



MINUTES

SPECIAL MEETING OF THE HEMET CITY COUNCIL

August 8, 2012

6:00 pm

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City of Hemet Council Chambers

450 E. Latham Avenue

Please silence all cell phones

Call to Order

Mayor Youssef called the meeting to order at 6:00 p.m.

Roll Call

PRESENT: Council Members Krupa and Smith, Mayor Pro Tem Foreman and Mayor Youssef

ABSENT: None

OTHERS PRESENT: City Manager Nakamura, City Attorney Vail and City Clerk McComas

Communications From the Public

There was no communication from the public presented at this time.

Discussion/Action Items

1. **Council Sponsored initiative Measure Prohibiting Amendment or Repeal of Ordinance No. 1848 "Fund Balance Reserve Requirements" Without Submitting the Question to the Voters for Approval** - City Attorney Vail
 - a. Adopt a resolution 1) calling a special election to be held on November 6, 2012, and giving notice thereof; 2) requesting the Board of Supervisors of Riverside County conduct the election and consolidate it with the General Election to be held on November 6, 2012; 3) submitting to the voters of the City at the special election a measure to adopt Ordinance No. 1855; 4) directing the City Attorney to prepare an impartial analysis of the measure; and 5) determining that the action is not a "project" within the meaning of the California Environmental Quality Action ("CEQA") pursuant to 14 California Code to Regulations section 15378(B)(4) and does not require CEQA review pursuant to Public Resources Code section 21080(a)
Resolution Bill No. 12-065
and
 - b. Adopt a resolution setting priorities for filing written arguments regarding a city measure and providing for the filing of rebuttal arguments for city measures submitted at Municipal Elections. **Resolution Bill No. 12-066**

Eric Vail, City Attorney, the first resolution will call a special election to place a measure before the voters. The purpose of the initiative is to amend Ordinance No. 1848 regarding fund balance requirements. The amendment or repeal would prohibit the City from amending the ordinance without the vote of the residents.

Rita Conrad, Deputy City Manager/Administrative Services Director, explained the contents of Ordinance No. 1848 to the City Council. The Ordinance adopted requirements and/or restrictions regarding the City's General Fund Reserve balance. The Ordinance sets the minimum reserve fund balance at 35% of budgeted expenditures. As the City's budget grows so will the required reserve balance accordingly. For every \$10,000 increase in the City's budget, \$3,500 will go into the City's General Fund Reserve. The Ordinance currently has criteria and requirements for a 4/5 vote by the City Council.

Mayor Youssef, I requested this meeting to discuss this proposed measure. This is a double edged sword that could be too restrictive. Mayor Youssef expressed concern that a future City Council could repeal or amend Ordinance No. 1848.

Mayor Pro Tem Foreman, if the City of Hemet receives a \$100,000 Public Safety Grant, the General Fund reserve must increase by \$35,000.

Ms. Conrad, grant funding is restricted in a non-general fund account for that purpose only, therefore the reserve fund balance would not be affected.

Council Member Smith, asked if the Ordinance can be amended to say that the reserve must be 35% of the FY 2012/13 General Fund Balance.

Mr. Vail, Ordinance 1848 can not be amended in time for the November 6th election. We will only be asking the voters whether or not the Ordinance can be amended or repealed without the approval of the voters. This measure will require a simple majority, 50% +1. The City Council can still operate within the parameters of the Ordinance. The concern is the 35%. Any future City Council could not change the definition in funds, the requirements or the percentage without a vote of the public. It will cost approximately \$25,000 to add this measure to the November 6, 2012 election, if there are no challenges presented.

Council Member Smith, spoke in favor of the measure.

Council Member Smith was excused at 6:20 p.m.

Council Member Krupa, expressed concern that this will hamstring future City Councils. The reserve in future years might have to be less than 35% of the budget in order to operate efficiently. I have seen repercussions of voter initiatives that are currently hindering the City. The 4/5 vote is a stringent enough requirement.

Mr. Vail, the term General Fund is not defined in the Ordinance. It is assumed that the commonly accepted definition per GASB principles would be used. The City Council could amend the Ordinance, that would require that this measure be considered at a future election, possibly March 2013 at a higher cost.

Paul Raver, Hemet, applauded the City Council for the adoption of Ordinance 1848, that is great public policy. However, as is pointed out in the staff report planning and allocating resources is a legislative process. This measure will outsource the City Council's job to legislate to the public. In an emergency situation you will have to go to the voters to bring

the City's reserves below 35%. Mr. Raver agreed with Council Member Krupa that this measure would hamstring future City Council Members, requiring them to ask the residents for permission. This action is suggesting that future Council Members will not be as smart, caring or educated as the current City Council Members. This is contrary to the responsibility of the City Council by outsourcing your duty to the people. Mr. Raver recommended that the Ordinance be amended to define the General Fund and reconsider the percentage before you consider placing this on a ballot. This City Council has done a great job over the last couple of years. The future Council Members could be just as dedicated and smart as you are.

Mayor Pro Tem Foreman moved and Council Member Krupa seconded a motion to deny this item as presented. Motion carried 2-1. Mayor Youssef voted No.

Future Agenda Items

Appointment to fill Unscheduled Vacancy on August 14, 2012.

Adjournment

Adjourned at 6:34 p.m. to Tuesday, August 14, 2012 at 7:00 p.m.