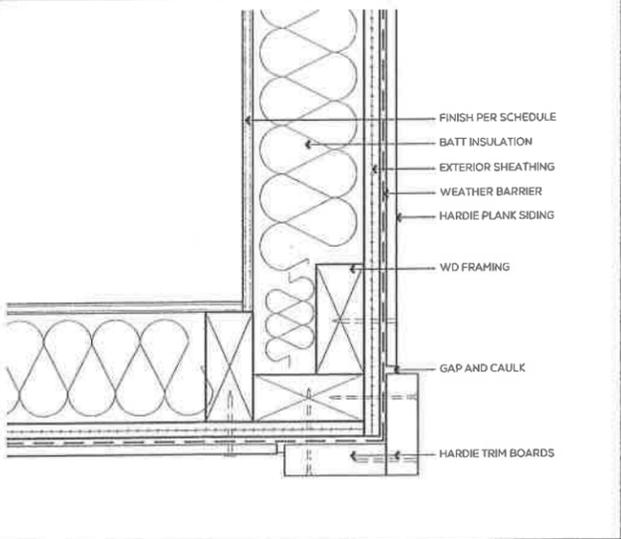


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ASSOCIATES inc.

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CHICO, CA 95928
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CC - TYPICAL OUTSIDE CORNER DETAIL
SCALE: 3" = 1'-0"

HVLA
COMMUNITY
POOL
PROJECT
DESIGN-BUILD
PROJECT #16-01

801
SOUTH
STREET

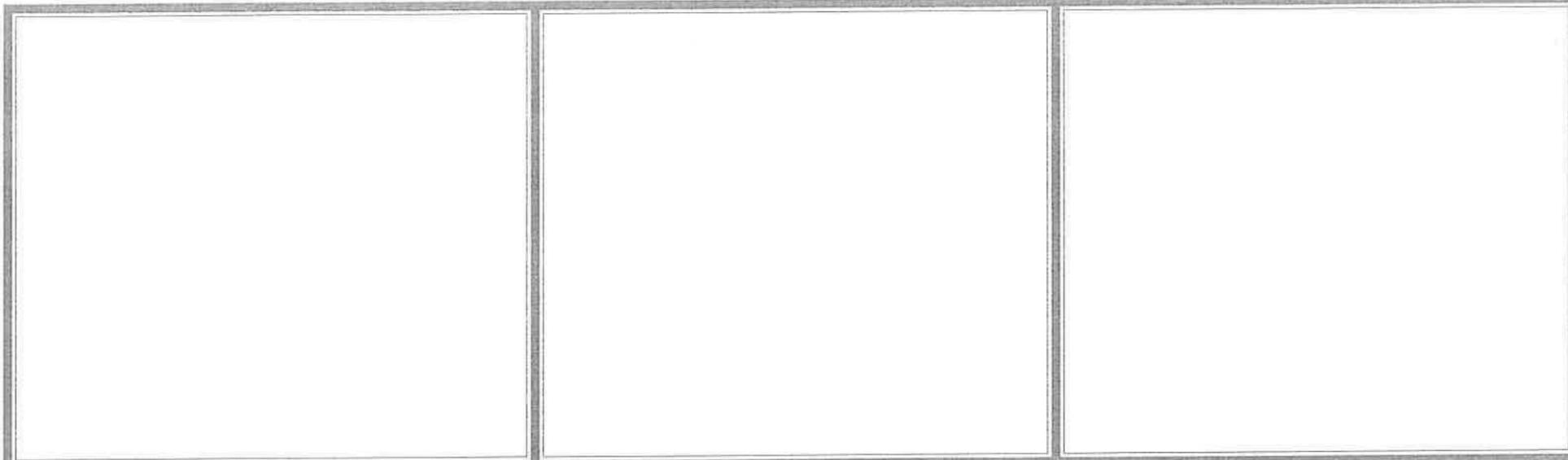
SUSANVILLE
CA
96130
ASSESSORS
PARCEL NUMBER



| | |
|---------------|------------|
| RGA PROJECT # | 15-461 |
| DRAWN | TV |
| CHECKED | RGA |
| STATUS DATE | 2016.04.26 |
| PLAN CHECK | 2016.05.02 |

FLOOR
PLAN

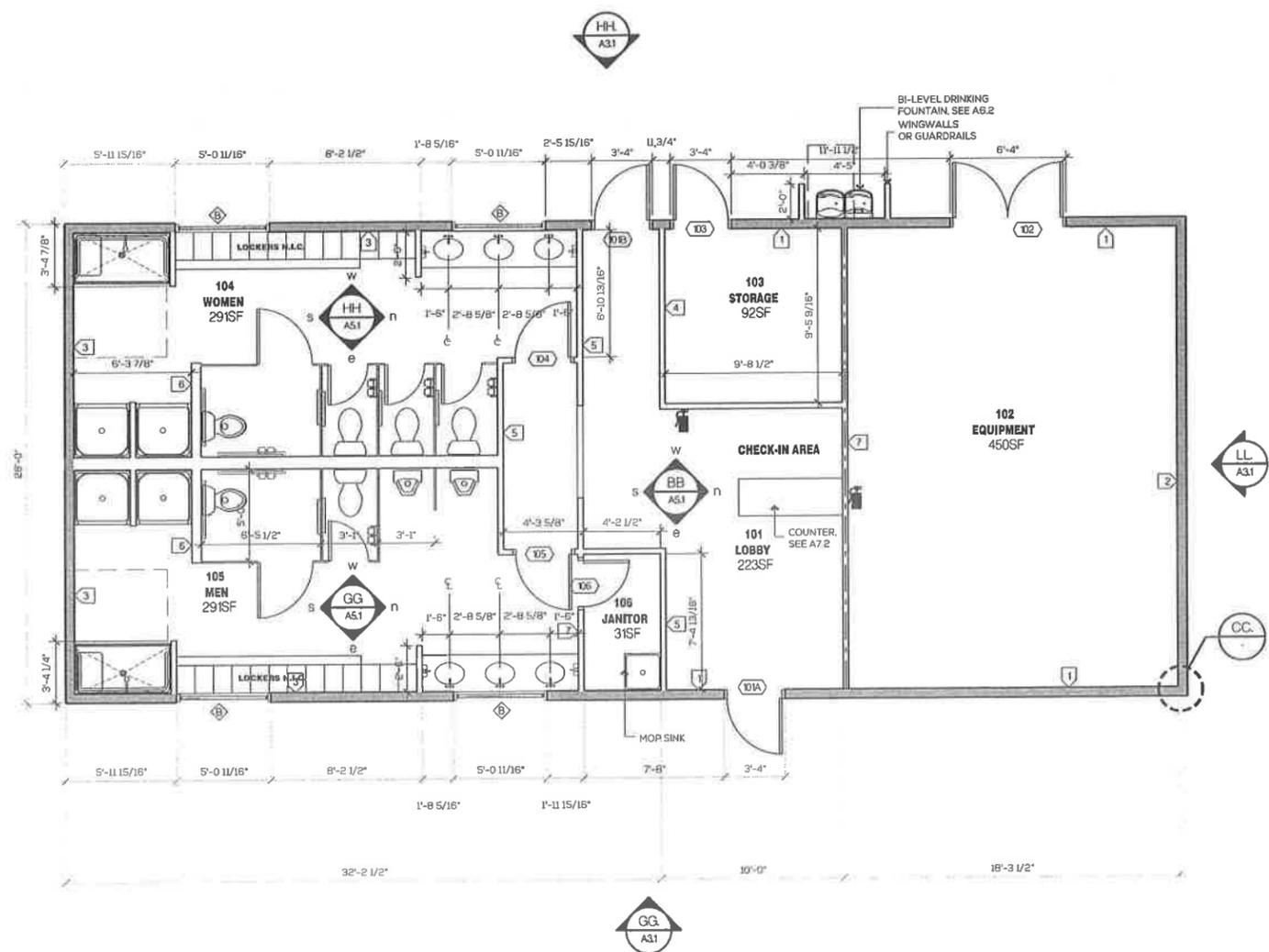
A2.1



LL- PLAN/ ELEVATION/ SECTION DETAIL
SCALE: 1" = 1'-0"

II- PLAN/ ELEVATION/ SECTION DETAIL
SCALE: 1" = 1'-0"

FF- PLAN/ ELEVATION/ SECTION DETAIL
SCALE: 1" = 1'-0"



GG-BATH HOUSE FLOOR PLAN
SCALE 1/4" = 1'-0"

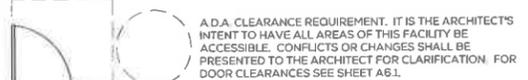
- 1 EXTERIOR WALL: 2X6 WD STUDS @ 16" O.C. W/ 5/8" OSB AND HARDIE PLANK SIDING AT EXTERIOR OVER BUILDING PAPER. FINISH INTERIOR W/ 1/2" GYP. BD. R-19 INSULATION.
- 2 EXTERIOR WALL: 2X6 WD STUDS @ 16" O.C. W/ 5/8" OSB AND HARDIE PLANK SIDING AT EXTERIOR OVER BUILDING PAPER. FINISH INTERIOR W/ 1/2" PLYWOOD R-19 INSULATION.
- 3 EXTERIOR WALL: 2X6 WD STUDS @ 16" O.C. W/ 5/8" OSB AND HARDIE PLANK SIDING AT EXTERIOR OVER BUILDING PAPER. FINISH INTERIOR W/ 1/2" MOISTURE RESISTANT GYP. BD. AND FRP TO 48" A.F.F. R-19 INSULATION.
- 4 INTERIOR WALL: 2x4 WD STUDS @ 16" O.C. TO UNDERSIDE OF TRUSS ABOVE. FINISH EACH SIDE W/ 5/8" GYP. BD.
- 5 INTERIOR WALL: 2X4 WD STUDS @ 16" O.C. TO UNDERSIDE OF TRUSS ABOVE. FINISH LOCKERROOM SIDE WITH 1/2" MOISTURE RESISTANT GYP. BD. AND FRP TO 48" A.F.F. AND HALLWAY SIDE WITH 5/8" GYP BOARD.
- 6 INTERIOR WALL: 2X6 WOOD STUDS @ 16" O.C. TO UNDERSIDE OF TRUSS ABOVE. FINISH BOTH SIDES WITH 5/8" GYP. BD. AND FRP TO 48" A.F.F.
- 7 INTERIOR WALL: 2X4 WD STUDS @ 16" O.C. TO UNDERSIDE OF DECK ABOVE. FINISH EACH SIDE WITH 1/2" GYP. BD. R-19 INSULATION.
- 107 CUMULATIVE OCCUPANT LOAD SERVED BY MEANS OF EGRESS
- EXIT SIGNS - SEE ELECTRICAL LIGHTING PLAN
- INDICATES DOOR, SEE SCHEDULE
- INDICATES WINDOW, SEE SCHEDULE

NEW PORTABLE FIRE EXTINGUISHER LOCATION

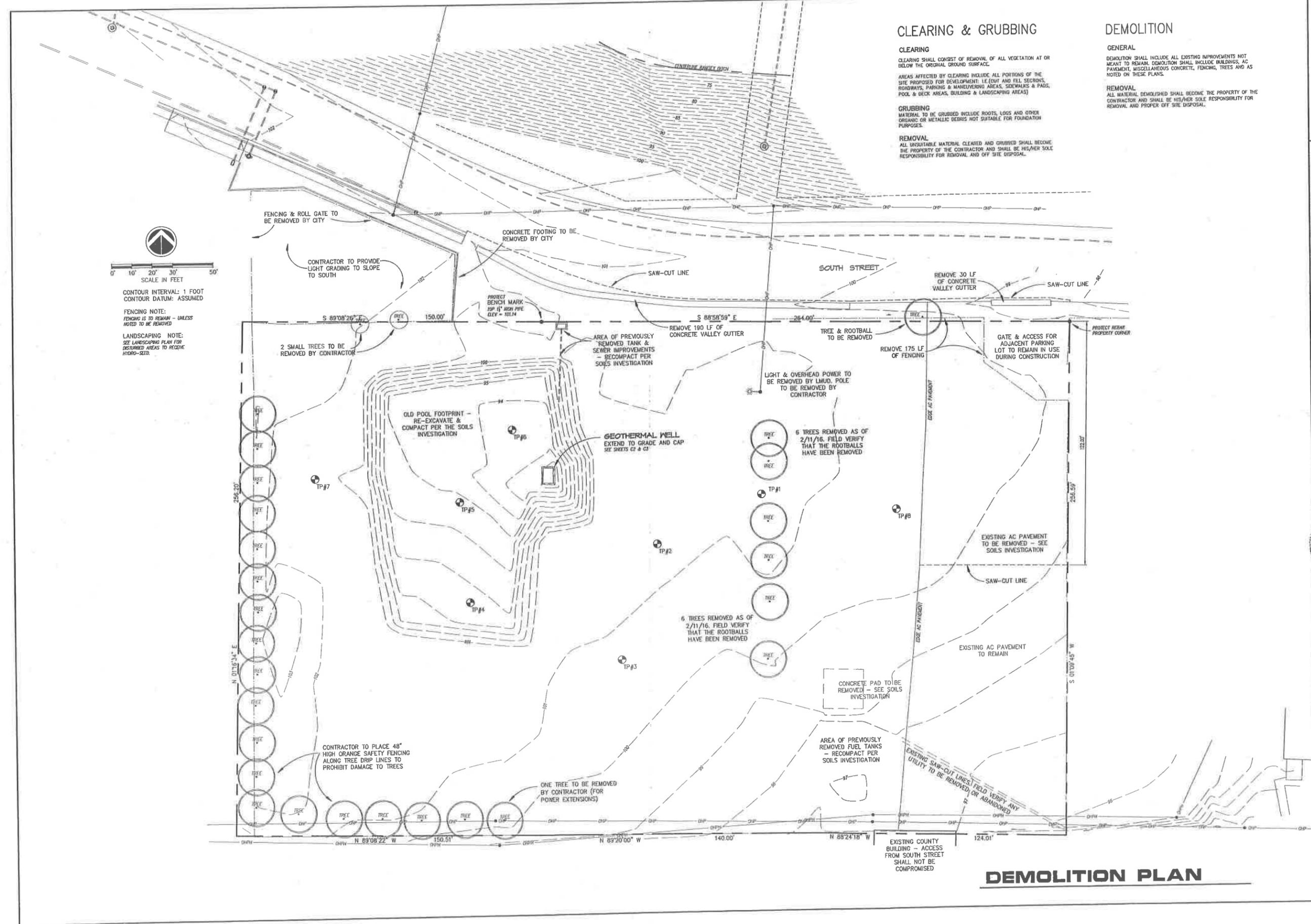
AT EACH LOCATION AS INDICATED ON THE PLAN WITH THIS SYMBOL A PORTABLE FIRE EXTINGUISHER SHALL BE LOCATED. FIRE EXTINGUISHER SHALL BE CLASS-A, TYPE 2-A10BC STREAM LOADED EXTINGUISHERS. MOUNT ON WALL SO THAT THE TOP DOES NOT EXCEED 54" A.F.F. EXTINGUISHERS SHALL BE LOCATED SUCH THAT THE TRAVEL DISTANCE TO THE APPARATUS DOES NOT EXCEED 75 FEET, AND SHALL COVER NO MORE THAN 3,000 SQ. FT.

NOTES:
EXCEPT AS SPECIFICALLY PERMITTED BY SECTION 1008.1.9 C.B.C. EGRESS DOORS SHALL BE READILY OPENABLE FROM THE EGRESS SIDE WITHOUT THE USE OF A KEY OR SPECIAL KNOWLEDGE OR EFFORT.

"LEVEL" INDICATES A SLOPE NOT TO EXCEED 2% AS DEFINED BY THE C.B.C. TO ALLOW FOR DRAINAGE. 2% EQUATES TO 1/4" FALL IN 12" RUN.
ALL DOORS SHALL BE LOCATED 6" AWAY FROM THE NEAREST PERPENDICULAR WALL. TYPICAL UNLESS DIMENSIONED OTHERWISE ON THIS DRAWING. REFER TO MFG. SPECIFICATIONS FOR ROUGH OPENING REQUIREMENTS FOR INT. WINDOW AND DOOR FRAMES.
FOR FURNITURE AND EQUIPMENT SEE A2.3



AA-WALL TYPES AND NOTES
SCALE NONE



CLEARING & GRUBBING

CLEARING
 CLEARING SHALL CONSIST OF REMOVAL OF ALL VEGETATION AT OR BELOW THE ORIGINAL GROUND SURFACE.
 AREAS AFFECTED BY CLEARING INCLUDE ALL PORTIONS OF THE SITE PROPOSED FOR DEVELOPMENT, I.E. (CUT AND FILL SECTIONS, ROADWAYS, PARKING & MANEUVERING AREAS, SIDEWALKS & PADS, POOL & DECK AREAS, BUILDING & LANDSCAPING AREAS)

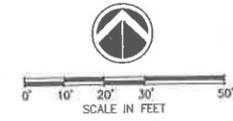
GRUBBING
 MATERIAL TO BE GRUBBED INCLUDES ROOTS, LOGS AND OTHER ORGANIC OR METALLIC DEBRIS NOT SUITABLE FOR FOUNDATION PURPOSES.

REMOVAL
 ALL UNSUITABLE MATERIAL CLEARED AND GRUBBED SHALL BECOME THE PROPERTY OF THE CONTRACTOR AND SHALL BE HIS/HER SOLE RESPONSIBILITY FOR REMOVAL AND OFF SITE DISPOSAL.

DEMOLITION

GENERAL
 DEMOLITION SHALL INCLUDE ALL EXISTING IMPROVEMENTS NOT MEANT TO REMAIN. DEMOLITION SHALL INCLUDE BUILDINGS, AC PAVEMENT, MISCELLANEOUS CONCRETE, FENCING, TREES AND AS NOTED ON THESE PLANS.

REMOVAL
 ALL MATERIAL DEMOLISHED SHALL BECOME THE PROPERTY OF THE CONTRACTOR AND SHALL BE HIS/HER SOLE RESPONSIBILITY FOR REMOVAL AND PROPER OFF SITE DISPOSAL.



SCALE IN FEET
 0' 10' 20' 30' 50'

CONTOUR INTERVAL: 1 FOOT
 CONTOUR DATUM: ASSUMED

FENCING NOTE:
 FENCING IS TO REMAIN - UNLESS NOTED TO BE REMOVED

LANDSCAPING NOTE:
 SEE LANDSCAPING PLAN FOR DISTURBED AREAS TO RECEIVE HYDRO-SEED.

Revisions:

MODERN
 MODERN BUILDING, INC.
 PO BOX 112, CHICO, CA 95427
 (530) 891-4593

Project Name:
 HLYRA COMMUNITY POOL PROJECT DESIGN-BUILD
 PROJECT #16-01
 SUSANVILLE AQUATIC CENTER
 800 SOUTH STREET, SUSANVILLE, CALIFORNIA



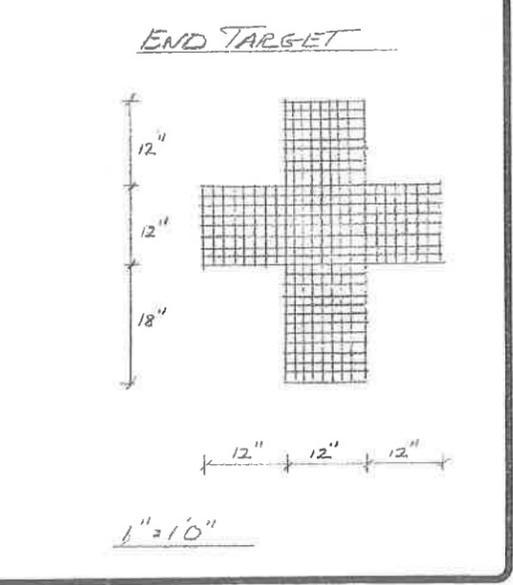
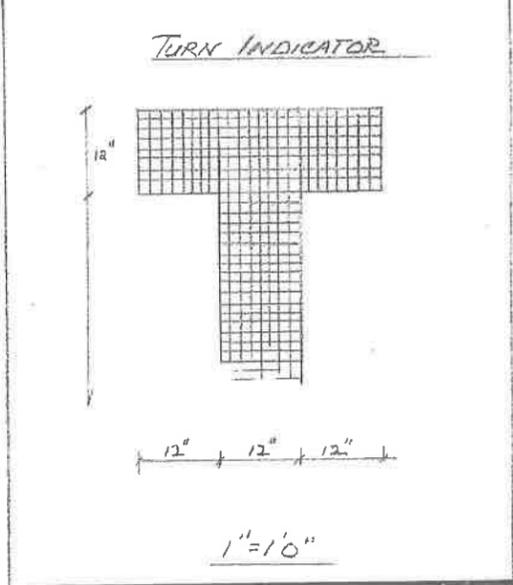
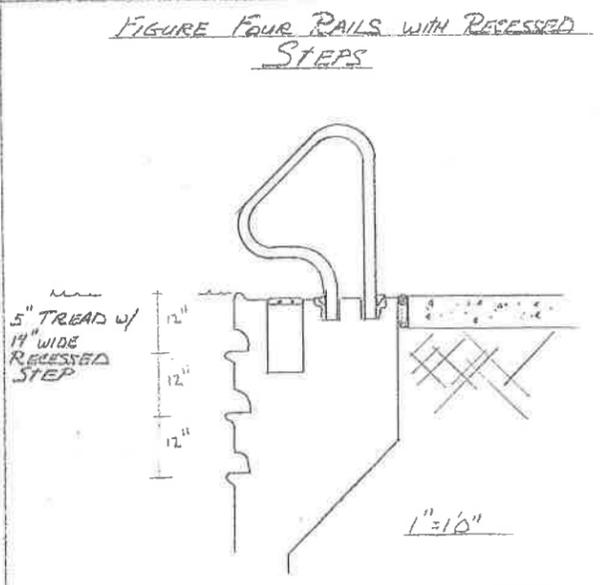
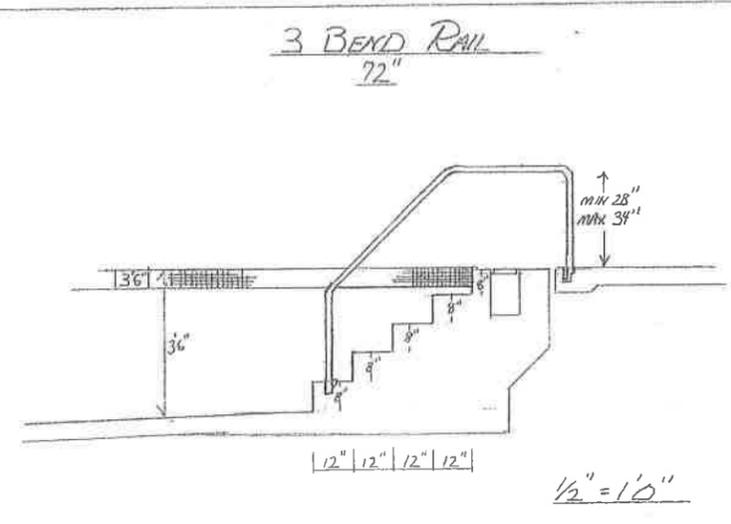
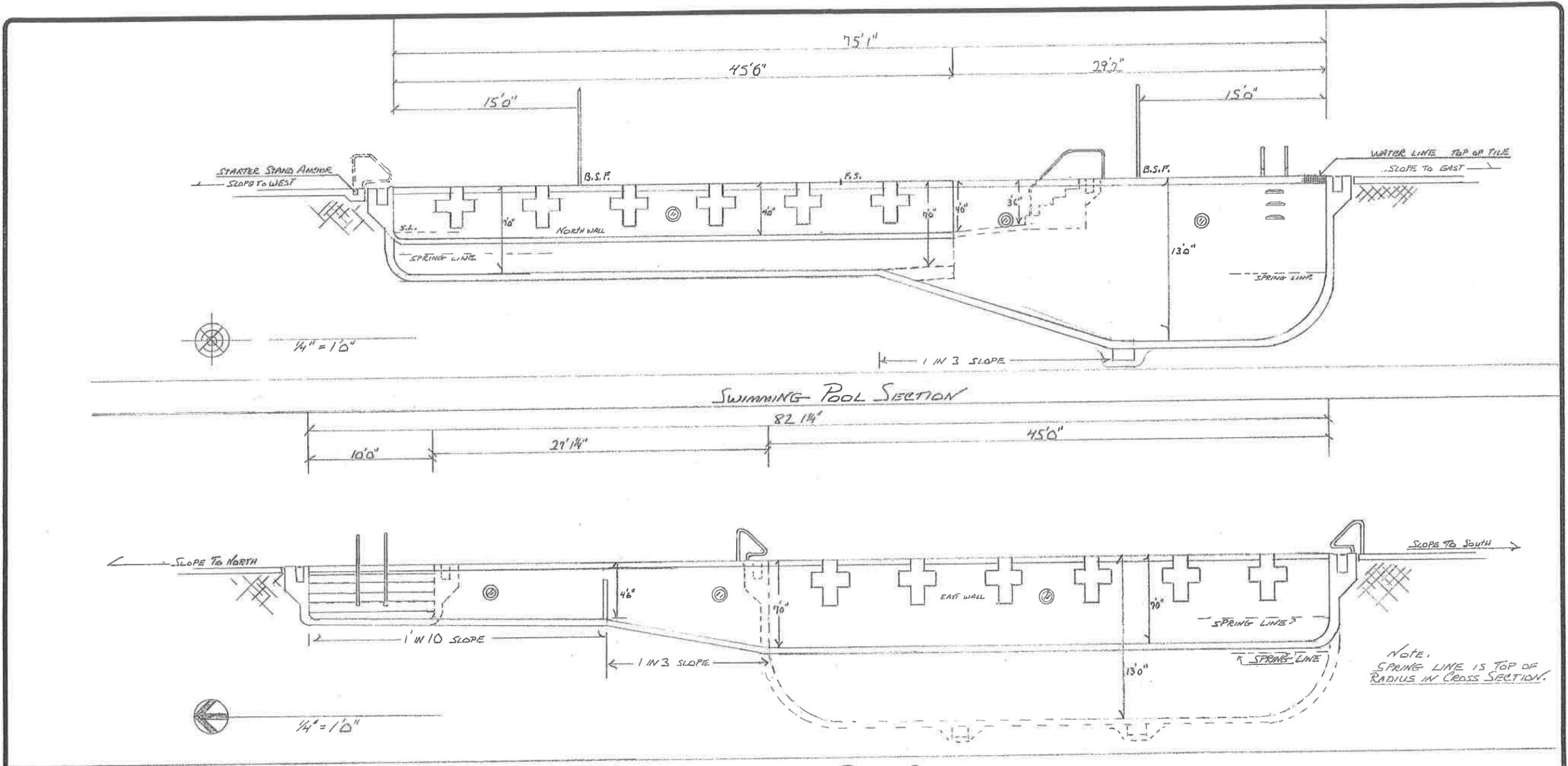
NST ENGINEERING, INC.
 1445 Riverside Drive • Susanville, CA 96150
 Engineering • Planning • Surveying
 Phone: (530) 257-5175 Fax: (530) 257-6272

Date: 4/28/16
 Drawn: KMB
 Checked: JM

Sheet No.
01

Job No. 15054
 NST Job: 16-04

DEMOLITION PLAN



| REVISIONS | BY |
|-----------|----|
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MODERN
MODERN BUILDING, INC.
PO BOX 772 CHICO, CA 95427
(530) 891-4595

Project Name:
HLYRA COMMUNITY POOL PROJECT DESIGN-BUILD
PROJECT #18-01
SUSANVILLE AQUATIC CENTER
800 SOUTH STREET, SUSANVILLE, CALIFORNIA

2950 HWY 32 #300
CHICO, CA 95973
530-894-1467
jdhistoric@at.net
LICENSE # CS 93227

Since 1956
HP Aquatics
Holiday Pools Const.

DRAWN
JD
CHECKED
J. [Signature]
DATE: [Signature]
SCALE
JOB NO.
SHEET
SP2
OF SHEETS

| REVISIONS | BY |
|-----------|----|
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MODERN
 MODERN BUILDING, INC.
 PO BOX 112, CHICO, CA 95927.
 (950) 891-1593

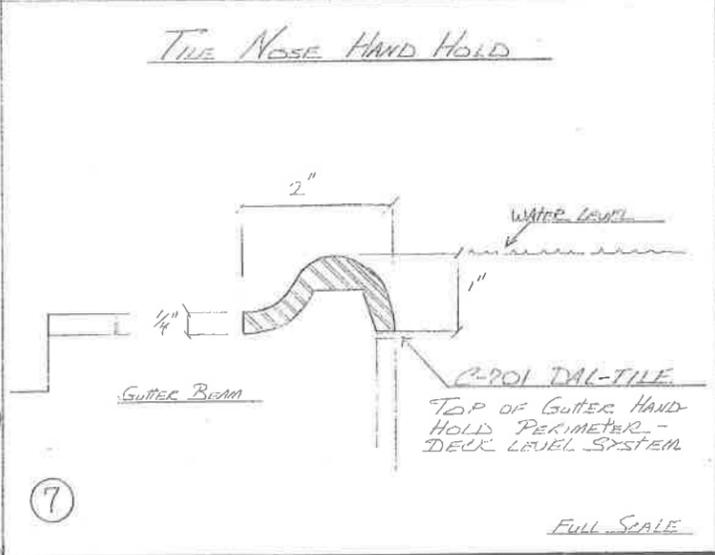
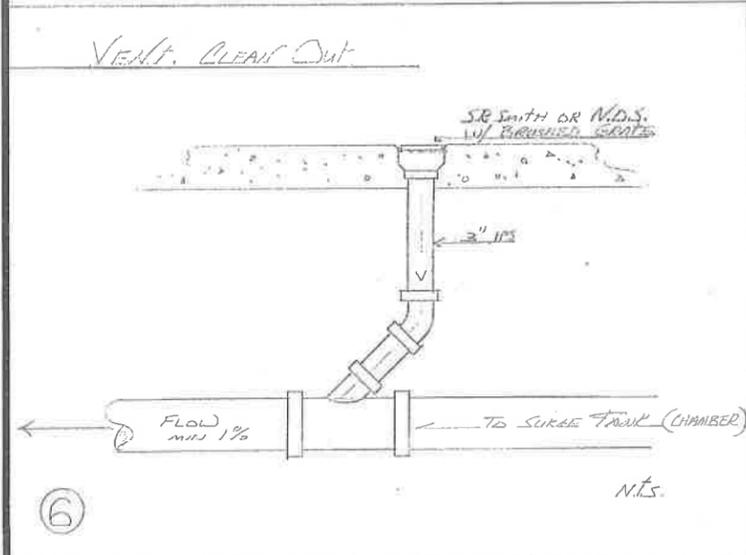
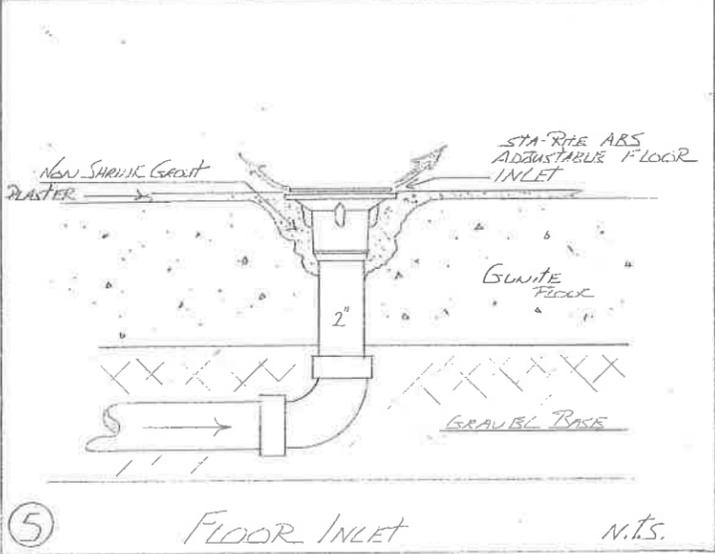
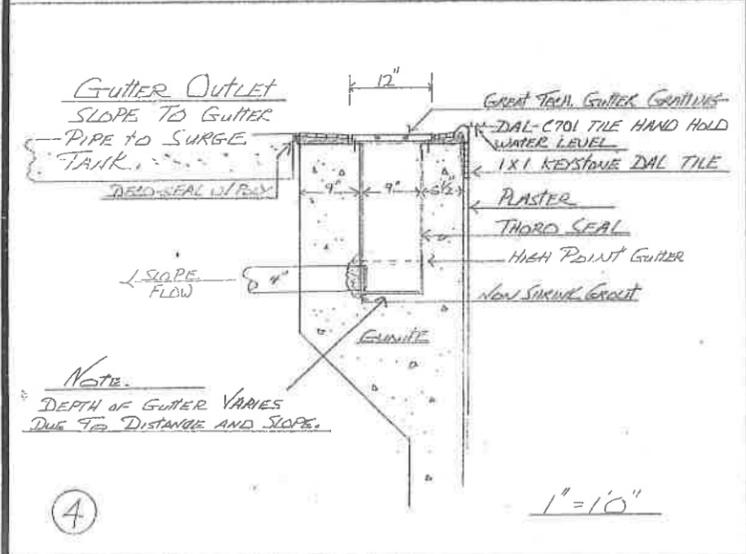
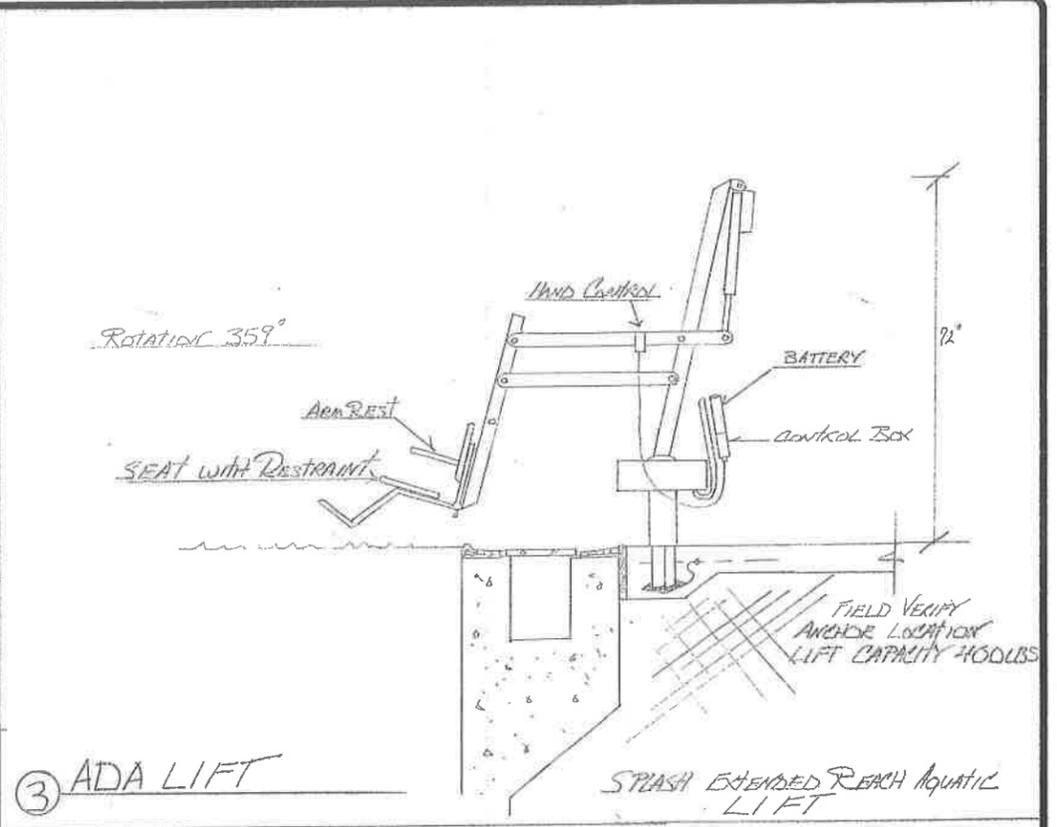
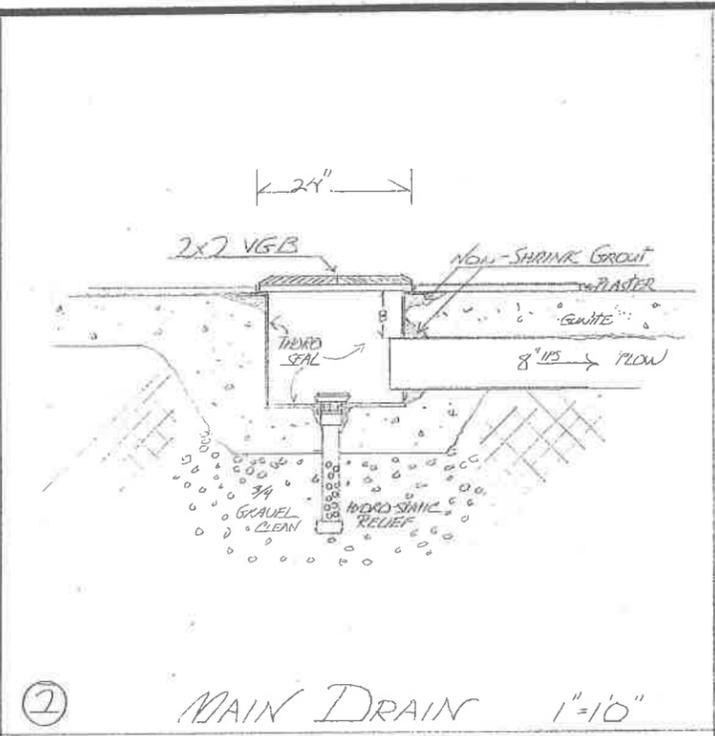
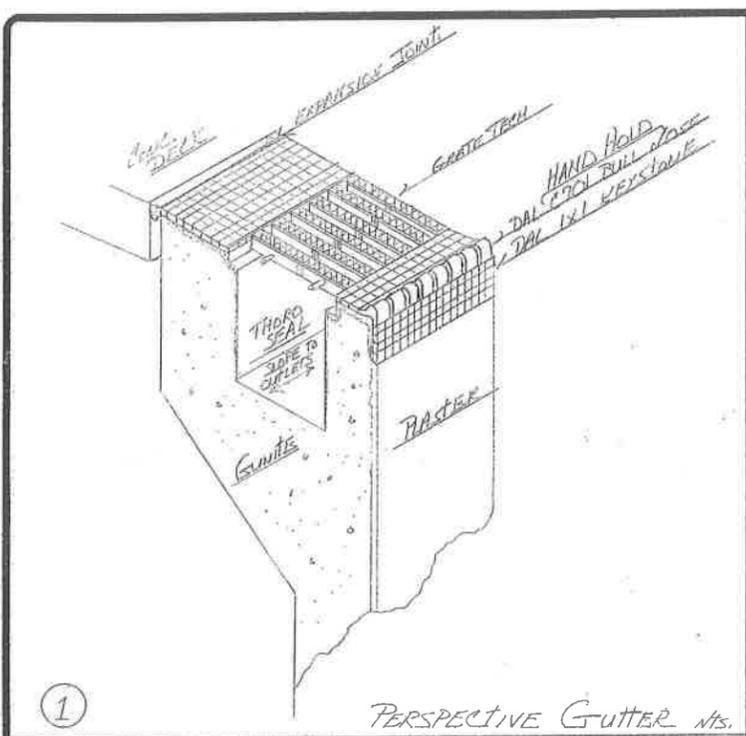
Project Name: HLYRA COMMUNITY POOL PROJECT DESIGN-BUILD
 PROJECT #16-01
 SUSANVILLE AQUATIC CENTER
 800 SOUTH STREET, SUSANVILLE, CALIFORNIA

2990 HWY 32 #500
 CHICO, CA 95973
 530-894-1467
 jdb@modern.net
 LICENSE # CS 932127

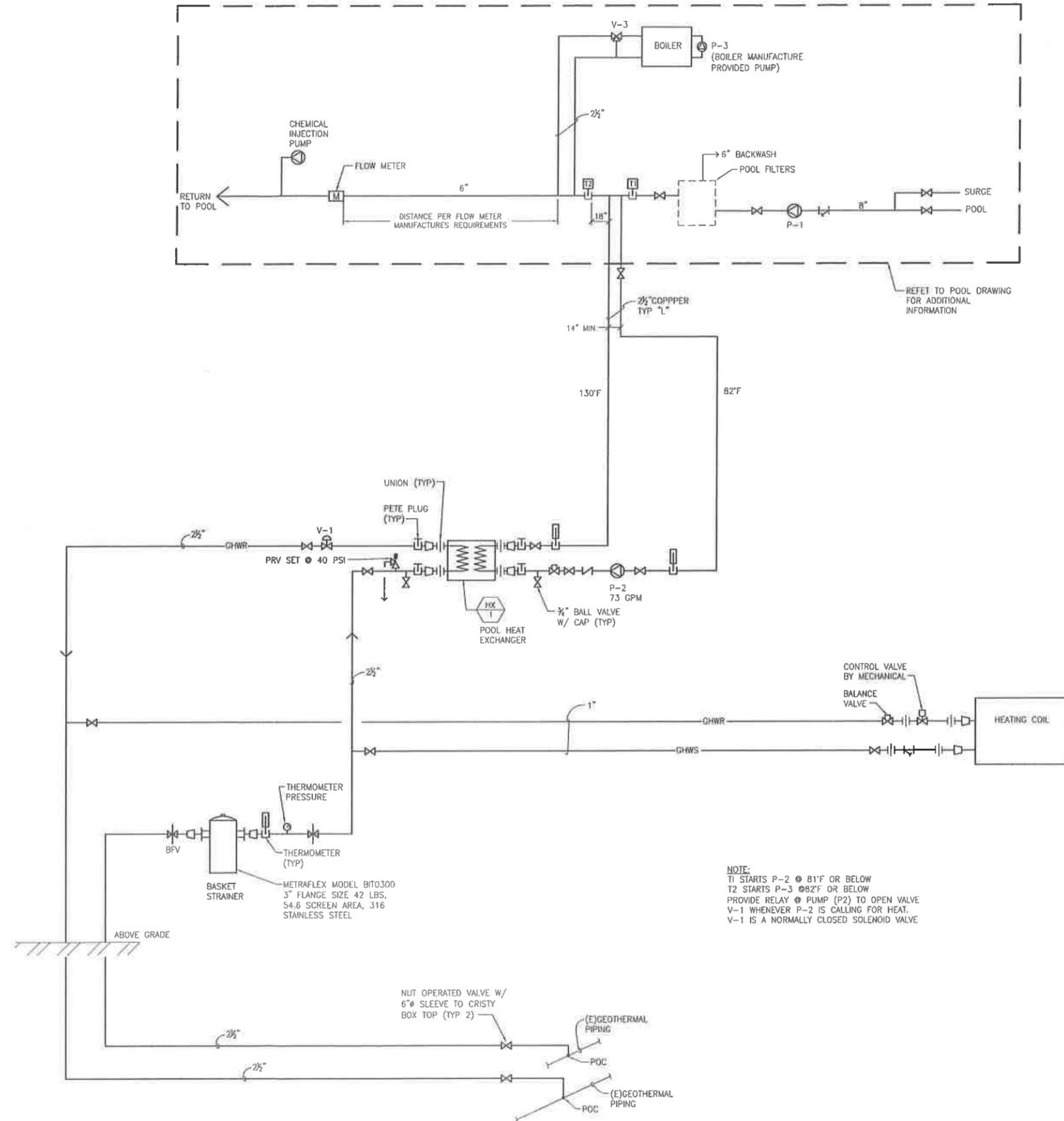
Since 1958
HP Aquatics
 Holiday Pools Const.

DRAWN
 CHECKED
 DATE
 SCALE
 JOB NO.
 SHEET

SP4
 OF SHEETS



POOL DETAILS



NOTE:
 T1 STARTS P-2 @ 81°F OR BELOW
 T2 STARTS P-3 @ 82°F OR BELOW
 PROVIDE RELAY @ PUMP (P2) TO OPEN VALVE
 V-1 WHENEVER P-2 IS CALLING FOR HEAT.
 V-1 IS A NORMALLY CLOSED SOLENOID VALVE.

A GEOTHERMAL PIPING DIAGRAM
 NO SCALE

TURLEY & ASSOCIATES, INC. MECHANICAL ENGINEERS
 2011 Central Expressway, Suite 200, San Jose, CA 95128
 (408) 255-1100 FAX: (408) 255-1101
 turley@turleyandassociates.com

HVLA
 COMMUNITY
 POOL
 PROJECT
 DESIGN-BUILD
 PROJECT #16-01

801
 SOUTH
 STREET

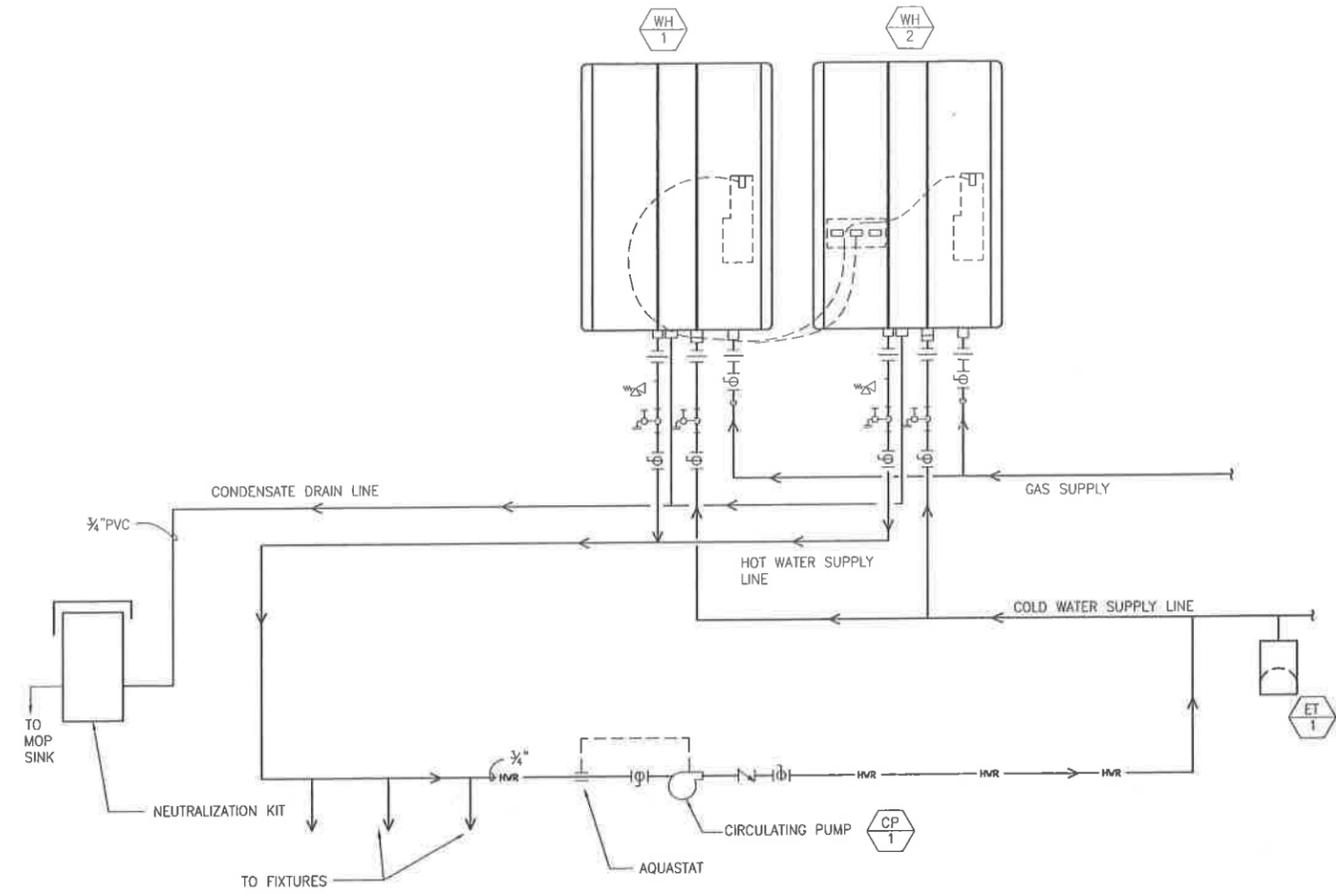
SUSANVILLE
 CA
 96130
 ASSESSORS
 PARCEL NUMBER

MODERN

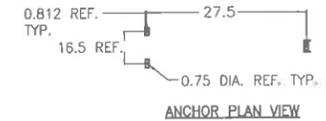
PLUMBING
 SCHEMATIC

| | |
|-------------|------------|
| PROJECT # | XXXXXX |
| DRAWN | XX |
| CHECKED | XX |
| STATUS DATE | 2016.02.18 |
| | |
| | |

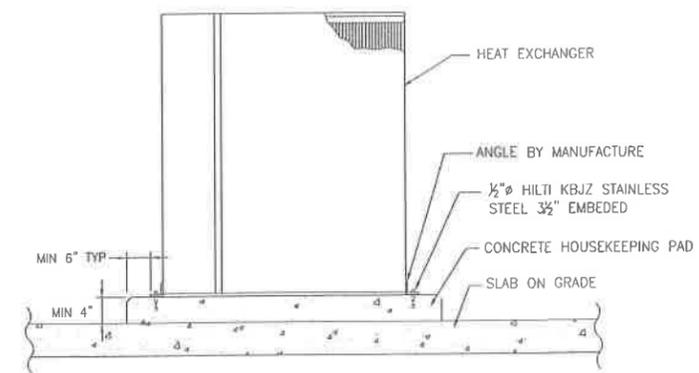
P4.1



A WATER HEATER PIPING SCHEMATIC
NO SCALE



ANCHOR PLAN VIEW



B HEAT EXCHANGER DETAIL
NO SCALE



TURLEY & ASSOCIATES, INC. MECHANICAL ENGINEERING GROUP, INC.
1000 S. ST. 1000
SUSANVILLE, CA 96150
PH: (530) 251-1000 FAX: (530) 251-1000
E-MAIL: info@turley.com

HVLA COMMUNITY POOL PROJECT
DESIGN-BUILD PROJECT #16-01
801 SOUTH STREET
SUSANVILLE, CA 96150
ASSESSOR'S PARCEL NUMBER



PLUMBING DETAIL

| | |
|-------------|------------|
| PROJECT # | XXXXXX |
| DRAWN | XX |
| CHECKED | XX |
| STATUS DATE | 2016.02.18 |

P5.1

Submitted By: Jared G. Hancock, Executive Officer

Action Date: May 31, 2016

HLVRA AGENDA ITEM

SUBJECT: Approve **Resolution No. 16-03** authorizing execution of Notice to Proceed for Pool Construction Services with Modern Building Inc.

SUMMARY: The Honey Lake Valley Recreation Authority (HLVRA) solicited proposals from prequalified firms for the design and construction of a community swimming pool. Modern Building Inc. was determined to be the "best value" respondent. The HLVRA, at its November 3, 2015 meeting, agreed to enter into an agreement with Modern Building Inc. While negotiating the terms of and completing the contract, Staff required Modern to carry additional bonding coverage as required by the contract. The cost of both the existing bond and additional bond requirements have brought the GMP for Phase 1 to \$127,792.00. This contract was approved at the December 15th 2015 meeting.

Design is now complete and project is ready for Phase 2 construction. Phase 2 contract items have been finalized with a GMP for Phase 2 of \$2,750,000.

FISCAL IMPACT: \$2,750,000

ACTION

REQUESTED: Motion to approve Resolution No. 16-03 authorizing the execution of Notice to Proceed for Pool Construction Services with Modern Building Inc.

ATTACHMENTS: Resolution No. 16-03
Notice to Proceed
Required Contract Exhibits

RESOLUTION NUMBER 16-03
A RESOLUTION OF THE HONEY LAKE VALLEY RECREATION AUTHORITY AUTHORIZING
THE EXECUTIVE OFFICER TO EXECUTE NOTICE TO PROCEED FOR POOL CONSTRUCTION
SERVICES WITH MODERN BUILDING INC.

WHEREAS, the Honey Lake Valley Recreation Authority (HLVRA) has determined that the design-build option, authorized by California Public Contract Code section 22160 et seq, is the most economical, practical and flexible for the design and construction of the community swimming pool; and

WHEREAS, HLVRA released a Request for Proposals on September 28, 2015 for design-build services; and

WHEREAS, Modern Building Inc.'s proposal was determined to offer the best-value as evaluated pursuant to Public Contract Code section 22160 et seq; and

WHEREAS, The HLVRA Board has reviewed and approves the Phase 2 construction services Notice to Proceed attached hereto as Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED that the HONEY LAKE VALLEY RECREATION AUTHORITY authorizes the execution of the notice to proceed for construction services with Modern Building Inc., on May 31, 2016 and authorizes the President or Vice President to sign the contract documents and Executive Officer to sign Notice to Proceed for Phase 2 "Build" of the Project.

Approved: _____
Brian R. Wilson, President

Attest: _____
Heidi Whitlock, Project Manager

The foregoing **Resolution Number 16-03** was approved and adopted at a special meeting of the Honey Lake Valley Recreation Authority held on the 31st day of May, 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINING:

Heidi Whitlock, Project Manager

APPROVED AS TO FORM:

Kronick Moskovitz Tiedemann & Girard

NOTICE TO PROCEED – PHASE 2

HONEY LAKE VALLEY RECREATIONAL AUTHORITY

Facility: Susanville Community Pool

Office: Honey Lake Valley Recreation Authority

Address: 800 South Street, Susanville, California

Modern Building Company 05/31/16
(Design Builder's Name) (Date)

3083 Southgate Lane
(Address)

Chico CA 95928
(City) (State) (Zip)

Project Number: 16-01

Project Name: Community Pool Project

Office: Honey Lake Valley Recreation Authority

This letter will serve as your notice to proceed for Phase 2.

Work on this Phase shall commence on June 6th, 2016, and be fully completed within the Contract Time of 180 days thereafter.

{IN ADDITION, INSERT THE FOLLOWING FOR CONSTRUCTION NOTICE TO PROCEED FOR PHASE 2 ONLY:}

Design Builder shall submit the following within 10 days after receipt of this Construction Notice to Proceed for Phase 3:

1. If Design Builder wishes to utilize securities in lieu of retention beginning with the first Application for Payment during Phase 3, a Selection of Retention Options accompanied by a completed Escrow Agreement for Deposit of Securities in Lieu of Retention and Deposit of Retention in the form contained in the Exhibits (Refer to Article 9.5 of the General Conditions).
2. A Cost Breakdown as required by Article 9.1 of the General Conditions.

Very truly yours,

(Authority's Representative)

Project Name: Community Pool Project

EXPANDED LIST OF SUBCONTRACTORS

(to be submitted as soon as each subcontractor is selected – see General Conditions)

Provide in the spaces below:

- (a) Phase of work, (as defined in exhibits),
- (b) The portion of the work which will be done by each subcontractor, the Design Builder shall list only one subcontractor for each such portion,
- (c) The name of each subcontractor who will perform work or labor or render service to the Design Builder in or about the construction of the work or improvement, or a subcontractor licensed by the state of California who, under subcontract to the Design Builder, specifically fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of 1/2 of 1 percent of the Design Builder's total bid, (d) Type of license,
- (e) Verified license number,
- (f) Location of the place of business (full street address, city, state and zip code).

| Phase (a) | Portion of the Work Activity (b) | Full Name (c) | Type of License (d) | Subcontractor Information | | | City, State, Zip Code (f) |
|--------------|--|--|----------------------------------|--------------------------------|------------------------------|----------------------|------------------------------|
| | | | | Verified License No. (e) | Street Address (f) | | |
| 1 & 2 | General Contracting & Design Coordination | Modern Building, Inc. | A, B, C8 | 285006 | 3083 Southgate Lane | Chico, CA 95928 | |
| 1 & 2 | Architectural Design & Structural Engineering | Russell, Galloway & Associates | Licensed Arch. Prof. Engineer | AOR - C28705 SEOR - 58201 | 115 Meyers Street, Suite 110 | Chico, CA 95928 | |
| 1 & 2 | Civil & Geological Engineering, Land Survey | NST Engineering, Inc. | Prof. Engineer Land Survey | CEOR - 36929 SURV - 4647 | 1495 Riverside Drive | Susanville, CA 96130 | |
| 1 & 2 | Aquatic Design | Holiday Pools | C53 | 532127 | 971 East Avenue, Suite C | Chico, CA 95926 | |
| 1 & 2 | Mechanical Engineering | Jessee Heating & Air Conditioning | C20 & C43 | 405424 | 3025 Southgate Lane | Chico, CA 95928 | |
| 1 & 2 | Electrical Design | CW Electric | C10 | 628578 | 55 Tuscan Drive | Paradise, CA 95969 | |
| 1 & 2 | Landscape & Irrigation Design | Thomas H. Phelps Landscape Architecture | Licensed Land. Architect | LAOR - 4122 | PO Box 8328 | Chico, CA 95927 | |

(Note: Add additional pages if required.)

Project Name: Community Pool Project

EXHIBIT 13
Project No. 16-01
PAGE 2 of 4

EXPANDED LIST OF SUBCONTRACTORS

(to be submitted as soon as each subcontractor is selected – see General Conditions)

Provide in the spaces below:

- (a) Phase of work, (as defined in exhibits),
- (b) The portion of the work which will be done by each subcontractor, the Design Builder shall list only one subcontractor for each such portion,
- (c) The name of each subcontractor who will perform work or labor or render service to the Design Builder in or about the construction of the work or improvement, or a subcontractor licensed by the state of California who, under subcontract to the Design Builder, specifically fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of 1/2 of 1 percent of the Design Builder's total bid, Type of license,
- (d) Verified license number,
- (e) Location of the place of business (full street address, city, state and zip code).
- (f)

| Phase (a) | Portion of the Work Activity (b) | Full Name (c) | Type of License (d) | Verified License No. (e) | Subcontractor Information | |
|-----------|--|---|---------------------|--------------------------|---------------------------|---------------------------|
| | | | | | Street Address (f) | City, State, Zip Code (f) |
| 1 & 2 | Fire Alarm Design | Voltage Specialists (Under CW Electric) | C10 & C16 | 880862 | 5031 Foster Road | Paradise, CA 95969 |
| 1 & 2 | Electrical Engineering | PACE Engineering (Under CW Electric) | Prof. Engineer | EEOR - 12726 | 1730 South Street | Redding, CA 96001 |
| 1 & 2 | Mechanical Engineering | Turley Engineering (Under RGA) | Prof. Engineer | MEOR - 28557 | 2431 Capitol Avenue | Sacramento, CA 95816 |
| 2 | Sitework, Site Utilities, Paving | Wilburn Construction | A & B | 760263 | PO Box 3908 | Quincy, CA 95971 |
| 2 | Plumbing & Heat Exchangers | Wave Plumbing | C36 | 548636 | PO Box 1231 | Meadow Vista, CA 95722 |
| 2 | Structural Concrete & Pool Deck Concrete | Crazy J's Concrete | C8 | 880301 | 675 Monte Vista Way | Susanville, CA 96130 |
| 2 | Site Concrete | Ward's Concrete | A & C8 | 348143 | PO Box 1276 | Anderson, CA 96007 |

(Note: Add additional pages if required.)

1369597.1 14095-001

December 2, 2015

Expanded List of Subcontractors

EXPANDED LIST OF SUBCONTRACTORS

(to be submitted as soon as each subcontractor is selected – see General Conditions)

Project Name: Community Pool Project

Provide in the spaces below:

- (a) Phase of work, (as defined in exhibits),
- (b) The portion of the work which will be done by each subcontractor, the Design Builder shall list only one subcontractor for each such portion,
- (c) The name of each subcontractor who will perform work or labor or render service to the Design Builder in or about the construction of the work or improvement, or a subcontractor licensed by the state of California who, under subcontract to the Design Builder, specifically fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of 1/2 of 1 percent of the Design Builder's total bid,
- (d) Type of license,
- (e) Verified license number,
- (f) Location of the place of business (full street address, city, state and zip code).

| Phase (a) | Portion of the Work Activity (b) | Full Name (c) | Type of License (d) | Subcontractor Information | | |
|--------------|--|--|---------------------------|--------------------------------|------------------------|------------------------------|
| | | | | Verified License No. (e) | Street Address (f) | City, State, Zip Code (f) |
| 2 | Framing & Sheathing | Jolly Construction | B | 927969 | 5274 Scottwood Road | Paradise, CA 95969 |
| 2 | Drywall | GE Drywall | C9 | 855371 | PO Box 493295 | Redding, CA 96049 |
| 2 | Insulation | Meeks Lumber | B, C17, C2 | 717557 | PO Box 255749 | Sacramento, CA 95865 |
| 2 | Fencing & Gates | A1 Fence Company | B & C13 | 410871 | 15 Niagra Way | Chico, CA 95928 |
| 2 | Tile | Sherman-Loehr Custom Tile Works, Inc. | C54 | 476897 | 5691-A Power Inn Road | Sacramento, CA 95824 |
| 2 | Roofing & Gutters | Powell Roofing, Inc. | C39 | 869919 | 43 Norfield Avenue, #4 | Chico, CA 95928 |
| 2 | Casework & Countertops | Progressive Woodworks | B & C6 | 668883 | PO Box 1371 | Chico, CA 95927 |

(Note: Add additional pages if required.)

Project Name: Community Pool Project

EXPANDED LIST OF SUBCONTRACTORS

(to be submitted as soon as each subcontractor is selected – see General Conditions)

Provide in the spaces below:

- (a) Phase of work, (as defined in exhibits),
- (b) The portion of the work which will be done by each subcontractor, the Design Builder shall list only one subcontractor for each such portion,
- (c) The name of each subcontractor who will perform work or labor or render service to the Design Builder in or about the construction of the work or improvement, or a subcontractor licensed by the state of California who, under subcontract to the Design Builder, specifically fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of 1/2 of 1 percent of the Design Builder's total bid,
- (d) Type of license,
- (e) Verified license number,
- (f) Location of the place of business (full street address, city, state and zip code).

| Phase (a) | Portion of the Work Activity (b) | Full Name (c) | Type of License (d) | Subcontractor Information | | |
|-----------|-----------------------------------|----------------------------------|---------------------|---------------------------|------------------------------------|---------------------------|
| | | | | Verified License No. (e) | Street Address (f) | City, State, Zip Code (f) |
| 2 | Windows & Storefront | Miller Glass | C17 | 424495 | 745 Cherry Street | Chico, CA 95928 |
| 2 | Doors & Hardware | Western Door Company | C61 & D28 | 836920 | 11541 Dairy Road | Chico, CA 95973 |
| 2 | Paint | Picture Perfect Painting by Rob | C33 | 999083 | 2379 Florida Lane, #B | Durham, CA 95938 |
| 2 | FRP Wall Covering | Universal Plastics | C61 & D12 | 390876 | 1020 Winding Creek Road, Suite 130 | Roseville, CA 95678 |
| 2 | Restroom Accessories & Partitions | GW Accessories | C61, D16 & D34 | 837331 | 7230 Quinn Place | Loomis, CA 95650 |
| 2 | Geothermal Lines | Impact Construction & Excavating | A, B & C8 | 869774 | 695-375 State RT 36 | Susanville, CA 96130 |
| 2 | Landscaping & Irrigation | NONE AT THIS TIME | N/A | N/A | N/A | N/A |

(Note: Add additional pages if required.)

EXHIBIT 22

REPORT OF SUBCONTRACTOR INFORMATION

Provide the following information for each contracting party including the Contractor and each Subcontractor regardless of tier.* Attach additional sheets if necessary.

| 1 | 2A | 2B | 3 | 4 | 5 | 6 | 7 | | 8 | | | | |
|------------------------------------|---------------------------|---------------|--|------------------------------|-------------------|----------------------|--------------------------------|---------------|------|------|------|-------|-----|
| | | | | | | | License Classification** | License No.** | SBE* | DBE* | WBE* | DVBE* | N/A |
| Full Name of Business | Portion of the Work | Dollar Amount | Street Address City, State, Zip | Tel No / Fax No | Contact Name | Type of Ownership | License Classification** | License No.** | SBE* | DBE* | WBE* | DVBE* | N/A |
| Modern Building, Inc. | General Contracting | \$ 662,722.13 | PO Box 772 Chico, CA 95927 | 530-891-4533 530-891-6834 | Phil Strawn | Corporation | A, B, C8 | 285006 | | | | | X |
| Holiday Pools | Swimming Pool | \$ 922,400.00 | 2990 Highway 32, Suite 300 Chico, CA 95973 | 530-894-1467 530-894-5883 | Jim Dougherty | Sole Ownership | C53 | 532127 | | | | | X |
| CW Electric | Electrical | \$ 252,000.00 | 55 Tuscan Drive, Paradise, CA 95969 | 530-872-3443 530-872-3444 | Dale Wagoner | Corporation | C10 | 628578 | | X | | | X |
| Jessee Heating & Air | HVAC | \$ 67,000.00 | 3025 Southgate Lane Chico, CA 95928 | 530-891-4926 530-891-3452 | Bryan Gray | Corporation | C20 & C43 | 405424 | | | | | X |
| Voltage Specialists | Fire Alarm & Detection | \$ 12,200.00 | 5031 Foster Road Paradise, CA 95969 | 530-624-4514 N/A | Bill Bunch | Sole Ownership | C10 & C16 | 880862 | | | | | X |
| NST Engineering | Survey & Testing | \$ 8,000.00 | 1495 Riverside Drive Susanville, CA 96130 | 530-257-5173 530-257-6272 | Jeff Morrish | Corporation | Professional Survey License | 4647 | | | | | X |
| Wilburn Construction | Sitework & Paving | \$ 317,454.00 | PO Box 3908 Quincy, CA 95971 | 530-283-7420 530-283-2879 | Brent Dingel | Corporation | A | 760263 | | | | | X |
| Wave Plumbing | Plumbing & Heat Exch. | \$ 122,500.00 | PO Box 1231 Meadow Vista, CA 95722 | 530-878-9923 N/A | David Laidlaw | Sole Ownership | C36 | 548636 | | | | | X |
| Crazy J's Concrete | Structural Concrete | \$ 116,350.00 | 675 Monte Vista Way Susanville, CA 96130 | 530-310-1480 N/A | JJ Jimenez | Corporation | C8 | 880301 | | | | | X |
| Ward's Concrete | Site Concrete | \$ 46,133.45 | PO Box 1276 Anderson, CA 96007 | 530-378-1023 530-378-1123 | Lee Ward | Corporation | C8 | 348143 | | | | | X |
| Impact Construction | Geothermal Lines | \$ 35,000.00 | 695-375 State Route 36 Susanville, CA 96130 | 530-257-5787 N/A | Ryan Potter | Sole Ownership | B | 869774 | | | | | X |
| Jolly Construction | Framing & Sheathing | \$ 63,264.00 | 5274 Scottwood Road Paradise, CA 95969 | 530-624-8823 530-872-7868 | Nic Jolly | Sole Ownership | B | 927969 | | | | | X |
| G.E. Drywall | Drywall | \$ 21,080.00 | PO Box 493295 Redding, CA 96049 | 530-941-4558 530-222-3656 | Glen Elits | Sole Ownership | C9 | 855371 | | | | | X |
| Meeks Lumber | Insulation | \$ 2,274.00 | 1100 East 20th Street Chico, CA 95928 | 530-624-5540 530-570-3125 | Tim Rider | Corporation | C2 | 717557 | | | | | X |
| A1 Fence Company | Fencing & Gates | \$ 22,500.00 | 15 Niagra Way Chico, CA 95928 | N/A | John Sterle | Sole Ownership | C13 | 410871 | | | | | X |
| Sherman-Loehr Custom Tile Works | Tile | \$ 14,966.00 | 5691-A Power Inn Road Sacramento, CA 95824 | 916-386-0417 | Rick Jordan | Corporation | C54 | 476897 | | | | | X |
| Powell Roofing, Inc. | Roofing & Gutters | \$ 12,315.00 | 43 Norfield Avenue, #4 Chico, CA 95928 | 530-354-5318 N/A | Brian Powell | Corporation | C39 | 869919 | | | | | X |
| Progressive Woodworks | Casework & Countertops | \$ 6,255.00 | PO Box 1371 Chico, CA 95927 | 530-343-2211 530-342-7628 | Gary McConnell | Sole Ownership | C6 | 668883 | | | | | X |
| Miller Glass | Windows & Storefronts | \$ 7,637.12 | 745 Cherry Street Chico, CA 95928 | 530-343-7934 530-343-0141 | Bruce Miller | Corporation | C17 | 424495 | | | | | X |
| Western Door Company | Doors & Hardware | \$ 8,961.30 | 11541 Dairy Road Chico, CA 95973 | 530-514-2641 530-345-6932 | Dan Metzzen | Sole Ownership | C61 & D28 | 836920 | | | | | X |
| Picture Perfect Painting by Rob | Painting | \$ 9,000.00 | 2379 Florida Lane, #B Durham, CA 95938 | 530-566-7006 N/A | Rob Banta | Sole Ownership | C33 | 999083 | | | | | X |

| 1 | 2A | 2B | 3 | 4 | 5 | 6 | 7 | | 8 | | | | |
|-----------------------|--------------------------------------|---------------|--|------------------------------|----------------|----------------------|------------------------------|---------------|---|------|------|-------|-----|
| Full Name of Business | Portion of the Work | Dollar Amount | Street Address City, State, Zip | Tel No / Fax No | Contact Name | Type of Ownership | License Info** | | Business Categories* (Check all categories that apply) | | | | |
| | | | | | | | License Classification** | License No.** | SBE* | DBE* | WBE* | DVBE* | N/A |
| Universal Plastics | FRP Wall Covering | \$ 3,235.00 | 1020 Winding Creek Road, Suite 130 Roseville, CA 95678 | 916-787-0541 916-787-0692 | Steve Tullgren | Corporation | C61 & D12 | 390876 | | | | | X |
| GW Accessories | Restroom Accessories & Partitions | \$ 9,253.00 | 7230 Quinn Place Loomis, CA 95650 | 916-660-1942 N/A | George White | Sole Ownership | C61, D16, D34 | 837331 | | | | | X |
| BUDGET - NO SUB | Hydro Seeding | \$ 5,000.00 | TBD | TBD | TBD | TBD | C-61 / D-59 | TBD | | | | | |
| BUDGET - NO SUB | Parking Lot Striping | \$ 2,500.00 | TBD | TBD | TBD | TBD | C36 | TBD | | | | | |
| | | | | | | | Column 6 - Type of Ownership | | Column 8 - Business Categories | | | | |
| | | | | | | | SP = Sole Proprietorship | | SBE = Small Business Enterprise | | | | |
| | | | | | | | P = Partnership | | DBE = Disadvantaged Business Enterprise | | | | |
| | | | | | | | C = Corporation | | WBE = Woman Owned Business Enterprise | | | | |
| | | | | | | | JV = Joint Venture | | DVBE = Disabled Vetran Business Enterprise | | | | |
| | | | | | | | O = Other | | | | | | |

* Regardless of tier, a completed Self-Certification must be submitted for the General Contractor and each Subcontractor shown on this Exhibit.

** List only those License Classification and Numbers relevant to this project.

May 1, 2006 (PDF 5/05/06)

Revision: 1

LF: EXRSI