



AGENDA

REGULAR MEETING OF THE HEMET CITY COUNCIL

February 26, 2013

6:00 p.m.

www.cityofhemet.org

Hemet Public Library Upstairs

300 E. Latham Avenue

Please silence all cell phones

**Notice: Members of the Public attending shall comply with the Council's adopted Rules of Decorum in Resolution No. 4148. A copy of the Rules of Decorum are available from the City Clerk.*

Call to Order

Roll Call

ROLL CALL: Council Members Krupa, Milne and Wright, Mayor Pro Tem Smith and Mayor Youssef

Closed Session

Notice of Opportunity for Public Comment

Members of the Public may comment upon any identified item on the closed session agenda. Since the Council's deliberation on these items is confidential the City Council and City Staff will not be able to answer or address questions relating to the items other than procedural questions. At the conclusion of the closed session, the City Attorney will report any actions taken by the City Council which the Ralph M. Brown Act required to be publicly reported.

1. Conference with Labor Negotiators
Pursuant to Government Code section 54957.6
Agency designated representatives: *Interim City Manager Bradley*
Employee organization: *Hemet Fire Fighters Association*
-

REGULAR SESSION

7:00 p.m.

Hemet Public Library Upstairs

300 E. Latham Avenue

Call to Order

Roll Call

ROLL CALL: Council Members Krupa, Milne and Wright, Mayor Pro Tem Smith and Mayor Youssef

Invocation

Pledge of Allegiance

City Attorney Closed Session Report

2. Conference with Labor Negotiators
Pursuant to Government Code section 54957.6
Agency designated representatives: *Interim City Manager Bradley*
Employee organization: *Hemet Fire Fighters Association*
-

City Council Business

Notice to the Public

The Consent Calendar contains items which are typically routine in nature and will be enacted by one motion by the Council unless an item is removed for discussion by a member of the public, staff, or Council. If you wish to discuss a Consent Calendar item please come to the microphone and state the number of the item you wish to discuss. Then wait near the lecture. When the Mayor calls your turn give your last name, and address, then begin speaking. You will have three minutes at that time to address the Council.

Consent Calendar

3. **Approval of Minutes** – February 12, 2013
 4. **Receive and File** – Investment Portfolio as of December 2012
 5. **Receive and File** – Warrant Registers
 - a. Warrant registers dated February 6, 2013 and February 7, 2013. Payroll for the period of January 21, 2013 to February 3, 2013 was \$553,043.71.
-

City Council acting as the Redevelopment Successor Agency Consent Calendar

6. **Receive and File** – Recognized Obligation Payment Schedule for July 1, through December 31, 2013.
-

Work Study

7. Presentation and Analysis of submittals received in response to the City's Request for Proposals (RFP) for Fire Protection and EMS Services
Discussion regarding this item, with possible direction to staff.
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Communications from the Public

Anyone who wishes to address the Council regarding items not on the agenda may do so at this time. As a courtesy, please complete a Request to Speak Form found at the City Clerk's desk. Submit your completed form to the City Clerk prior to the beginning of the meeting. Presentations are limited to three minutes in consideration of others who are here for agenda items. Please come forward to the lectern when the Mayor calls upon you. When you are recognized, you may proceed with our comments.

****Notice: Members of the Public attending shall comply with the adopted Rules of Decorum in Resolution No. 4148. A copy of the Rules of Decorum are available from the City Clerk.***

State law prohibits the City Council from taking action or discussing any item not appearing on the agenda except for brief responses to statements made or questions posed by the public. In addition, they may, on their own initiative or in response to questions posed by the public, ask a question for clarification, provide a reference to staff or other resources for factual information, or request staff to report back to them at a subsequent meeting. Furthermore, a member of the City Council or the Council itself may take action to direct staff to place a matter of business on a future agenda.

City Council Reports

8. CITY COUNCIL REPORTS AND COMMENTS

A. Council Member Krupa

1. Traffic and Parking Commission
2. Riverside Conservation Authority (RCA)
3. Ramona Bowl Association
4. Indian Gaming Distribution Fund
5. Riverside Transit Agency (RTA)

B. Council Member Milne

1. Library Board
2. League of California Cities
3. Riverside County Habitat Conservation Agency (RCHCA)
4. Riverside Transit Agency (RTA)
5. Riverside Conservation Authority (RCA)

C. Council Member Wright

1. Park Commission
2. Planning Commission
3. Indian Gaming Distribution Fund
4. Riverside County Habitat Conservation Agency (RCHCA)
5. Ramona Bowl Association

D. Mayor Pro Tem Smith

1. League of California Cities
2. Riverside County Transportation Commission (RCTC)
3. Western Riverside County of Governments (WRCOG)

4. Public Safety Update
 5. National League of Cities
- E. Mayor Youssef
1. Western Riverside County of Governments (WRCOG)
 2. Riverside County Transportation Commission (RCTC)
 3. Disaster Planning Commission
- F. Ad-Hoc Committee Reports
1. Crime Stoppers Plus Ad-Hoc Committee
 2. Hemet ROCS Citizens Advisory Committee (CAC)
 3. CDBG Ad-Hoc Committee
- G. Interim City Manager Bradley
1. Manager's Reports

Continued Closed Session

City Attorney Continued Closed Session Report

Future Agenda Items

If Members of Council have items for consideration at the next City Council meeting, please state the agenda item to provide direction to the City Manager.

Adjournment

Adjourn to Tuesday, March 12, 2013 at 7:00 p.m. for consideration of items placed on that agenda. The next regular meeting will be held March 26, 2013.

Staff reports and other disclosable public records related to open session agenda items are available at the City Clerk's Office or at the public counter located at 445 E. Florida Avenue during normal business hours.



MINUTES

REGULAR MEETING OF THE HEMET CITY COUNCIL

February 12, 2013

5.30 p.m.

www.cityofhemet.org

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 5:33 p.m.

Roll Call

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

ABSENT: None

Work Study

Discussion regarding this item, with possible direction to staff

1. Mid-Year Budget Update and Preliminary Fiscal Year 2013/14 - Deputy City Manager/Administrative Services Director Conrad

Rita Conrad, Deputy City Manager/Administrative Services Director, distributed detailed documents to the City Council regarding revenue and expenditures. Ms. Conrad gave the City Council a powerpoint presentation regarding the mid-year update for fiscal year 2012/13 and preliminary information for fiscal year 2013/14. The bottom line for fiscal year 2012/13 is that it is expected to end with \$11.4 million in reserves plus an unreserved fund balance of \$3.2 million for a combined balance of \$14.6 million. Of the \$11.4 million in reserves, \$135,000 is reserved by law for PED fees and \$25,500 is restricted to fees collected in Community Development related to microfilm/storage. \$11.2 million meets the 35% budget reserve requirement. \$1.7 million of the unreserved fund balance is due to one-time revenues: \$688,492 "one-time" payment from County RPTTF for City's share of \$6.1 million in returned RDA funds (redistribution); \$225,134 "one-time" payment for adjustment to RPTTF distribution to City in FY 2011-2012; and approximately \$770,819 in increased projected revenue. The General Fund expenditures are estimated to be approximately 1% less than budgeted (\$303,948 in savings). Most departments are on target with minimal savings. Due to vacancies, the Police Department is projected to have savings of approximately \$263,368. Engineering is projected to be approximately \$91,700 over budget. Tracking issues with allocating time to projects. First year of new tracking, will continue to evaluate. Total General Fund revenues (adjusted by one-time payments)

are approximately 2% higher than budgeted. Property tax (adjusted for one-time payments) is approximately 6% higher than originally budgeted. Due mainly to increased ongoing RPTTF distributions. Sales tax is approximately 2% higher (\$214,608) than originally budgeted. Numbers will be updated when we get 4th Quarter "true up" payment in March (including Christmas sales). Vehicle License Fee Adjusted Allocation is approximately \$193,484 (4%) higher than originally budgeted. This is based on property tax values and City is notified of amount in late October. City no longer receives any Motor Vehicle License fees. Other funds are on target with budget projections with the following notes: Refuse is projected to have remaining balance of approximately \$4.2 million at the end of this fiscal year. These funds can be used for costs related to Integrated Waste Management including PERS and OPEB obligations. Actuarial studies for both liabilities have been completed. RDA funds are closed out and it is expected that by the end of this fiscal year the City will have returned approximately \$10.5 million in RDA funds to the State. The following are on-going budget challenges: OPEB liability of approximately \$65 million; PERS rate increase in FY 2013/14 is approximately 4.3% (new rate 42.5%) for safety and 2.2% (new rate 22.7%) for Miscellaneous; and Deferred Vehicle Replacement and Facility Maintenance funds have not been funded for a number of years. The good news is that property tax and sales tax is estimated to increase another 2%. The City has a total of \$14,757,154 in reserved and unreserved General Fund balances. The not so good news for fiscal year 2013/14 is that although increased revenues this fiscal year and those anticipated next fiscal year have reduced the structural deficit estimate, there is still an estimated deficit of approximately \$2.7 million. This assumes no use of reserves, one-time funds, or cost cutting measures. Finance will keep Council updated as more information is available. Preliminary budget for FY 2013-14 will be brought to the Council in late May.

Mayor Youssef, thanked Ms. Conrad for her conservative estimates and encouraged her to continue that practice and providing accurate information to the City Council.

Mayor Pro Tem Smith, asked if staff is sure that the \$10.5 million is all that will be demanded for the wind down of RDA.

Ms. Conrad, the State has accepted the City's Due Diligence reports that determine the amount that they will demand.

Mayor Pro Tem Smith, asked where the additional sales tax revenues is coming from.

Ms. Conrad, explained that the two areas that increased the most are auto sales and sales at gas stations due to the increase in gas prices.

Mayor Pro Tem Smith, expressed concern that more long term revenue will be taken from the cities. Mayor Pro Tem Smith asked if there are any provisions in the budget to fund any costs due to the implementation of Obama Care.

Ms. Conrad, staff is working closely with the City's Health Care Broker. There are no financial impacts in the beginning because of the medical caps that are in place.

Mayor Pro Tem Smith, due to the increase in revenues and the number of cost cutting measures that have already been implemented, the City is doing the right things. This City has some reserves and is moving in the right direction.

Council Member Wright, thanked Ms. Conrad for the understandable presentation and handout. Council Member Wright asked about audit requirements for revenue received from the Federal Government and noted that the threshold has increased.

Ms. Conrad, explained our current audit requirements and concurred that the increase in the threshold might reduce our future reporting requirements.

Mayor Youssef, the sacrifice, hard work and tough cuts were worth it. However, we can't forget that we still have a \$2.7 million deficit to work through next fiscal year.

Closed Session

Notice of Opportunity for Public Comment

There were public comments presented at this time.

The City Council recessed to Closed Session at 6:02 p.m.

2. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(a)
Names of case: Toungat v. City of Hemet
RIC 1111811

 3. Conference with Real Property Negotiators
Pursuant to Government Code section 54956.8
Property: APN: 456-050-013 and 022, Northwest corner of Sanderson and Stetson Avenues.
Agency negotiator: Interim City Manager Bradley
Negotiating parties: Stetson Crossing Partners, LLC
Under negotiation: Acquisition, Price and Terms
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REGULAR SESSION

7:00 p.m.

City of Hemet Council Chambers

450 E. Latham Avenue

Call to Order

Mayor Youssef called the meeting to order at 7:06 p.m.

Roll Call

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

ABSENT: None

OTHERS PRESENT: Interim City Manager Bradley, City Attorney Vail and City Clerk McComas

Invocation

A moment of silence was observed for fallen Officer Michael Crain and fallen San Bernardino Deputy.

Invocation was given by Anthony Poe, Hemet-San Jacinto Interfaith Council.

Pledge of Allegiance

Pledge of Allegiance was led by Council Member Milne.

City Attorney Closed Session Report

4. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(a)
Names of case: Tounget v. City of Hemet
RIC 1111811

5. Conference with Real Property Negotiators
Pursuant to Government Code section 54956.8
Property: APN: 456-050-013 and 022, Northwest corner of Sanderson and Stetson Avenues.
Agency negotiator: Interim City Manager Bradley
Negotiating parties: Stetson Crossing Partners, LLC
Under negotiation: Acquisition, Price and Terms

The City Attorney reported that the City Council completed the discussions. There is no additional reportable action.

6. Certificates of Achievements for the West Valley Decathlon Team
Mayor Youssef, presented Certificate's of Achievement to the members of the West Valley High School Academic Decathlon Team.
Tim Hannem, Coach, these are amazing students, they achieved the highest score in Riverside County and won 39 individual medals.
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City Council Business Consent Calendar

7. **Approval of Minutes** – January 22, 2013

8. **Receive and file** – Investment Portfolio as of November 2012
9. **Receive and file** – Warrant Register
 - a. Warrant register for January 24, 2013. The payroll for the period of January 7, 2013 to January 20, 2013 was \$551,575.53.
10. **Recommendation by Engineering** – Riverside County Flood Control and Water Conservation District Cooperative Agreement
 - a. Accept the Cooperative Agreement with Riverside County Flood Control and Water Conservation District (RCFC&WCD) Little Lake MDP, Line B, Stage 1 – Project No. 4-0-00265-01; and
 - b. Authorize the Mayor, Interim City Manager and City Attorney to execute the Cooperative Agreement.
11. **Recommendation by Police Department** – Patrol Vehicle “Upfit” Services
 - a. Award of proposal to West Coast Lights & Siren for vehicle upfit services; and
 - b. Authorize the Interim City Manager to approve agreement.
12. **Recommendation by Public Works** – Watermaster Costs
 - a. Adopt a resolution providing the reimbursement of actual expenses and a stipend for the City’s Watermaster representative and alternate.
Resolution No. 4528
13. **Recommendation by Engineering** – Functional Classification Change for Roadways
 - a. Adopt a resolution to submit changes of the roadway classification for segments of Whittier Avenue, Gilbert Street and Buena Vista Street to Functional Classification. **Resolution No. 4529**
14. **Recommendation by Engineering** – Chambers Street Sidewalk, City Project No. 5559
 - a. Award the contract to the lowest, responsive bidder, Crownline General Contractor for the Chambers Street Sidewalk Project CIP Project No. 5559 in the amount of \$72,523.25, and reject all other bids; and
 - b. Authorize the Interim City Manager to enter into a construction contract for the improvements; and
 - c. Establish budget in the amount of \$72,523.25 in Fund No. 329-5559-5500 for the cost of construction and \$15,000 in Fund No. 529-5559-2710 for design and staff administration costs.

15. **Recommendation by Engineering** – Well 7 Rehabilitation Project, CIP No. 5585
 - a. Award the contract to the lowest, responsive bidder, L.O. Lynch Quality Wells and Pumps for the Well 7 Rehabilitation Project, CIP 5585 in the amount of \$77,149.95; and
 - b. Authorize the Interim City Manager to enter into a construction contract for the improvements; and
 - c. Establish budget in the amount of \$77,149.95 in Fund No. 571-5585-5500 for the cost of construction and \$3,000 in fund 571-5585-2710 for contract administration. Total cost of the project is estimated to be \$80,149.95.

16. **Recommendation by Engineering** – Change Order No. 1 for Well 17 Project, City Project No. 5567
 - a. Ratify Change Order No. 1 in the amount of \$80,750 for additional testing and sampling which was required in order to evaluate the drilled pilot hole at Well 17 for the potable water supply, completed January 17, 2013; and
 - b. Establish budget in the amount of \$80,750 in Fund No. 571-5567-5500 for the costs of the additional testing and sampling.

Item No 12 was removed from the Consent Calendar. **Mayor Pro Tem Smith moved and Council Member Krupa seconded the motion to approve the remaining Consent Calendar items as presented. Motion carried 5-0.**

Item No. 12

Eric Vail, City Attorney, staff is recommending that the City Council adopt a resolution creating a stipend and reimbursements for representative and alternate on the Watermaster. The Watermaster representative and alternate, Council Member Krupa and Mayor Pro Tem Smith, need to recuse themselves from the vote.

Council Member Milne moved and Council Member Wright seconded a motion to approve this item as presented. Motion carried 3-0.

Communications from the Public

Mayor Youssef, announced that all speakers will address the entire City Council and conducted themselves according to the City's Rules of Decorum.

CW Cecchi, Hemet Taxpayers Association, the Association will hold a meeting on Wednesday, February 27th at the Library from 4:30 to 6:45 p.m. to discuss the City's budget. We are requesting that a representative from the City of Hemet attend.

Paul Raver, Hemet, expressed concern with the rumors that the decision to contract the Fire Department has already been made. It is our opinion that there is no sound reasoning to contract the Fire Department. Your action to contract will result in a quick and serious response by the Public Safety Coalition. We applaud the Mayor's decision to hold the February 26th meeting at the Library. Mr. Raver encouraged all concerned citizens to

attend.

Howard Rosenthal, Hemet, expressed disappointment that nothing has been done since the community meeting in October. Mr. Rosenthal expressed concern with the increase in crime. Valuable businesses and physicians are leaving Hemet. There are rumors coming out of Riverside that the decision to contract the Fire Department has already been made.

The bad guys are winning and walking down Florida Avenue like the own they place. Stop the politics and put more cops on the street now. If your intent is to contract out Hemet Police Department, then let's move forward. We have too much to lose. This City is moving in the wrong way.

Terry Straubinger, Hemet, I asked three questions last meeting and have not received a response yet. What are you planning to do? Can we get more help on the Gang Task Force? What can the community do to help? Ms. Straubinger recommended that the City follow suit with San Jacinto on the panhandling signs. Ms. Straubinger read a letter that she recently wrote to the Press Enterprise and Valley Chronicle that received tremendous support. The letter and the blog comments were presented to the City Council for review.

Helen Hanson, Hemet, recommended that a workstudy session be held to discuss these concerns. There are some good ideas being presented. These problems are far too big for just a handful of people to solve.

Lisa Pauro, Hemet, three weeks ago I was told that I would be contacted regarding my concerns. While we were here expressing our concerns about the murder of Eric Sergeant, the Sheriff's Department was on another murder scene in Valle Vista. Ms. Pauro gave the City Council a copy of all of the law enforcement calls for the month of January. The business that was robbed in the Hemet Mall will not reopen. The only businesses that are making it in Hemet are the dollar stores. Ms. Pauro told the City Council that she drove around town taking pictures for four hours and will present the pictures to the City Council at a later date. The residents have invited the Guardian Angels to assist. Ms. Pauro recently met with Ron Robert's, Supervisor Stone's assistant. I have recently been approached by some of the Doctors that have also expressed concern.

Patty Woods, Hemet, as you are discussing the upcoming RFP, consider the word integrity. You need to do what is right for the community, not what is right for you or your political backers. We express our concerns and never get any response. I will continue to come to every single meeting and continue to express our concerns.

Greg Carrescia, Brea, told the City Council about his father-in-law, Craig Stanearth. There have been reports that he might be in this area, he suffers from Dementia. Mr. Carrescia complimented Mark Orme for this kindness, support and recommendations.

Mayor Youssef, requested that this information be posted on the City's social media sites.

Robin Lowe, Hemet, requested that the flags be flown at half staff in honor of the fallen Officers.

Discussion/Action Items

17. **Reconnect California Grant Program** – Public Works Director Jensen
 - a. Approve the City’s participation in the Reconnect California Grant Program to upgrade two (2) existing electric vehicle charging stations at no cost to the City; and
 - b. Authorize the City Manager to execute the Reconnect California Charge Stations and Installation Agreement with Clipper Creek, Inc; and
 - c. Authorize staff to establish an agreement with a third party vendor to provide point of sale services to public users of the charging stations.

Kristen Jensen, Public Works Director, this grant allows agencies the ability to upgrade existing and outdated charging stations at no cost. The City is able to take advantage of this grant since a charging station was installed 15 years ago for the first generation of electric vehicles. These sites will be available to the general public. The site owner has to allow information to be gathered from the stations periodically. The equipment will be free of charge. The charging station is located in the main parking lot of City Hall. A keypad will be installed allowing access to staff or the public. The general public will register and be charged for the electricity that they use. This system will cost the City \$12.00 per month for the keypad maintenance. The fees will be collected by a point of sale provider and then returned to the City. The deadline to accept this grant is February 15, 2013.

Council Member Wright, commended staff for pursuing this funding. Council Member Wright confirmed that the City of Hemet does not currently have electric vehicles and asked if there are any plans to acquire any. This is a great service to provide to the public. Charging stations are not readily available.

Ms. Jensen, the City has not considered electric vehicles, but could now that we have charging stations available.

Mayor Youssef, confirmed that the current vehicles can not be charged with the City’s current equipment.

Ms. Jensen, the City originally leased one of the first generation vehicles. We were one of the test sites and had two types of charging capabilities. The manufacture requested the vehicle back because of issues.

Council Member Wright, asked how long it takes an electric vehicle to charge.

Ms. Jensen, explained that it varies depending on the vehicle and battery size.

Mayor Pro Tem Smith, asked about the ability to leave a vehicle on the charging station all night.

Ms. Jensen, the City will establish a rate for a time period, the keypad will work much like a parking lot meter and shut off after the allotted time.

Council Member Krupa moved and Council Member Wright seconded a motion to approve this item as presented. Motion carried 4-0. Mayor Pro Tem Smith abstained.

18. **2014 Compressed Natural Gas (CNG) 10 Wheel Dump Truck** – Public Works Director Jensen

- a. Award of bid to Los Angeles Freightliner in the amount of \$198,413 for the purchase of one 2014 CNG 10 Wheel Dump Truck to be funded from existing budgets in the Water Equipment Replacement Fund 380-9000-5400, and AB2766 Subvention Fund 224-8240-5400; and
- b. Authorize the Interim City Manager to execute a purchase order for the same.

Kristen Jensen, Public Works Director, the City's Water Division does preventative maintenance on the system. Ms. Jensen explained the current fleet and crew sizes. The current equipment that will be trailered by this vehicle is wearing down our infrastructure and reducing the lifespan of the equipment. The City applied for and received a grant for \$30,000 to assist with the purchase. We were also able to use subvention funds in the amount of \$30,000. \$280,000 was previously budgeted for this truck. The City only received one response from LA Freightliner in the amount of \$198,413. Staff is recommending approval.

Council Member Wright, thanked staff for seeking grant funding. Council Member Wright recommended that staff look at for AQMD grant funding for alternative fuels.

Mayor Pro Tem Smith, expressed concern with single use equipment and its ability to be used in the future. Mayor Pro Tem Smith did agree that it is important not to handicap our crews. Backhoes are not designed to be driven. Mayor Pro Tem Smith expressed concern with the cost since that would never be acceptable for a private business.

Mayor Pro Tem Smith moved and Council Member Krupa seconded a motion to approve this item as presented. Motion carried 5-0.

19. **Professional Services Agreement with Valley-Wide Recreation & Park District for Professional Facility Operation Management Services of the James Simpson Memorial Center** – Interim City Manager Bradley

- a. Authorize the City Manager to enter into a Professional Services Agreement with Valley-Wide Recreation & Park District for professional facility operation management services of the James Simpson Center, through the remainder of the Fiscal Year, ending June 30, 2013.

Mark Orme, Assistant City Manager, this is a true example of the City's good relationships with other agencies in the Valley. The City of Hemet and Valley-Wide came together and found a quick solution to a recent challenge. Staff is recommending that the City Council authorize the City Manager to enter into a Professional Services Agreement with Valley-Wide Recreation and Park District to operate the Simpson Center for the remainder of the fiscal year and authorize the sale of two vehicles, in the amount of \$1 per vehicle, as additional compensation. Total amount budgeted to operate the facility from March 4 through June 30, 2013 is \$54,000, no additional budget appropriation is necessary. In February 2011, the City entered into a 5 year contract with the YMCA to run the Simpson Center, which was a good decision at the time. Valley-Wide Recreation and Park District lead by Dean Wetter is an amazing entity and we have a great relationship. Valley wide is in their 41st year of offering recreational services to the Valley. Valley-Wide

will begin on March 4th, allowing the City time to work through the bankruptcy process with YMCA. The language allows Valley-Wide to dictate the hours and needs based on the services that will be provided there. Upon entering into this agreement, the agreement will be presented to the Board of Valley-Wide for their consideration on February 19, 2013.

Council Member Krupa, asked if current services such as the child care, exercise classes, the Blood Bank and Veteran services still be provide and/or accommodated.

Mr. Orme, Valley Wide will determine what services can be continued. The Veteran Center will work with Valley-Wide and will be accommodated.

Mayor Pro Tem Smith, expressed concern with the blind contract, but feels that Valley Wide has been a good partner in the past and we need some services provided.

Mayor Youssef, asked about the two vehicles that are being donated.

Mr. Orme, these vehicles are no longer of use to the City. Valley-Wide's proposed costs exceeded the budgeted amount for the remainder of the fiscal year. This was a way of offsetting the difference without incurring additional costs.

Dean Wetter, Valley Wide, Valley Wide is thrilled to partner with the City of Hemet to provide this service to the community. Mr. Wetter commended the City staff. Valley Wide does one thing good and that is to provide recreation opportunities.

Council Member Wright moved and Council Member Milne seconded a motion to approve this item as presented. Motion carried 5-0.

20. **Purchase of Type III Wildland Fire Engine** – Fire Chief Morris

- a. Award of proposal to HME, Inc. for the purchase of a Type III Wildland Fire Engine; and
- b. Authorize the Interim City Manager to approve agreement.

Joe Morris, Fire Chief, this Indian Gaming Mitigation Grant was applied for and awarded to the City, in the amount of \$298,000.00, for the purchase of a Type 3 brush engine. The Fire Department prepared the specifications and confirmed that the HME meets the Departments requirements. The difference of \$4,292.00 was made available by the sale of surplus vehicles. Staff recommends approval. The application for next years grant is on my desk. The truck will have a plaque on it thanking the Soboba Indians. The Fire Department recently received a beneficiary gift that will be used to purchase the radio equipment for the engine.

The City Council applauded the Department for seeking grant funding.

Mayor Pro Tem Smith, asked if this truck can be used daily and expressed concern with it sitting unused for a long period of time.

Chief Morris, this engine can be used as a back up to the City's current fleet. The City requested and found a demonstration vehicle with under 5,000 miles. The vehicle can be here in 10 days.

Mayor Pro Tem Smith moved and Council Member Krupa seconded a motion to approve this item as presented. Motion carried 5-0.

21. **2013-2014 Program Year Community Development Block Grant (CDBG) Entitlement Funds and Reprogramming of unexpended prior year**

Community Development Block Grant funding – CDBG Coordinator Callahan

- a. Accept and approve the City Council Ad-Hoc Committee recommended allocation of \$698,000 in 2013-14 Community Development Block Grant (CDBG) funding; and
- b. Reprogram unexpended prior year funds of \$40,954.54; and
- c. Incorporate these recommendations into the CDBG Annual Action Plan draft.

Carla Callahan, CDBG Coordinator, the City received 28 applications by the November 28, 2012 due date. 23 of the applications, totaling \$1,151,782 met the HUD established criteria for eligibility. Staff presented an overview of the CDBG program on January 8, 2013. The City Council established an AD-Hoc Committee to review the applications and make recommendations to the City Council. The Ad-Hoc Committee and staff met on January 15, January 23, and February 5, 2013 to review and discuss the eligible 2013/14 CDBG applications. Staff is recommending approval of the Ad-Hoc Committee's recommendations. A Public Hearing will be held on April 9, 2013, following the 30-day comment period.

Council Member Milne, Council Member Krupa and I met with the applicants. It is our opinion that these recommendations are in the best interest of the community as a whole.

Council Member Krupa, Code Enforcement, Senior Home Repair Program and the Sidewalk Program were the top three. Inland Fair Housing provides assistance with landlord tenant issues. The recommended outside projects were: Care-a-Van; Utility Assistance offered by the Community Pantry; and Hemet PAL.

Mayor Pro Tem Smith, thanked the Ad-Hoc Committee for their time and recommendations. Mayor Pro Tem Smith asked about if the City can allocate less than the recommended \$10,000 per agency.

Ms. Callahan, HUD has recommended a \$10,000 minimum allocation due to the cost of administration. The City agreed to HUD's recommendation.

Linda Rogers, Executive Director of Valley Restart, the Valley Restart requested \$10,000 to be used pay for the utilities at the shelter. Ms. Roger's explained Valley Restart's budget and continued need for assistance. Valley Restart does get funds from various grants, including CDBG. There are 35 churches that financially assist the shelter, as well as, provide meals. Valley Restart serves 940 people annually, providing emergency food, emergency shelter, bus ticket home and emergency diapers. Valley Restart housed 128 children last year. Most of the shelter users are families. The users can stay from one to thirty days.

Mary Morse, Exceed and Cops for Kids, thanked the City Council for funding the Pantry and Care-a-Van. The Ad-Hoc Committee recommended funding all of the City's programs. However, the other programs weren't recommended. The Ad-Hoc Committee didn't even visit our facilities to see the service that we provide. I personally have been coming up to this podium for 20 years requesting CDBG funding. Your views on non-profits have been heard by the community. The non-profits do not bring needy people to the City. The non-profits are created to serve an existing need.

Dean Wetter, Valley Wide, thanked the City Council for their consideration to fund the

Hemet PAL Program. Mr. Wetter explained that Valley Wide's Scholarships is a viable program and recommended that if HUD increases its distributions that funding be considered. This program is only offered to income verified Hemet families only.

Lakshman Koka, Habitat for Humanity, thanked the City Council for the opportunity to apply for funding. Mr. Koka explained that Habitat for Humanity provides shelter for good hard working families with children that have successfully passed a background check. The homes that Habitat has built have improved neighborhoods, this program makes a difference. Mr. Koka recommended that if the funding allocation changes, that Habitat for Humanity be reconsidered.

Council Member Krupa moved and Council Member Milne seconded a motion to approve this item as presented. Motion carried 5-0.

City Council Reports

22. CITY COUNCIL REPORTS AND COMMENTS

A. Council Member Krupa

1. Traffic and Parking Commission
2. Riverside Conservation Authority (RCA)
3. Ramona Bowl Association

Council Member Krupa, suggested that the City of Hemet participate in the Business Competition and the Ramona Pageant Parade.

The City Council agreed to participate.

4. Indian Gaming Distribution Fund
5. Riverside Transit Agency (RTA)

Council Member Krupa, RTA has approved and is looking for locations for additional bus turnouts.

Council Member Krupa, the Hemet Public Library will be presenting the "Literary Works of Helen Hunt Jackson" March 8th, 9th and 10th.

B. Council Member Milne

1. Library Board

Next meeting will be held February 15, 2013

2. League of California Cities
3. Riverside County Habitat Conservation Agency (RCHCA)
4. Riverside Transit Agency (RTA)
5. Riverside Conservation Authority (RCA)

C. Council Member Wright

1. Park Commission

2. Planning Commission
3. Indian Gaming Distribution Fund
4. Riverside County Habitat Conservation Agency (RCHCA)
5. Ramona Bowl Association

D. Mayor Pro Tem Smith

1. League of California Cities
2. Riverside County Transportation Commission (RCTC)

Mayor Pro Tem Smith, meetings will be February 26 from 3 to 5:00 p.m. and February 27 from 5 to 8:00 p.m. to review the proposed Highway 79. Mid-County Parkway meeting is scheduled for February 20, 2013.

3. Western Riverside Council of Governments (WRCOG)
4. Public Safety Update
5. National League of Cities

Mayor Pro Tem Smith, I have arranged lodging and transportation. This will be a great opportunity to me to participate in RCTC's meeting with the Department of Transportation and to meet with the local representatives. The City only has to pay for my attendance at the conference.

E. Mayor Youssef

1. Western Riverside Council of Governments (WRCOG)
2. Riverside County Transportation Commission (RCTC)
3. Disaster Planning Commission

Mayor Youssef, had the opportunity to travel to Washington, DC with the Hemet Community Action Network. Michael Ramirez from CAN is a member of the Hemet ROCS CAC. Hemet ROCS is receiving National attention. I was able to participate in a workshop and talk about the program. I also took the opportunity to meet with some of the California representatives. Mayor Youssef thanked Hemet CAN for the opportunity to get us involved.

F. Ad-Hoc Committee Reports

1. Crime Stoppers Plus Ad-Hoc Committee
2. Hemet ROCS Citizens Advisory Committee (CAC)

Council Member Milne, great turnout at the meeting, unfortunately most of the residents present were there to discuss the misinformation. Dan Goodrich does a great job as Chairperson of the meeting.

3. CDBG Ad-Hoc Committee

G. Interim City Manager Bradley

1. Manager's Reports

2. Meeting of February 26, 2013

Ron Bradley, the February 26, 2013 meeting will be held at the Hemet Public Library.

3. Crisis Management Training

Ron Bradley, encouraged Council Members to attend.

Future Agenda Items

List of funds that have been allocated to the Police Department since summer.

Solar System for City Offices.

Adjournment

Adjourned at 9:03 pm. to Tuesday, February 26, 2013 at 7:00 p.m.



Staff Report

TO: Honorable Mayor and members of the City Council
FROM: Judith L. Oltman, City Treasurer
DATE: February 26, 2013
RE: Investment Portfolio as of December 2012

RECOMMENDED ACTION:

Receive and file.

ANALYSIS:

The summary statement of activity and balances of the Treasurer's Investment Portfolio for the month of December 2012 is forwarded herewith for your review. There was no new activity this month.

I hereby certify that this report accurately reflects all City of Hemet pooled investments and is in conformity with the investment policy of the City of Hemet and that a copy hereof is on file in the office of the City Clerk. Our third party custodial bank, Bank of New York Mellon, has provided us with the monthly market values.

It is further certified that there is sufficient liquidity to meet the next six months' estimated day-to-day operational expenses.

Respectfully Submitted,


Judith L. Oltman
City Treasurer

attachment

**CITY OF HEMET, CALIFORNIA
Monthly Report of Investment Activities**

DECEMBER 2012

INVESTMENT CLASSIFICATIONS	MONTHLY ACTIVITY	CONSOLIDATED BALANCE
PORTFOLIO AS OF November 2012	67,356,447.79	
CERTIFICATES OF DEPOSIT Placed this month Matured this month		
Balance		6,600,000.00
LOCAL AGENCY INVESTMENT FUND: City of Hemet Deposits Withdrawals		
Balance		35,058,162.97
LOCAL AGENCY INVESTMENT FUND: City of Hemet Deposits Withdrawals		
Balance		1,872.03
BANK OF NEW YORK MELLON Custodial Acct. Deposits Withdrawals	6,506.30 -6,520.29	
Balance		1,668,378.98
CITIBANK: Money Market Account Deposits Withdrawals	297,592.08	
Balance		6,333,289.65
CITIBANK: Money Market Account 3 Deposits Withdrawals	783,874.17 -1,250,000.00	
Balance		7,886,196.42
MUNICIPAL BONDS Deposits Withdrawals		
Balance		3,140,000.00
GOVERNMENT AGENCIES		
2229 2.125% FNMA 7/22/16		500,000.00
2238 1.2% FNMA 3/8/17		500,000.00
2239 1.0% FNMA 3/13/17		500,000.00
2240 1.10% FNMA 3/20/17		500,000.00
2241 1.0% FNMA 3/21/17		500,000.00
2242 1.25% FFCB 3/8/17		500,000.00
2243 1.3% FFCB 3/20/17		500,000.00
2248 1.14% FFCB 5/15/17		500,000.00
2249 1.20% FNMA 5/16/17		500,000.00
2250 1.15% FHLB 5/30/17		500,000.00
2251 1.05% FNMA 6/27/17		500,000.00
2252 1.0% FNMA 8/21/17		500,000.00
2253 1.0% FNMA 11/29/17		500,000.00
PORTFOLIO BALANCE AS OF DECEMBER 2012	67,187,900.05	67,187,900.05

INTEREST EARNINGS		12-13 FISCAL YEAR-TO-DATE	
EARNINGS BALANCE AS OF	Dec. 1, 2012		100,916.68
CERTIFICATES OF DEPOSIT INT.	5,450.48		
OTHER GOVERNMENT SECURITIES	10,500.00		
CITIBANK MONEY MARKET ACCOUNT	1,032.52		
CITIBANK MONEY MARKET ACCOUNT 3	1,288.63		
BANK OF NY MONEY MARKET ACCT.	13.90		
LOCAL AGENCY INVESTMENT FUNDS City of Hemet Interest City of Hemet Interest			
MONTHLY EARNINGS TOTAL	18,285.53		18,285.53
MEMO ONLY:			
MERCHANT BANK CHG.	-2,772.16		
LIBRARY CREDIT CARD FEES	-86.89		
ARMORED CAR	-705.05		
ASSET SEIZURE FUNDS	-97.13		
Charges as of: Dec. 1, 2012	-12,374.68		
YTD CHARGES	-16,035.91		
12-13 YEAR-TO-DATE INTEREST EARNINGS			119,202.21

CITY OF HEMET
Portfolio Management
Portfolio Summary
December 31, 2012

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Certificates of Deposit - Bank	3,369,000.00	3,435,396.59	3,369,000.00	4.94	1,365	721	1.599	1.621
Managed Pool Accounts	35,060,035.00	35,060,035.00	35,060,035.00	51.41	1	1	0.345	0.350
Passbook/Checking Accounts	15,887,865.05	15,887,865.05	15,887,865.05	23.30	1	1	0.397	0.403
Local Government Bonds	3,140,000.00	3,289,214.60	3,145,307.70	4.61	1,641	902	4.366	4.426
Federal Agency Issues - Coupon	7,500,000.00	7,523,805.60	7,500,000.00	11.00	1,826	1,515	1.250	1.268
Negotiable CDs	3,231,000.00	3,285,386.25	3,231,000.00	4.74	1,629	1,449	1.213	1.229
Investments	68,187,900.05	68,481,703.09	68,193,207.75	100.00%	422	313	0.745	0.756
Cash and Accrued Interest								
Accrued Interest at Purchase		6,270.83	6,270.83					
Subtotal		6,270.83	6,270.83					
Total Cash and Investments	68,187,900.05	68,487,973.92	68,199,478.58		422	313	0.745	0.756
Total Earnings								
	December 31	Month Ending	Fiscal Year To Date					
Current Year		43,169.64	249,423.19					
Average Daily Balance		67,675,025.25						
Effective Rate of Return		0.75%						

JUDITH L. OLTMAN, TREASURER

Reporting period 12/01/2012-12/31/2012

Run Date: 01/21/2013 - 16:27

Portfolio COFH
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PM (PRF_PM1) SymRept 6.41.202b
Report Ver. 5.00

CITY OF HEMET
Portfolio Management
Portfolio Details - Investments
December 31, 2012

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Certificates of Deposit - Bank												
SYS3124	3124	Ally Bank		07/30/2010	247,000.00	259,868.16	247,000.00	2.450		2.450	940	07/30/2015
SYS3138	3138	AMERICAN EXPRESS CENTURIAN		08/25/2011	248,000.00	250,971.51	248,000.00	1.150		1.150	601	08/25/2014
06740KEX1	3146	BARCLAYS BANK DE		12/07/2011	247,000.00	259,285.29	247,000.00	1.900		1.900	1,436	12/07/2016
SYS3130	3130	BMW BANK OF NORTH AMERICA, UT		10/22/2010	248,000.00	253,189.95	248,000.00	1.550		1.550	659	10/22/2014
SYS3128	3128	BANK OF HEMET		09/06/2010	247,000.00	247,000.00	247,000.00	1.600		1.600	248	09/06/2013
SYS3144	3144	BANK OF THE WEST		10/12/2011	249,000.00	259,759.99	249,000.00	1.750		1.750	1,380	10/12/2016
SYS3129	3129	BANK OF HEMET		09/06/2010	247,000.00	247,000.00	247,000.00	1.600		1.600	248	09/06/2013
SYS3136	3136	CIT BANK		08/24/2011	247,000.00	257,986.07	247,000.00	1.800		1.800	1,331	08/24/2016
SYS3122	3122	COMMUNITY COMMERCE BANK		06/20/2010	99,000.00	99,000.00	99,000.00	2.200		2.231	170	06/20/2013
SYS3123	3123	COMMUNITY COMMERCE BANK		06/20/2010	99,000.00	99,000.00	99,000.00	2.200		2.231	170	06/20/2013
SYS3142	3142	COMPASS BANK		09/14/2011	248,000.00	248,000.00	248,000.00	0.850		0.850	258	09/16/2013
SYS3134	3134	DISCOVER BANK		08/24/2011	248,000.00	248,000.00	248,000.00	1.050		1.050	601	08/25/2014
36160WVR7	3132	G.E. Capital Financial, Inc.		08/12/2011	247,000.00	258,335.62	247,000.00	1.850		1.850	1,319	08/12/2016
SYS3140	3140	GOLDMAN SACHS		08/31/2011	248,000.00	248,000.00	248,000.00	1.200		1.200	609	09/02/2014
SYS3120	3120	RABOBANK		02/26/2010	100,000.00	100,000.00	100,000.00	1.900		1.900	56	02/26/2013
SYS3121	3121	RABOBANK		02/26/2010	100,000.00	100,000.00	100,000.00	1.900		1.900	56	02/26/2013
Subtotal and Average			3,369,000.00		3,369,000.00	3,435,396.59	3,369,000.00			1.621	721	
Managed Pool Accounts												
SYS1001	1001	LOCAL AGENCY INVESTMENT FUND			35,058,162.97	35,058,162.97	35,058,162.97	0.350		0.350		1
SYS1002	1002	LOCAL AGENCY INVEST. FUND			1,872.03	1,872.03	1,872.03	0.350		0.350		1
Subtotal and Average			35,060,035.00		35,060,035.00	35,060,035.00	35,060,035.00			0.350	1	
Passbook/Checking Accounts												
SYS5009	5009	BANK OF NEW YORK			1,668,378.98	1,668,378.98	1,668,378.98			0.000		1
SYS5001	5001	Citibank			6,333,289.65	6,333,289.65	6,333,289.65	0.450		0.450		1
SYS5003	5003	CITIBANK			0.00	0.00	0.00	3.050		3.050		1
SYS5004	5004	CITIBANK3			7,886,196.42	7,886,196.42	7,886,196.42	0.450		0.450		1
SYS5002	5002	UNION BANK OF CALIFORNIA		07/01/2012	0.00	0.00	0.00	0.012		0.012		1
Subtotal and Average			15,369,582.03		15,887,865.05	15,887,865.05	15,887,865.05			0.403	1	
Local Government Bonds												
423542KL2	5006	HEMET UNIFIED SCHOOL DISTRICT		07/22/2010	2,000,000.00	2,107,800.00	1,989,881.96	5.375		5.609	911	07/01/2015
509896AC0	5007	Lake Hemet Municipal Water Dis		10/07/2010	140,000.00	141,104.60	140,791.22	3.000		2.153	252	09/10/2013
533020DC4	5008	CITY OF LINCOLN		11/03/2011	1,000,000.00	1,040,310.00	1,014,634.52	3.000		2.423	974	09/02/2015

Portfolio COFH
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CITY OF HEMET
Portfolio Management
Portfolio Details - Investments
December 31, 2012

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Subtotal and Average			3,145,408.22		3,140,000.00	3,289,214.60	3,145,307.70			4.426	902	
Federal Agency Issues - Coupon												
3133EAGH5	2242	FEDERAL FARM CREDIT BANKS		03/08/2012	500,000.00	501,120.00	500,000.00	1.250		1.250	1,527	03/08/2017
3133EAHZ4	2243	FEDERAL FARM CREDIT BANKS		03/20/2012	500,000.00	499,695.00	500,000.00	1.300		1.300	1,539	03/20/2017
3133EAQN1	2248	FEDERAL FARM CREDIT BANKS		05/15/2012	500,000.00	501,725.00	500,000.00	1.140		1.140	1,595	05/15/2017
313379FN4	2250	FEDERAL HOME LOAN BANK		05/30/2012	500,000.00	500,045.00	500,000.00	1.150		1.150	1,610	05/30/2017
3136FMTY0	2209	FEDERAL NTL MORTGAGE ASSOC.		05/28/2010	500,000.00	500,665.00	500,000.00	2.000		2.000	877	05/28/2015
3136FRB44	2229	FEDERAL NTL MORTGAGE ASSOC.		07/22/2011	500,000.00	504,805.00	500,000.00	2.125		2.125	1,298	07/22/2016
3136FTKM0	2236	FEDERAL NTL MORTGAGE ASSOC.		11/23/2011	500,000.00	500,425.00	500,000.00	1.500		1.500	1,422	11/23/2016
3135G0HM8	2238	FEDERAL NTL MORTGAGE ASSOC.		03/08/2012	500,000.00	501,015.60	500,000.00	1.200		1.200	1,527	03/08/2017
3136FTZ77	2239	FEDERAL NTL MORTGAGE ASSOC.		03/13/2012	500,000.00	500,735.00	500,000.00	1.000		1.000	1,532	03/13/2017
3136FT2K4	2240	FEDERAL NTL MORTGAGE ASSOC.		03/20/2012	500,000.00	500,690.00	500,000.00	1.100		1.100	1,539	03/20/2017
3136FT2C2	2241	FEDERAL NTL MORTGAGE ASSOC.		03/21/2012	500,000.00	499,735.00	500,000.00	1.000		1.000	1,540	03/21/2017
3136G0GA3	2249	FEDERAL NTL MORTGAGE ASSOC.		05/16/2012	500,000.00	505,760.00	500,000.00	1.200		1.200	1,596	05/16/2017
3136G0NY3	2251	FEDERAL NTL MORTGAGE ASSOC.		06/27/2012	500,000.00	504,235.00	500,000.00	1.050		1.050	1,638	06/27/2017
3135G0NF6	2252	FEDERAL NTL MORTGAGE ASSOC.		08/21/2012	500,000.00	501,765.00	500,000.00	1.000		1.000	1,693	08/21/2017
3136G04U2	2253	FEDERAL NTL MORTGAGE ASSOC.		11/29/2012	500,000.00	501,390.00	500,000.00	1.000		1.000	1,793	11/29/2017
Subtotal and Average			7,500,000.00		7,500,000.00	7,523,805.60	7,500,000.00			1.268	1,515	
Negotiable CDs												
856284-E3-4	3147	BANK OF INDIA NEW YORK		04/27/2012	248,000.00	261,880.56	248,000.00	2.000		2.000	1,577	04/27/2017
106895AY1	3161	BREMER BANK GRAND FORKS, MN		06/22/2012	249,000.00	254,178.28	249,000.00	1.200		1.217	1,633	06/22/2017
10700QBC7	3160	BREMER BANK OF MOORHEAD ND		06/22/2012	249,000.00	254,178.28	249,000.00	1.200		1.217	1,633	06/22/2017
107003AK1	3162	BREMER BANK NA		06/28/2012	249,000.00	254,197.00	249,000.00	1.200		1.217	1,639	06/28/2017
17037TDV6	3169	CHOICE FINANCIAL GROUP		11/20/2012	248,000.00	250,224.21	248,000.00	1.000		1.000	1,784	11/20/2017
20033AAG13	3168	COMENITY CAPITAL BANK		10/25/2012	249,000.00	251,993.93	249,000.00	1.050		1.065	1,758	10/25/2017
29976DNY2	3166	EVERBANK		10/15/2012	248,000.00	248,000.00	248,000.00	1.000		1.000	1,749	10/16/2017
373128DS3	3167	GEORGIA BANK AND TRUST		10/17/2012	249,000.00	251,386.81	249,000.00	1.000		1.014	1,750	10/17/2017
36159CRZ1	3126	GE Money Bank		07/30/2010	247,000.00	259,547.58	247,000.00	2.400		2.400	940	07/30/2015
7865803L2	3164	SAFRA NATIONAL BANK		09/27/2012	249,000.00	249,000.00	249,000.00	0.800		0.800	1,000	09/28/2015
795450NR2	3163	SALLIE MAE		07/25/2012	248,000.00	248,000.00	248,000.00	1.200		1.200	937	07/27/2015
84603M2W5	3165	SOVEREIGN BANK		10/03/2012	249,000.00	250,531.03	249,000.00	0.750		0.750	640	10/03/2014
909557CL2	3170	United Bankers' Bank		11/29/2012	249,000.00	252,268.57	249,000.00	1.100		1.115	1,793	11/29/2017
Subtotal and Average			3,231,000.00		3,231,000.00	3,285,386.25	3,231,000.00			1.229	1,449	

**CITY OF HEMET
 Portfolio Management
 Portfolio Details - Investments
 December 31, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Total and Average			67,675,025.25		68,187,900.05	68,481,703.09	68,193,207.75			0.756	313

**CITY OF HEMET
Portfolio Management
Portfolio Details - Cash
December 31, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
		Average Balance	0.00	Accrued Interest at Purchase		6,270.83	6,270.83				0
				Subtotal		6,270.83	6,270.83				
		Total Cash and Investmentss	67,675,025.25		68,187,900.05	68,487,973.92	68,199,478.58			0.756	313

CITY OF HEMET
Received Interest
Sorted by Issuer
Received December 1, 2012 - December 31, 2012

Issuer	CUSIP	Investment #	Security Type	Par Value	Current Rate	Date Due	Date Received	Interest		Variance						
								Amount Due	Amount Received							
BARCLAYS BANK DE	06740KEX1	3146	BCD	247,000.00	1.900	12/07/2012	12/10/2012	2,346.50	2,352.93	6.43						
							Subtotal	2,346.50	2,352.93							
BANK OF HEMET	SYS3128	3128	BCD	247,000.00	1.600	12/06/2012	12/10/2012	324.82	324.82	-						
							Subtotal	324.82	324.82							
BANK OF THE WEST	SYS3144	3144	BCD	249,000.00	1.750	12/12/2012	12/10/2012	358.15	358.15	-						
							Subtotal	358.15	358.15							
BANK OF HEMET	SYS3129	3129	BCD	247,000.00	1.600	12/06/2012	12/10/2012	324.82	324.82	-						
							Subtotal	324.82	324.82							
BREMER BANK GRAND FORKS, MN	106895AY1	3161	NC2	249,000.00	1.200	12/22/2012	12/28/2012	249.00	245.59	-3.41						
							Subtotal	249.00	245.59							
BREMER BANK OF MOORHEAD ND	10700QBC7	3160	NC2	249,000.00	1.200	12/22/2012	12/26/2012	249.00	245.59	-3.41						
							Subtotal	249.00	245.59							
BREMER BANK NA	107003AK1	3162	NC2	249,000.00	1.200	11/28/2012	12/04/2012	257.30	253.78	-3.52						
							107003AK1	3162	NC2	249,000.00	1.200	12/28/2012	12/31/2012	249.00	245.59	-3.41
													Subtotal	506.30	499.37	
COMMUNITY COMMERCE BANK	SYS3122	3122	BCD	99,000.00	2.200	12/20/2012	12/04/2012	181.50	181.50	-						
							Subtotal	181.50	181.50							
COMMUNITY COMMERCE BANK	SYS3123	3123	BCD	99,000.00	2.200	12/20/2012	12/04/2012	181.50	181.50	-						
							Subtotal	181.50	181.50							
COMENITY CAPITAL BANK	20033AAG13	3168	NC2	249,000.00	1.050	12/25/2012	12/27/2012	217.88	214.89	-2.99						
							Subtotal	217.88	214.89							
FEDERAL HOME LOAN BANK	313379FN4	2250	FAC	500,000.00	1.150	11/30/2012	12/04/2012	2,875.00	2,875.00	-						
							Subtotal	2,875.00	2,875.00							

Portfolio COFH

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CITY OF HEMET
Received Interest
Received December 1, 2012 - December 31, 2012

Issuer	CUSIP	Investment #	Security Type	Par Value	Current Rate	Date Due	Date Received	Interest		Variance
								Amount Due	Amount Received	
FEDERAL NTL MORTGAGE ASSOC.	3136FMTY0	2209	FAC	500,000.00	2.000	11/28/2012	12/04/2012	5,000.00	5,000.00	-
	3136G0NY3	2251	FAC	500,000.00	1.050	12/27/2012	12/31/2012	2,625.00	2,625.00	-
Subtotal								7,625.00	7,625.00	
GEORGIA BANK AND TRUST	373128DS3	3167	NC2	249,000.00	1.000	12/17/2012	12/19/2012	207.50	204.66	-2.84
								Subtotal		207.50
RABOBANK	SYS3120	3120	BCD	100,000.00	1.900	12/26/2012	12/31/2012	156.16	158.33	2.17
								Subtotal		156.16
RABOBANK	SYS3121	3121	BCD	100,000.00	1.900	12/26/2012	12/31/2012	156.16	158.33	2.17
								Subtotal		156.16
Total								15,959.29	15,950.48	
Total Cash Overpayment									10.77	
Total Cash Shortfall									-19.58	

CITY OF HEMET
Received Interest
Received December 1, 2012 - December 31, 2012

Issuer	CUSIP	Investment #	Security Type	Par Value	Current Rate	Interest	
						Date Received	Amount Received
Cash Accounts							
BANK OF NEW YORK	SYS5009	5009	PA1	1,668,378.98		12/03/2012	13.90
						Subtotal	13.90
Citibank	SYS5001	5001	PA1	6,035,697.57	0.450	12/31/2012	1,032.52
						Subtotal	1,032.52
CITIBANK3	SYS5004	5004	PA1	8,352,322.25	0.450	12/31/2012	1,288.63
						Subtotal	1,288.63
						Total	2,335.05

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia
-laif
January 14, 2013

CITY OF HEMET

CITY TREASURER
445 EAST FLORIDA AVENUE
HEMET, CA 92543-4209

PMIA Average Monthly Yields

Account Number:
98-33-362

Tran Type Definitions

December 2012 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	35,058,162.97
Total Withdrawal:	0.00	Ending Balance:	35,058,162.97

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001
HEMET REDEVELOPMENT AGENCY

www.treasurer.ca.gov/pmia
-laif
January 14, 2013

TREASURER
445 EAST FLORIDA AVENUE
HEMET, CA 92543-4209

PMIA Average Monthly Yields

Account Number:
65-33-006

Tran Type Definitions

December 2012 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,872.03
Total Withdrawal:	0.00	Ending Balance:	1,872.03

HEMET REDEVELOPMENT AGENCY
Cash W/Fiscal Agent: US BANK and LAIF
1999 TAX ALLOCATION BONDS/RDA

Date	Activity	98510810 496-1502 Interest Fund	98510811 Principal Fund	98510812 Sinking Fund	98510813 496-1503 Reserve Fund	98510814 Redemption Fund	98510815 390-1502 Cost of Issuance	RDA 390-1503 Acquisition Fund	TOTAL All Accounts
7/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Payment								0.00
	BALANCE	0.00	0.00	0.00	607,178.60	0.00	0.00	0.00	607,178.60
8/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Payment								0.00
	BALANCE	0.00	0.00	0.00	607,178.60	0.00	0.00	0.00	607,178.60
9/30/2012	Interest								0.00
	Interfund transfer	2,029.30			(2,029.30)				0.00
	Debt Service from City of Hemet	453,716.95							453,716.95
	Debt Service Payment	(455,746.25)							(455,746.25)
	BALANCE	0.00	0.00	0.00	605,149.30	0.00	0.00	(0.00)	605,149.30
10/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Payment								0.00
	BALANCE	0.00	0.00	0.00	605,149.30	0.00	0.00	(0.00)	605,149.30
11/30/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Payment								0.00
	BALANCE	0.00	0.00	0.00	605,149.30	0.00	0.00	(0.00)	605,149.30
12/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Payment								0.00
	BALANCE	0.00	0.00	0.00	605,149.30	0.00	0.00	(0.00)	605,149.30

First American Treas Oblig CL D Corp Tr	605,149.30
Money Market/RDA	<u>605,149.30</u>

HEMET REDEVELOPMENT AGENCY
Cash W/Fiscal Agent: US BANK and LAIF
2002 TAX ALLOCATION BONDS/RDA

Date	Activity	98510818	98510819		98510816	98510815	98510817	RDA	TOTAL
		496-1504 Interest Fund	Principal Fund	Sinking Fund	496-1506 Reserve Fund	Redemption Fund	389-1502 Cost of Issuance	389-1503 Acquisition Fund	
7/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Pmt								0.00
	BALANCE	0.00	0.00	0.00	477,068.90	0.00	(0.00)	0.00	477,068.90
8/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Pmt								0.00
	BALANCE	0.00	0.00	0.00	477,068.90	0.00	(0.00)	0.00	477,068.90
9/30/2012	Interest								0.00
	Interfund transfer	1,594.45			(1,594.45)				0.00
	Debt Service from City of Hemet	296,180.56							296,180.56
	Debt Service Pmt	(297,775.01)							(297,775.01)
	BALANCE	0.00	0.00	0.00	475,474.45	0.00	(0.00)	0.00	475,474.45
10/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Pmt								0.00
	BALANCE	0.00	0.00	0.00	475,474.45	0.00	(0.00)	0.00	475,474.45
11/30/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Pmt								0.00
	BALANCE	0.00	0.00	0.00	475,474.45	0.00	(0.00)	0.00	475,474.45
12/31/2012	Interest								0.00
	Interfund transfer								0.00
	Debt Service from City of Hemet								0.00
	Debt Service Pmt								0.00
	BALANCE	0.00	0.00	0.00	475,474.45	0.00	(0.00)	0.00	475,474.45
	First American Treas Oblig CL D Corp Tr		475,474.45						
	LAIF/RDA		0.00						
			<u>475,474.45</u>						

CITY OF HEMET
Cash W/Fiscal Agent: US BANK
2006 Refunding Bonds Series Heartland Project

Date	Activity	103852000 788-1500E Bond	103852001 788-1500E Prepayment	103852002 Special	103852003 788-151C Escrow	103852004 788-1502 Cost of	103852005 788-1500E Reserve	TOTAL	
7/31/2012	Interest							0.00	
	Transfer funds							0.00	
	City of Hemet							0.00	
	Debt Service							0.00	
	Khov prepay (31 lots)							0.00	
	Trust fees							0.00	
	BALANCE	0.00	730,252.54	2,299,800.82	10,736.85	5,402,114.04	0.00	466,136.25	8,909,040.50
8/31/2012	Interest							0.00	
	Transfer funds							0.00	
	City of Hemet							0.00	
	Debt Service							0.00	
	Khov prepay (31 lots)							0.00	
	Trust fees							0.00	
	BALANCE	0.00	730,252.54	2,299,800.82	10,736.85	5,402,114.04	0.00	466,136.25	8,909,040.50
9/30/2012	Interest							0.00	
	Transfer funds							0.00	
	City of Hemet							0.00	
	Debt Service							0.00	
	Khov prepay (31 lots)							0.00	
	Trust fees							0.00	
	BALANCE	0.00	69,328.79	2,299,800.82	10,736.85	0.00	0.00	466,136.25	2,846,002.71
10/31/2012	Interest							0.00	
	Transfer funds							0.00	
	City of Hemet							0.00	
	Debt Service							0.00	
	Khov prepay (31 lots)							0.00	
	Trust fees							0.00	
	BALANCE	0.00	69,328.79	2,299,800.82	10,736.85	0.00	0.00	466,136.25	2,846,002.71
11/30/2012	Interest							0.00	
	Transfer funds							0.00	
	City of Hemet							0.00	
	Debt Service							0.00	
	Khov prepay (31 lots)							0.00	
	Trust fees							0.00	
	BALANCE	0.00	69,328.79	2,299,800.82	10,736.85	0.00	0.00	466,136.25	2,846,002.71
12/31/2012	Interest							0.00	
	Transfer funds							0.00	
	City of Hemet							0.00	
	Debt Service							0.00	
	Khov prepay (31 lots)							0.00	
	Trust fees							0.00	
	BALANCE	0.00	69,328.79	2,299,800.82	10,736.85	0.00	0.00	466,136.25	2,846,002.71

First American Treasury Oblig	0.00
US Treasury Notes, various	2,846,002.71 not carried on COH books
Misc Assets	1.00
	<u>2,846,003.71</u>
Cash held by FA, net of Escrow acct	2,846,002.71



Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: Rita Conrad, Deputy City Manager/Administrative Services;
Ron Bradley, Interim City Manager

DATE: February 26, 2013

RE: Warrant Register

The City of Hemet's warrant registers dated February 6, 2013 and February 7, 2013 are currently posted on the City's website in the Finance Department section, under *Financial Information*. Payroll for the period of January 21, 2013 to February 3, 2013 was \$553,043.71.

CLAIMS VOUCHER APPROVAL

"I, Rita Conrad, Deputy City Manager/Administrative Services, do hereby certify that to the best of my knowledge and ability, that the warrant register posted on the city's website is a true and correct list of warrants for bills submitted to the City of Hemet, and the payroll register through the dates listed above, and that there will be sufficient monies in the respective funds for their payment."

Respectfully submitted,

Rita Conrad
Deputy City Manager/Administrative Services

RC: mh

CITY OF HEMET
VOUCHER/WARRANT REGISTER
FOR ALL PERIODS

CLAIMS VOUCHER APPROVAL

I, RITA CONRAD, DO HEREBY CERTIFY THAT TO THE BEST OF MY KNOWLEDGE AND ABILITY, THAT THE WR POSTED ON THE CITY WEBSITE IS A TRUE AND CORRECT LIST OF WARRANTS FOR BILLS SUBMITTED TO THE CITY OF HEMET THROUGH THE DATES LISTED ABOVE, AND THAT THERE WILL BE SUFFICIENT MONIES IN THE RESPECTIVE FUNDS FOR THEIR PAYMENT.

RITA CONRAD
DEPUTY CITY MANAGER/ADMINISTRATIVE SERVICES



Successor Agency Staff Report

TO: Honorable Mayor and Members of the Successor Agency

FROM: Ronald E. Bradley, Interim City Manager

DATE: February 26, 2013

RE: Receive and File Recognized Obligation Payment Schedule for July 1 through December 31, 2013

RECOMMENDATION:

It is respectfully recommended that the Hemet City Council ("City Council"), acting as the Successor Agency to the Hemet Redevelopment Agency ("Successor Agency") receive and file Recognized Obligation Payment Schedule ("ROPS") covering the period July 1, 2013 to December 31, 2013.

BACKGROUND

On December 29, 2011, the California Supreme Court issued its decision in *CRA v. Matosantos*, upholding AB 1X 26, which dissolves all redevelopment agencies in California, and overturning AB 1X 27, the "voluntary alternative redevelopment program." With the voluntary redevelopment program provided for in AB 1X 27 having been ruled unconstitutional by the Court, all California redevelopment agencies were dissolved on February 1, 2012. As of February 1, 2012, redevelopment agencies throughout the State ceased to exist. Successor Agencies are responsible for winding down the affairs of their respective now-dissolved redevelopment agencies. The City is acting as the Successor Agency to manage and curtail the operation of the dissolved Hemet Redevelopment Agency.

DISCUSSION:

Health and Safety Code Section ("HSC") 34177(l) requires the Successor Agency to prepare a ROPS showing all the obligations of the former Redevelopment Agency and the sources of funds for the repayments. According to the recently adopted Health and Safety Code Section 34177(m), the fourth ROPS covering the period July 1, 2013 through December 31, 2013 must be approved by the Oversight Board and sent to the Department of Finance ("DOF") and County Auditor-Controller no fewer than 90 days before the date of property tax distribution or by March 1, 2013. If the approved ROPS is not submitted to DOF and the County Auditor-Controller by March 1, 2013, the Successor Agency will be subject to a penalty of \$10,000 per day that the ROPS is late.

DOF provided the Successor Agency with a partially completed ROPS form to aid in DOF's attempt to standardize the form and make it consistent with the newly implemented automated tracking system. The new ROPS form must be utilized or the document may be considered

incomplete. Unfortunately, DOF did not provide this form to the Successor Agency until the final week of January 2013. This did not allow enough time for Successor Agency staff to complete the ROPS and submit it to the Successor Agency for approval prior to the submittal to the Oversight Board. However, the ROPS is still required to be approved by the Oversight Board and submitted to DOF and the County Auditor-Controller by March 1, 2013. As such, staff requests that the Successor Agency receive and file ROPS for July 1 through December 31, 2013. The Oversight Board is scheduled to approve the ROPS on February 27, 2013.

COORDINATION AND REVIEW:

The draft ROPS was prepared collaboratively by the City's financial consultant, as well as the Community Investment Department and Finance Department staff.

STRATEGIC PLAN AND COUNCIL GOALS INTEGRATION:

The recommended action supports the Council's goals of ensuring an orderly wind down of former Redevelopment Agency affairs and completing contractual obligations of the former Agency.

FISCAL IMPACT:

Timely approval of ROPS by the Oversight Board on February 27, 2013 will prevent the Successor Agency from incurring a penalty of \$10,000 per day that the ROPS is late.

CONCLUSION:

It is respectfully recommended that the City Council, acting as the Successor Agency to the former Agency, receive and file the ROPS for the July 1 through December 31, 2013 time period

Attachments: 1- Recognized Obligation Payment Schedule

Recommended By:



John Jansons
Community Investment Director

Recommended By:



Rita Conrad
Deputy City Manager and
Director of Administrative Services

SUCCESSOR AGENCY CONTACT INFORMATION

Successor Agency

ID: 228
County: Riverside
Successor Agency: Hemet

Primary Contact

Honorific (Ms, Mr, Mrs)	
First Name	John
Last Name	Jansons
Title	Community Investment Director
Address	455 E. Florida Ave
City	Hemet
State	CA
Zip	92543
Phone Number	951-765-2308
Email Address	JJansons@cityofhemet.org

Secondary Contact

Honorific (Ms, Mr, Mrs)	
First Name	Rita
Last Name	Conrad
Title	Director of Administrative Services
Phone Number	951-765-2330
Email Address	Rconrad@cityofhemet.org

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **HEMET (RIVERSIDE)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$19,136,336

Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$828,623
B Enforceable Obligations Funded with RPTTF	\$1,013,642
C Administrative Allowance Funded with RPTTF	\$125,000
D Total RPTTF Funded (B + C = D)	\$1,138,642
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$1,967,265
F Enter Total Six-Month Anticipated RPTTF Funding	\$1,138,642
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$0

Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))	
H Enter Estimated Obligations Funded by RPTTF (<i>lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed</i>)	\$1,005,785
I Enter Actual Obligations Paid with RPTTF	\$782,615
J Enter Actual Administrative Expenses Paid with RPTTF	\$90,956
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$132,214
L Adjustment to RPTTF (D - K = L)	\$1,006,428

Certification of Oversight Board Chairman:

Pursuant to Section 34177(m) of the Health and Safety code,

I hereby certify that the above is a true and accurate Recognized

Obligation Payment Schedule for the above named agency.

Name Title

/s/ _____

Signature Date

HEMET (RIVERSIDE)

Pursuant to Health and Safety Code section 34186 (b)

PRIOR PERIODS ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)

July 1, 2012 through December 31, 2012

Item #	Project Name / Debt Obligation	Payee	Description/Project Scope	Project Area	LUMP		Bond Proceeds		Reverse Balance		Admin Allowance		BPTTE		Other	
					Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
1	Hemet Project Area/1991A Tax Allocation Bond	US Bank	Tax Allocation Bonds	Hemet	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000	\$90,956	\$1,668,290	\$455,747	\$788,815	\$1,166,702
2	Hemet Project Area/2002A Tax Allocation Bond	US Bank	Tax Allocation Bonds	Hemet												
3	Hemet Project Area/2002B Tax Allocation Bond	US Bank	Tax Allocation Bonds	Hemet												
4	Hemet Project Area/2002C Tax Allocation Bond	US Bank	Tax Allocation Bonds	Hemet												
5	Hemet Project Area/2002D Tax Allocation Bond	US Bank	Tax Allocation Bonds	Hemet												
6	Hemet Project Area/Local Agent Administration Fees	City of Hemet	Administration fees for all Allocation Bond administration	All							125,000	90,956	4,200	4,200		
7	Successor Agency Costs (as allowed by H&S Code)	City of Hemet	Administrative expenses of Successor Agency	All												
8	Affordable Housing Monitoring Costs	City of Hemet	Costs for annually required monitoring of affordable housing projects pursuant to H&S Code (see notes)	All									82,998	24,893		



Staff Report

TO: Honorable Mayor and Members of the City Council
FROM: Ronald E. Bradley, Interim City Manager
DATE: February 26th, 2013
RE: Presentation and analysis of submittals received in response to the City's Request for Proposals (RFP) for Fire Protection and EMS Services

Recommendations:

It is recommended that the City Council provide the City Manager, Staff, and the City Attorney with direction as follows:

1. Authorize the City Attorney's Office and the City bargaining team to continue to satisfy any obligations the City may have under the Myer, Millais, Brown Act to meet and confer with the Hemet Firefighters Association regarding a potential decision to contract out Fire Protection and Emergency Medical Services (EMS);
2. Authorize the City Manager and City staff to obtain additional factual information including without limitation the following:
 - a) CalPERS estimate of unfunded liability regarding Hemet Fire Department personnel that would remain with the City if the City contracted out Fire Protection and EMS;
 - b) Complete costs, funding sources, and time lines related to the Hemet Fire Department implementing paramedic service and emergency medical dispatching (EMD);
 - c) Personnel transition and benefit payout costs that would need to be paid by the City if the City contracted out Fire Protection and EMS

Background- Factors leading to decision to issue an RFP for Fire Protection and EMS

Budgetary Factors

In July of 2010 the City of Hemet accepted a two-year U.S. Department of Homeland Security S.A.F.E.R grant in the amount of \$2,260,442. The S.A.F.E.R grant allowed the city to retain nine firefighter positions that were slated for layoff in FY 2010-11 and added three additional firefighters as floaters to utilize in place of overtime. This grant funding was depleted by June 30, 2012. (The grant performance period ended on September 19, 2012).

During the budget balancing process for FY 2012-13 the City Council approved the layoff of nine fire suppression personnel in September (at the end of the grant performance period) to offset the loss of grant funding. This reduction was estimated to result in savings of approximately \$880,000 for 9 months in FY 2012-13 and approximately \$1.1 million annually. In addition to this reduction, the Adopted FY 2012-13 Budget was balanced with the use of one-time funds and the General Fund budget reserve, resulting in a structural deficit of approximately \$2.7 million that will have to be addressed in FY 2013-14.

After the budget was adopted, the council indicated they would consider alternatives to the layoffs if the alternate savings would be close to the \$880,000 savings target. Accordingly, in early July of 2012, the Fire Chief cross-staffed the truck in Fire Station #4 with an engine, and also replaced one of two engines in Fire Station # 1 with a squad to run emergency medical service (EMS) calls. This change in staffing model eliminated three captain positions and is expected to generate approximately \$450,000 in savings for the fiscal year.

Additionally, in November of 2012 the Hemet Firefighters Association (HFA) and the City reached agreement on a side letter extending the HFA's 5% pay reduction (scheduled to expire October 31st of 2012) to October 31st of 2013. This extended concession is estimated to generate \$197,000 in savings this fiscal year (2012-2013). Unfortunately, the combination of savings from the Fire Chief's staffing model (\$450,000) and the HFA's continued pay concession (\$197,000) was still \$233,000 short of the required savings target of \$880,000 for FY 2012-13. To fill the shortfall, the Council authorized the use of funds in the undesignated General Fund balance for FY 2012-2013 only.

Service Level Factors

If some on-going savings and/or revenues are not identified, the Fire Chief has indicated that he would remove the squad from service to further meet his budget parameters (six positions). The Fire Chief has expressed concern that further reductions to staffing, beyond the current staffing model he recently implemented, will negatively impact the level of service to the community. Limited City resources have also resulted in a fire management structure that does not adequately provide appropriate span of control, training, and administrative oversight. It should also be noted that the City has not had the financial resources to provide paramedic services, which is the norm in today's fire delivery service models.

The City Council's primary concern in all areas of city services continues to be providing the highest quality level of services, while also ensuring that services are fiscally sustainable.

Accordingly, in an effort to be as proactive as possible, staff has been exploring possible cost saving measures to deal with the anticipated \$2.7 million structural deficit projected again for FY 2013-14.

Requesting and evaluating proposals for the provision of fire protection and emergency medical services (EMS) is one potential cost savings measure that the Council directed staff to explore at the October 9th, 2012 council meeting. In addition to cost savings, this RFP process will allow for the City to further evaluate if the provision of paramedic services and enhanced fire protection services are also possible.

RFP Process

A request for proposals (RFP) for the provision of fire protection and EMS was issued in October of 2012. The City of Hemet is fairly isolated when compared to many other cities in the greater Los Angeles basin. As a result, the City of Hemet does not have the same access to multiple sources of alternative service delivery as do many other cities. Staff did encourage all qualified/interested government service providers, including the Hemet City Fire Department, to submit various options for the Council to review and consider in order to ultimately determine the best service delivery model, along with the most cost effective service delivery method. After allowing time for potential respondents to submit questions for clarification, submittals were due to the City the first week in December. Two proposals were received. The Hemet Fire Department, under the leadership of Chief Morris, and with assistance from the Hemet Firefighters Association, submitted a proposal for consideration. Cal-Fire (through its contract with the County of Riverside), provides service to all areas surrounding Hemet and was the only other respondent to the RFP, and is the only other viable alternative to the City's current in-house Fire Department.

An evaluation team was established in mid-December and was comprised of Assistant City Manager Mark Orme, Deputy City Manager Rita Conrad, Procurement Administrator Elizabeth Grace, and retired Fire Chief Paul Christman. The purpose of the committee was to seek clarification from both respondents and analyze the pros and cons of the submittals. Mr. Christman has had a long and esteemed career in the fire service before retiring from the City of Murrieta two years ago. The City is very fortunate to have a highly regarded member of the fire service participate in our process to provide the very critical perspective of a fire professional.

Copies of both proposals were released to committee members on December 20th, 2012. Questions from committee members regarding the proposals were gathered and submitted to the proposers in early January. Copies of both proposals were also provided to the Hemet Firefighters Association (HFA) on January 7, 2013. On January 23rd, the evaluation committee met with representatives from Riverside County Fire (Cal-Fire) and the Hemet City Fire to discuss their proposals and obtain further information and clarification.

Summary and Analysis of Proposals

Both the Hemet City Fire Department and the Riverside County Fire Department submitted responses to the RFP that included a number of options for providing service. A summary and side by side comparison of proposals (attachment A) along with copies of both submittals is included with this report. Also included is staff’s fiscal analysis of the options provide by both respondents (attachment B). It is important to note that costs include **both** contract costs, and in the case of Riverside County Fire, any costs that would remain with the City should the City decide to enter into an agreement with Riverside County Fire. All costing is net of revenues that would be collected under all scenarios for both respondents.

Hemet City Fire

The Hemet Fire Department proposed three options for the provision of Fire and EMS. Summarized below is a brief description of each option and staff’s analysis of costs associated with each proposal. For detail on the costing of each option, please refer to “attachment B.”

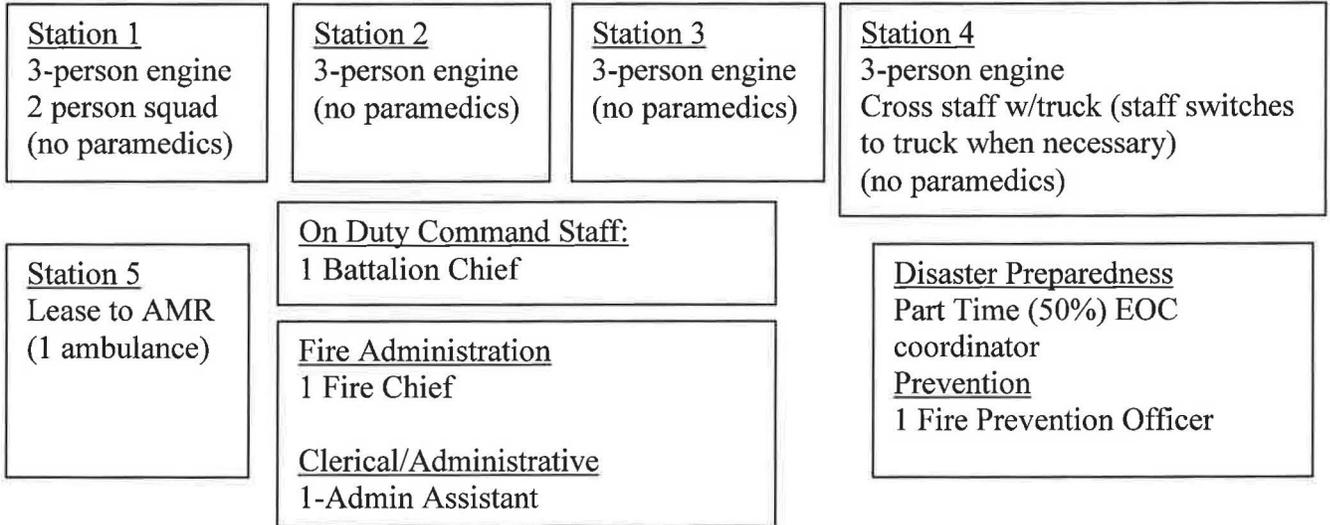
Hemet City Fire Option 1 - estimated cost (direct & indirect): \$10,058,100

This option is to provide services at the current level. Current daily minimum suppression staffing is (not including the Fire Chief) fifteen (15). Staff is deployed as follows:

<p><u>Station 1</u> 3-person engine 2 person squad (no paramedics)</p>	<p><u>Station 2</u> 3-person engine (no paramedics)</p>	<p><u>Station 3</u> 3-person engine (no paramedics)</p>	<p><u>Station 4</u> 3-person engine Cross staff w/truck (staff switches to truck when necessary) (no paramedics)</p>
<p><u>Station 5</u> Lease to AMR (1 ambulance)</p>	<p><u>On Duty Command Staff:</u> 1 Administrative Captain</p> <hr/> <p><u>Fire Administration</u> 1 Fire Chief <u>Clerical/Administrative</u> 1-Admin Assistant</p>		<p><u>Disaster Preparedness</u> Part Time (50%) EOC coordinator <u>Prevention</u> 1 Fire Prevention Officer</p>

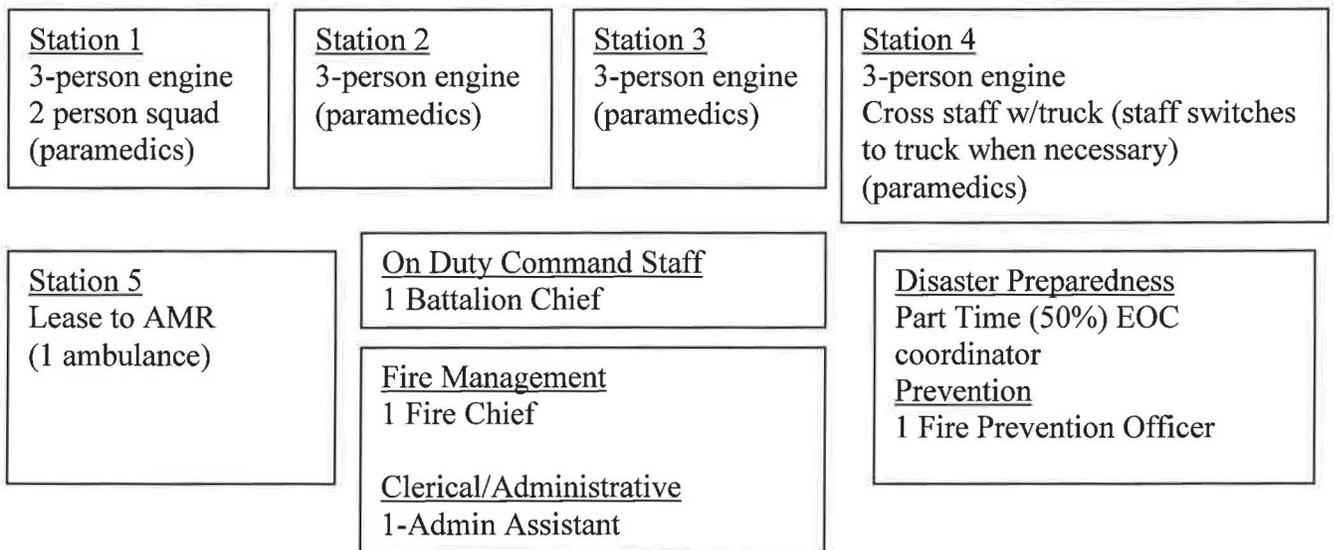
Hemet City Fire Option 2 - estimated cost (direct & indirect): \$10,076,462

This option is to provide services at the current level. Current daily minimum suppression staffing is (not including the Fire Chief) fifteen (15). Where Option 1 proposes an Administrative Captain, Option 2 proposes a Battalion Chief. Staff is deployed as follows:



Hemet City Fire Option 3 - estimated cost (direct & indirect): \$10,106,462

This option is to provide services at the current staffing level but with paramedics on each engine and the squad. Current daily minimum suppression staffing is (not including the Fire Chief) fifteen (15). Staff is deployed as follows:



Riverside County Fire (Cal-Fire)

The Riverside County Fire Department proposed three options for the provision of Fire and EMS. Summarized below is a brief description of each option and staff's analysis of costs associated with each proposal. For detail on the costing of each option, please refer to "attachment B."

Not reflected in the format below for each of the three options proposed by Riverside County Fire Department (RVC) are their "move up abilities." When stations are drawn down or committed to incidents to a pre-determined level, the Riverside County Fire Department's ECC (Emergency Command Center) automatically moves out-lying resources into the vacant stations. Also not reflected in the format below for all three RVC Fire proposals is that, because the City of Hemet would be entering into a regional fire department system, the City would receive the benefits of additional coverage and resources as needed from the presence of the out-lying County stations around Hemet. These stations would also routinely be responding into Hemet, which may enhance overall City response times.

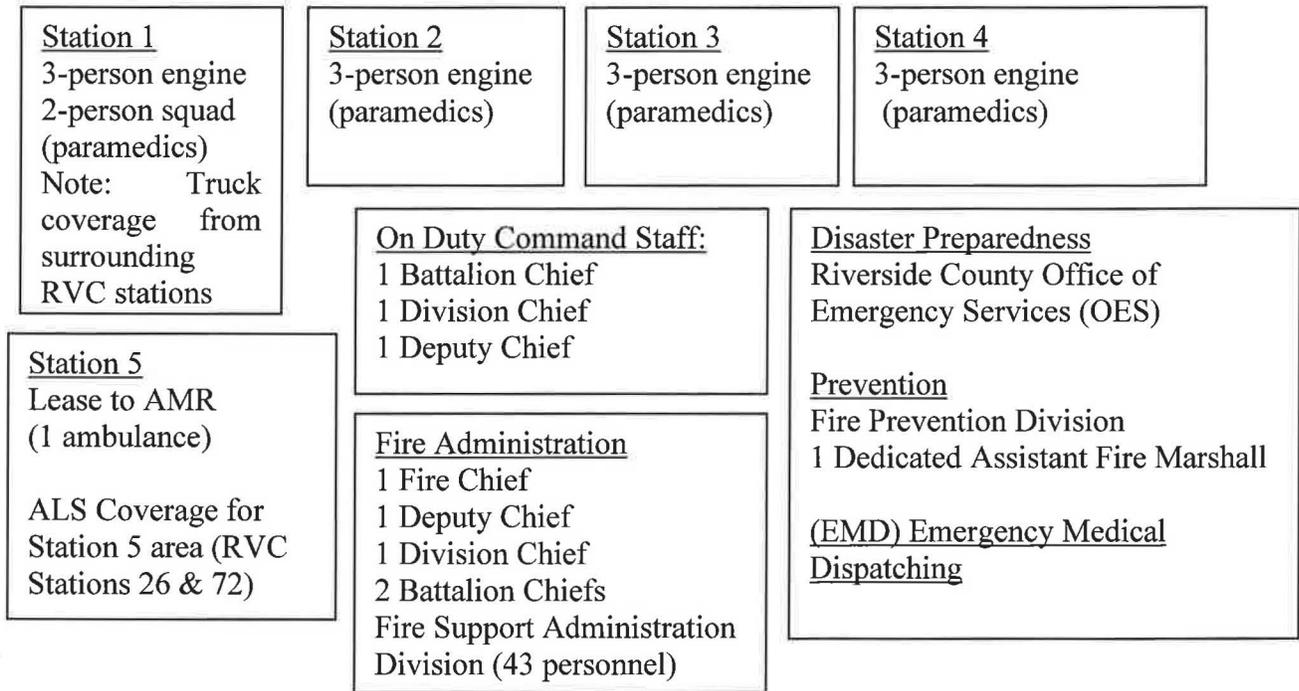
Riverside County Fire Option 1 - estimated cost (direct & indirect): \$11,085,398

This option is to provide services at the current level. Current daily minimum suppression staffing is nineteen (19). Does not include additional coverage offered to City from four (4) surrounding Riverside County Fire Stations. Staff is deployed as follows:

<p><u>Station 1</u> 3-person engine 4-person truck (paramedics)</p>	<p><u>Station 2</u> 3-person engine (paramedics)</p>	<p><u>Station 3</u> 3-person engine (paramedics)</p>	<p><u>Station 4</u> 3-person engine (paramedics)</p>
<p><u>Station 5</u> Lease to AMR (1 ambulance)</p> <p>ALS Coverage for Station 5 area (RVC Stations 26 & 72)</p>	<p><u>On Duty Command Staff:</u> 1 Battalion Chief 1 Division Chief 1 Deputy Chief</p>	<p><u>Disaster Preparedness</u> Riverside County Office of Emergency Services (OES)</p> <p><u>Prevention</u> Fire Prevention Division 1 Dedicated Assistant Fire Marshall</p> <p><u>(EMD) Emergency Medical Dispatching</u></p>	
	<p><u>Fire Administration</u> 1 Fire Chief 1 Deputy Chief 1 Division Chief 2 Battalion Chiefs Fire Support Administration Division (43 personnel)</p>		

Riverside County Fire Option 2 - estimated cost (direct & indirect): \$10,652,432

This option is to provide services at the current level. Current daily minimum suppression staffing is seventeen (17). Does not include additional coverage offered to City from four (4) surrounding Riverside County Fire Stations. Staff is deployed as follows:



Riverside County Fire Option 3 - estimated cost (direct & indirect): \$9,840,038

This option is to provide services at the current level. Current daily minimum suppression staffing is sixteen (16). Does not include additional coverage offered to City from four (4) surrounding Riverside County Fire Stations. Staff is deployed as follows:

<p><u>Station 1</u> 3-person engine 2-person squad (paramedics) Note: Truck coverage from surrounding RVC stations</p>	<p><u>Station 2</u> 3-person engine (paramedics)</p>	<p><u>Station 3</u> Coverage for Station 3 area would be relocated to RVC Station # 78, Hemet Station 1, and Hemet Station 4. 1 AMR ambulance at Station # 3</p>	<p><u>Station 4</u> 3-person engine (paramedics)</p>
<p><u>Station 5</u> Lease to AMR (1 ambulance) ALS Coverage for Station 5 area (RVC Stations 26 & 72)</p>	<p><u>On Duty Command Staff:</u> 1 Deputy Chief 1 Battalion Chief 1 Division Chief</p>	<p><u>Disaster Preparedness</u> Riverside County Office of Emergency Services (OES)</p> <p><u>Prevention</u> Fire Prevention Division 1 Dedicated Assistant Fire Marshall</p> <p><u>(EMD) Emergency Medical Dispatching</u></p>	
	<p><u>Fire Administration</u> 1 Fire Chief 1 Division Chief 1 Deputy Chief 2 Battalion Chiefs Fire Support Administration Division (43 personnel)</p>		

Fiscal Analysis

The options presented by both respondents either meet or exceed current levels of fire protection and EMS provided to the community. The question then becomes “what is the best level of service the City can afford based on the six options proposed among the two respondents?”

For convenience, below the six options are listed in order of total cost to the City:

Riverside County Fire	Option 3	\$9,840,038
Hemet City Fire	Option 1	\$10,058,100
Hemet City Fire	Option 2	\$10,076,462
Hemet City Fire	Option 3	\$10,106,462
Riverside County Fire	Option 2	\$10,652,432
Riverside County Fire	Option 1	\$11,085,398

Attachment “B” provides a detailed listing of factors in calculating costs to go with Hemet City Fire Options, and costs related to Riverside County Fire Department options, including costs that would still remain with the City should the City decide to enter into an agreement with Riverside County Fire. Below some of the more significant items used in the costing analysis are discussed below:

Page 1 of attachment “B” provides a summary to all the details found on in the body of the fiscal analysis. The summary provides the following for all options:

- Annual on-going costs
- One time start-up costs
- Program Revenues
- Annual on-going costs net of revenues

To fairly portray total costs to City, when analyzing the total costs involved with the Riverside County Fire options, costs previously associated with Hemet City Fire that would still remain with the City have been included. For example, costs related to the unfunded CalPERS liability and the annual retiree medical payments have been included and have the effect of increasing the overall cost of the Riverside County Fire Department proposals. (For clarification, should the City go with any of the RVC options, the City’s PERS unfunded liability and unfunded OPEB obligations related to Fire employees would stop growing, the City would only be responsible for obligations incurred under the Hemet Fire Department.)

General Fund Overhead is also listed as a cost that will remain with the City should the City contract for services. This too has the effect of increasing the overall cost of Riverside County Fire’s proposals. Similarly, for services currently provided by City Departments to the Hemet Fire Department, estimates of savings were conservative.

Included in the fiscal analysis of the Hemet Fire Department’s proposals are some corrections and updates to the original costing provided by Hemet Fire Department. For example, after meeting with Chief Morris, it was determined that Hemet Fire had overstated the cost of Options #2 and #3 by approximately \$435,000. Accordingly the analysis was updated to reflect this correction which had the effect of lowering the cost of Hemet City Fire’s options by \$435,000.

Because the proposals from both respondents included revenues and/or expenditures related to Fire Prevention and Disaster Preparedness, proposals from both respondents were updated to include what was missing.

Finally, the Hemet City Fire proposal was updated to reflect costs that are expected next fiscal year including a 4% increase in PERS costs and restoration of the 5% employee pay concessions in November of 2013.

This initial analysis of the data estimates that the Riverside County Fire Department (through its cooperative agreement with Cal-Fire) could provide fire protection and EMS (including paramedic services) at a savings of over \$200,000.

Pending Issues

Tonight's presentation was to update the Council and Community on the Fire Protection EMS RFP process and related analysis.

Items that staff has identified as warranting further clarification/follow up before any recommendation can be made include the following:

- CalPERS estimate of unfunded liability to remain with City. City staff has developed an estimate but is currently waiting for an estimate from CalPERS which will not be available until sometime in March (at the earliest). Unfortunately CalPERS has their hands full with issues related to recently enacted pension reform legislation.
- Complete costs and funding sources related to the Hemet City Fire implementing a paramedic program and EMD (emergency medical dispatching). The Hemet Fire Chief has been working with public and private entities to develop a plan, but at this time the plan is still under development and costs are unknown.
- The City remains ready to meet and confer with the Hemet Firefighters Association (HFA) regarding the proposals.

Respectfully Submitted,



Ronald E. Bradley
Interim City Manager

City of Hemet Analysis of Cal-Fire and Hemet City Fire Staffing Proposals

STATION 1 Daily Staffing	<i>City Fire Option 1</i>	<i>City Fire Option 2</i>	<i>City Fire Option 3</i>
Firefighters/Paramedics	0	0	2
Firefighters	2	2	1
Engineers	2	2	1
Captains	1	1	1
Total Daily Staffing	5	5	5
Apparatus	1 engine	1 engine	1 engine
	1 squad	1 squad	1 squad

<i>Riverside County Fire Option 1</i>	<i>Riverside County Fire Option 2</i>	<i>Riverside County Fire Option 3</i>
2	2	2
1	0	1
2	2	2
2	1	2
7	5	7
1 engine	1 engine	1 engine
1 truck	1 squad	1 truck

NOTE: truck service from RVC stations

STATION 2 Daily Staffing	<i>City Fire Option 1</i>	<i>City Fire Option 2</i>	<i>City Fire Option 3</i>
Firefighters/Paramedics	0	0	1
Firefighters	1	1	0
Engineers	1	1	1
Captains	1	1	1
Total Daily Staffing	3	3	3
Apparatus	1 engine	1 engine	1 engine

<i>Riverside County Fire Option 1</i>	<i>Riverside County Fire Option 2</i>	<i>Riverside County Fire Option 3</i>
1	1	1
0	0	0
1	1	1
1	1	1
3	3	3
1 engine	1 engine	1 engine

STATION 3 Daily Staffing	<i>City Fire Option 1</i>	<i>City Fire Option 2</i>	<i>City Fire Option 3</i>
Firefighters/Paramedics	0	0	1
Firefighters	1	1	0
Engineers	1	1	1
Captains	1	1	1
Total Daily Staffing	3	3	3
Apparatus	1 engine	1 engine	1 engine

<i>Riverside County Fire Option 1</i>	<i>Riverside County Fire Option 2</i>	<i>Riverside County Fire Option 3</i>
1	1	0
0	0	0
1	1	0
1	1	0
3	3	0
1 engine	1 engine	1 AMR Ambulance

Note: coverage for Station 3 would be relocated to RVC Station #78, Hemet Station #1 and Hemet Station #4

STATION 4 Daily Staffing	City Fire Option 1	City Fire Option 2	City Fire Option 3
Firefighters/Paramedics	0	0	1
Firefighters	1	1	0
Engineers	1	1	1
Captains	1	1	1
Total Daily Staffing	3	3	3
Apparatus	1 engine (Haz Mat) cross staff truck	1 engine (Haz Mat) cross staff truck	1 engine (Haz Mat) cross staff truck

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
1	1	1
0	0	0
1	1	1
1	1	1
3	3	3
1 engine	1 engine	1 engine

STATION 5 Daily Staffing	City Fire Option 1	City Fire Option 2	City Fire Option 3
Firefighters/Paramedics			
Firefighters			
Engineers			
Captains	AMR rents space	AMR rents space	AMR rents space
Total Daily Staffing	0	0	0

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
-ALS Coverage for Station 5 area (RVC stations 26 & 72) - AMR rents space	-ALS Coverage for Station 5 area (RVC stations 26 & 72) -AMR rents space	-ALS Coverage for Station 5 area (RCF stations 26 & 72) - AMR rents space
0	0	0

DAILY STAFFING FOR 24/7 COMMAND STAFF "DUTY"			
Deputy Chief	0	0	0
Division Chief	0	0	0
Battalion Chief	0	1	1
Admin Captain	1	0	0
Total Daily Staffing	1	1	1

1	1	1
1	1	1
1	1	1
3	3	3

Combined Total Minimum Sworn Daily Staffing	15	15	15
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19	17	16
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NOTE: Because coverage/working schedules vary between Cal Fire and Hemet City Fire, Daily Staffing is the accurate measurement to use for comparison purposes

REGIONAL COVERAGE FOR HEMET AS CONTRACT WITH CAL-FIRE-Daily Staffing

County Station 25 (San Jacinto)	City Fire Option 1	City Fire Option 2	City Fire Option 3
Firefighters/Paramedics			
Firefighters			
Engineers			
Captains			
Total Daily Staffing	0	0	0
Apparatus			

County Station 26 (Little lake, Hemet)	City Fire Option 1	City Fire Option 2	City Fire Option 3
Firefighters/Paramedics			
Firefighters			
Engineers			
Captains			
Total Daily Staffing	0	0	0
Apparatus			

County Station 72 (Val Vista)	City Fire Option 1	City Fire Option 2	City Fire Option 3
Firefighters/Paramedics			
Firefighters			
Engineers			
Captains			
Total Daily Staffing	0	0	0
Apparatus			

County Station 78 (W. San Jacinto)	City Fire Option 1	City Fire Option 2	City Fire Option 3
Firefighters/Paramedics			
Firefighters			
Engineers			
Captains			
Total Daily Staffing	0	0	0
Apparatus			

Combined Total Additional Daily Staffing Available	0	0	0
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Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
1	1	1
0	0	0
1	1	1
1	1	1
3	3	3
1 engine	1 engine	1 engine

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
1	1	1
0	0	0
1	1	1
1	1	1
3	3	3
1 engine	1 engine	1 engine

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
1	1	1
0	0	0
1	1	1
1	1	1
3	3	3
1 engine	1 engine	1 engine

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
1	1	1
0	0	0
1	1	1
1	1	1
3	3	3
1 engine	1 engine	1 engine

12	12	12
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Additional Support Sworn/Unsworn	City Fire Option 1	City Fire Option 2	City Fire Option 3
Additional Command Staff for Admin (Sworn)	1 Fire Chief	1 Fire Chief	1 Fire Chief
Administrative Support for Fire	1 clerk	1 clerk	1 clerk
Additional Staff/Center for Training	No	No	No
EMD & Staffing	No	No	No
Office of Emergency Services			
Additional Fire Staff for Disaster Planning)	.5 position	.5 position	.5 position
Additional Fire Staff for Grants Acquisition and Mangement	No	No	No
Reserve/Volunteer Program and staffing	No	No	No
Additonal Staff for Arson Investigation	No	No	No
Additonal Staff for HazMat	No	No	No
Fire Explorer Program	Yes	Yes	Yes

Fire Prevention	City Fire Option 1	City Fire Option 2	City Fire Option 3
Fire Marshall	No	No	No
Assistant Fire Marshall (dedicated/assigned)	No	No	No
Fire Prevention Officer	1	1	1

Measure C Issues	City Fire Option 1	City Fire Option 2	City Fire Option 3
Meet Measure "C" requirements	Yes (average of entire City - 80%)	Yes (average of entire City - 80%)	Yes (average of entire City - 80%)

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
1 Fire Chief	1 Fire Chief	1 Fire Chief
1 Deputy Chief	1 Deputy Chief	1 Deputy Chief
1 Division Chief	1 Division Chief	1 Division Chief
2 Battalion Chiefs	2 Battalion Chiefs	2 Battalion Chiefs
County Fire Admin Division	County Fire Admin Division	County Fire Admin Division
Yes	Yes	Yes
Yes	Yes	Yes
County OES Department	County OES Department	County OES Department
County OES Department	County OES Department	County OES Department
Yes	Yes	Yes

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
County Fire Marshall	County Fire Marshall	County Fire Marshall
1	1	1
County Fire Prevention	County Fire Prevention	County Fire Prevention

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
Yes (average of entire City - 80%)	Yes (average of entire City - 80%)	Yes (average of entire City - 80%)

Financial Analysis of Hemet City Fire and Riverside County Fire Proposals

Summary	City Fire Option 1	City Fire Option 2	City Fire Option 3
Annual on-going operational costs	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562
Revenues	\$ 178,100	\$ 178,100	\$ 178,100
Ongoing Operational cost net of revenues	\$ 10,058,100	\$ 10,076,462	\$ 10,106,462
One-time start up	\$ -	\$ -	unknown

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
\$ 11,223,498	\$ 10,790,532	\$ 9,978,138
\$ 138,100	\$ 138,100	\$ 138,100
\$ 11,085,398	\$ 10,652,432	\$ 9,840,038
\$ 662,595	\$ 662,595	\$ 605,429

Analysis Details:

Expenditures (savings)/cost	City Fire Option 1	City Fire Option 2	City Fire Option 3
Assuming Start Date is in FY 2013-2014			
Costs as presented (revenues not included)	\$ 9,231,400	\$ 9,684,762	\$ 9,714,762
Corrections to City Proposal:			
Fire Prevention/Inspection/Weed Abatement	\$ 224,900	\$ 224,900	\$ 224,900
EOC	\$ 42,100	\$ 42,100	\$ 42,100
Costing correction (confirmed with Fire Chief)		\$ (435,000)	\$ (435,000)
Sub-Total	\$ 267,000	\$ (168,000)	\$ (168,000)
Adjustments to City Budget for FY 2013-2014			
4% increase in PERS costs & restoration of 5% pay effective 11/1/13	\$ 317,500	\$ 317,500	\$ 317,500
Deletion of workers comp subsidy from fund balance in 2013-2014	\$ 152,300	\$ 152,300	\$ 152,300
Addition of 3rd B/C (or Admin Captain) to relieve Fire Chief of duty	\$ 168,000	\$ 168,000	\$ 168,000
Budget Vehicle Replacement	\$ 100,000	\$ 100,000	\$ 100,000
Sub-Total	\$ 737,800	\$ 737,800	\$ 737,800

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
\$ 9,529,443	\$ 9,096,477	\$ 8,139,892
\$ -	\$ -	\$ -

Financial Analysis of Hemet City Fire and Riverside County Fire Proposals

Adjustments to Riverside County Fire Proposal:	City Fire Option 1	City Fire Option 2	City Fire Option 3
Back out Cal-Fire's estimate of costs that remain with City. City's estimate for these costs is below under "Costs that remain with the City..."			
Sub-Total	\$ -	\$ -	\$ -
Costs that remain with City if City enters into agreement with Riverside County Fire:			
General Fund Overhead still a cost w/contracting			
Retiree Medical still a cost w/contracting			
On-going PERS Liability to City			
Utilities			
One-time payout of leave costs			
Maintenance of small tools, SCBA maint., etc			
Weed Abatement Costs			
Contingency for unanticipated costs			
Workers Comp Costs to be reallocated (GF only)			
Liability costs to be reallocated (GF only)			
Fleet costs to be reallocated (GF only)			
Facilities Maintenance costs to be reallocated (GF only)			
IT costs to be reallocated (GF only)			
Legal Costs to be reallocated (GF only)			
Sub-Total	\$ -	\$ -	\$ -
Total Adjusted Costs (annual & on-going combined)	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562
Less: One-time Start up costs(in Cal-Fire Proposal)	none	none	unknown
Less: One-time leave payouts	n/a	n/a	n/a
Total one-time costs	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562
Estimated Annual On-Going Costs	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
\$ (401,700)	\$ (401,700)	\$ (331,075)
\$ (401,700)	\$ (401,700)	\$ (331,075)
\$ 685,500	\$ 685,500	\$ 685,500
\$ 678,300	\$ 678,300	\$ 678,300
\$ 500,000	\$ 500,000	\$ 500,000
\$ 111,300	\$ 111,300	\$ 102,700
\$ 400,000	\$ 400,000	\$ 400,000
\$ 58,700	\$ 58,700	\$ 58,700
\$ 75,000	\$ 75,000	\$ 100,000
\$ 50,000	\$ 50,000	\$ 50,000
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 111,700	\$ 111,700	\$ 111,700
\$ -	\$ -	
\$ 48,650	\$ 48,650	\$ 48,650
\$ 39,200	\$ 39,200	\$ 39,200
\$ 2,758,350	\$ 2,758,350	\$ 2,774,750
\$ 11,886,093	\$ 11,453,127	\$ 10,583,567
\$ (262,595)	\$ (262,595)	\$ (205,429)
\$ (400,000)	\$ (400,000)	\$ (400,000)
\$ (662,595)	\$ (662,595)	\$ (605,429)
\$ 11,223,498	\$ 10,790,532	\$ 9,978,138

Financial Analysis of Hemet City Fire and Riverside County Fire Proposals

Revenues:
Note: Grants of \$31,500 not included because not on-going revenue stream

<i>Assuming Start Date is FY 2013-2014</i>	<i>City Fire Option 1</i>	<i>City Fire Option 2</i>	<i>City Fire Option 3</i>
Weed Abatement	\$ 40,000	\$ 40,000	\$ 40,000
AMR Lease for St. #5	\$ 3,600	\$ 3,600	\$ 3,600
Mercy Air Lease Station #4	\$ 45,000	\$ 45,000	\$ 45,000
Fire Permits	\$ 1,500	\$ 1,500	\$ 1,500
Fire Plan Check Fees	\$ 40,000	\$ 40,000	\$ 40,000
Fire Inspections	\$ 20,000	\$ 20,000	\$ 20,000
Fire Recovery USA	\$ 28,000	\$ 28,000	\$ 28,000
Total Revenues	\$ 178,100	\$ 178,100	\$ 178,100

<i>Riverside County Fire Option 1</i>	<i>Riverside County Fire Option 2</i>	<i>Riverside County Fire Option 3</i>
\$ -	\$ -	\$ -
\$ 3,600	\$ 3,600	\$ 3,600
\$ 45,000	\$ 45,000	\$ 45,000
\$ 1,500	\$ 1,500	\$ 1,500
\$ 40,000	\$ 40,000	\$ 40,000
\$ 20,000	\$ 20,000	\$ 20,000
\$ 28,000	\$ 28,000	\$ 28,000
\$ 138,100	\$ 138,100	\$ 138,100



Staff Report

TO: Honorable Mayor and Members of the City Council
FROM: Ronald E. Bradley, Interim City Manager
DATE: February 26th, 2013
RE: Presentation and analysis of submittals received in response to the City's Request for Proposals (RFP) for Fire Protection and EMS Services
(REVISED)

Recommendations:

It is recommended that the City Council provide the City Manager, Staff, and the City Attorney with direction as follows:

1. Authorize the City Attorney's Office and the City bargaining team to continue to satisfy any obligations the City may have under the Myer, Millais, Brown Act to meet and confer with the Hemet Firefighters Association regarding a potential decision to contract out Fire Protection and Emergency Medical Services (EMS);
2. Authorize the City Manager and City staff to obtain additional factual information including without limitation the following:
 - a) CalPERS estimate of unfunded liability regarding Hemet Fire Department personnel that would remain with the City if the City contracted out Fire Protection and EMS;
 - b) Complete costs, funding sources, and time lines related to the Hemet Fire Department implementing paramedic service and emergency medical dispatching (EMD);
 - c) Personnel transition and benefit payout costs that would need to be paid by the City if the City contracted out Fire Protection and EMS

Background- Factors leading to decision to issue an RFP for Fire Protection and EMS

Budgetary Factors

In July of 2010 the City of Hemet accepted a two-year U.S. Department of Homeland Security S.A.F.E.R grant in the amount of \$2,260,442. The S.A.F.E.R grant allowed the city to retain nine firefighter positions that were slated for layoff in FY 2010-11 and added three additional firefighters as floaters to utilize in place of overtime. This grant funding was depleted by June 30, 2012. (The grant performance period ended on September 19, 2012).

During the budget balancing process for FY 2012-13 the City Council approved the layoff of nine fire suppression personnel in September (at the end of the grant performance period) to offset the loss of grant funding. This reduction was estimated to result in savings of approximately \$880,000 for 9 months in FY 2012-13 and approximately \$1.1 million annually. In addition to this reduction, the Adopted FY 2012-13 Budget was balanced with the use of one-time funds and the General Fund budget reserve, resulting in a structural deficit of approximately \$2.7 million that will have to be addressed in FY 2013-14.

After the budget was adopted, the council indicated they would consider alternatives to the layoffs if the alternate savings would be close to the \$880,000 savings target. Accordingly, in early July of 2012, the Fire Chief cross-staffed the truck in Fire Station #4 with an engine, and also replaced one of two engines in Fire Station # 1 with a squad to run emergency medical service (EMS) calls. This change in staffing model eliminated three captain positions and is expected to generate approximately \$450,000 in savings for the fiscal year.

Additionally, in November of 2012 the Hemet Firefighters Association (HFA) and the City reached agreement on a side letter extending the HFA's 5% pay reduction (scheduled to expire October 31st of 2012) to October 31st of 2013. This extended concession is estimated to generate \$197,000 in savings this fiscal year (2012-2013). Unfortunately, the combination of savings from the Fire Chief's staffing model (\$450,000) and the HFA's continued pay concession (\$197,000) was still \$233,000 short of the required savings target of \$880,000 for FY 2012-13. To fill the shortfall, the Council authorized the use of funds in the undesignated General Fund balance for FY 2012-2013 only.

Service Level Factors

If some on-going savings and/or revenues are not identified, the Fire Chief has indicated that he would remove the squad from service to further meet his budget parameters (six positions). The Fire Chief has expressed concern that further reductions to staffing, beyond the current staffing model he recently implemented, will negatively impact the level of service to the community. Limited City resources have also resulted in a fire management structure that does not adequately provide appropriate span of control, training, and administrative oversight. It should also be noted that the City has not had the financial resources to provide paramedic services, which is the norm in today's fire delivery service models.

The City Council's primary concern in all areas of city services continues to be providing the highest quality level of services, while also ensuring that services are fiscally sustainable.

Accordingly, in an effort to be as proactive as possible, staff has been exploring possible cost saving measures to deal with the anticipated \$2.7 million structural deficit projected again for FY 2013-14.

Requesting and evaluating proposals for the provision of fire protection and emergency medical services (EMS) is one potential cost savings measure that the Council directed staff to explore at the October 9th 2012 council meeting. In addition to cost savings, this RFP process will allow for the City to further evaluate if the provision of paramedic services and enhanced fire protection services are also possible.

RFP Process

A request for proposals (RFP) for the provision of fire protection and EMS was issued in October of 2012. The City of Hemet is fairly isolated when compared to many other cities in the greater Los Angeles basin. As a result, the City of Hemet does not have the same access to multiple sources of alternative service delivery as do many other cities. Staff did encourage all qualified/interested government service providers, including the Hemet City Fire Department, to submit various options for the Council to review and consider in order to ultimately determine the best service delivery model, along with the most cost effective service delivery method. After allowing time for potential respondents to submit questions for clarification, submittals were due to the City the first week in December. Two proposals were received. The Hemet Fire Department, under the leadership of Chief Morris, and with assistance from the Hemet Firefighters Association, submitted a proposal for consideration. Cal-Fire (through its contract with the County of Riverside), provides service to all areas surrounding Hemet and was the only other respondent to the RFP, and is the only other viable alternative to the City's current in-house Fire Department.

An evaluation team was established in mid-December and was comprised of Assistant City Manager Mark Orme, Deputy City Manager Rita Conrad, Procurement Administrator Elizabeth Grace, and retired Fire Chief Paul Christman. The purpose of the committee was to seek clarification from both respondents and analyze the pros and cons of the submittals. Mr. Christman has had a long and esteemed career in the fire service before retiring from the City of Murrieta two years ago. The City is very fortunate to have a highly regarded member of the fire service participate in our process to provide the very critical perspective of a fire professional.

Copies of both proposals were released to committee members on December 20th, 2012. Questions from committee members regarding the proposals were gathered and submitted to the proposers in early January. Copies of both proposals were also provided to the Hemet Firefighters Association (HFA) on January 7, 2013. On January 23rd, the evaluation committee met with representatives from Riverside County Fire (Cal-Fire) and the Hemet City Fire to discuss their proposals and obtain further information and clarification.

Summary and Analysis of Proposals

Both the Hemet City Fire Department and the Riverside County Fire Department submitted responses to the RFP that included a number of options for providing service. A summary and side by side comparison of proposals (attachment A) along with copies of both submittals is included with this report. Also included is staff’s fiscal analysis of the options provide by both respondents (attachment B). It is important to note that costs include **both** contract costs, and in the case of Riverside County Fire, any costs that would remain with the City should the City decide to enter into an agreement with Riverside County Fire. All costing is net of revenues that would be collected under all scenarios for both respondents.

Hemet City Fire

The Hemet Fire Department proposed three options for the provision of Fire and EMS. Summarized below is a brief description of each option and staff’s analysis of costs associated with each proposal. For detail on the costing of each option, please refer to “attachment B.”

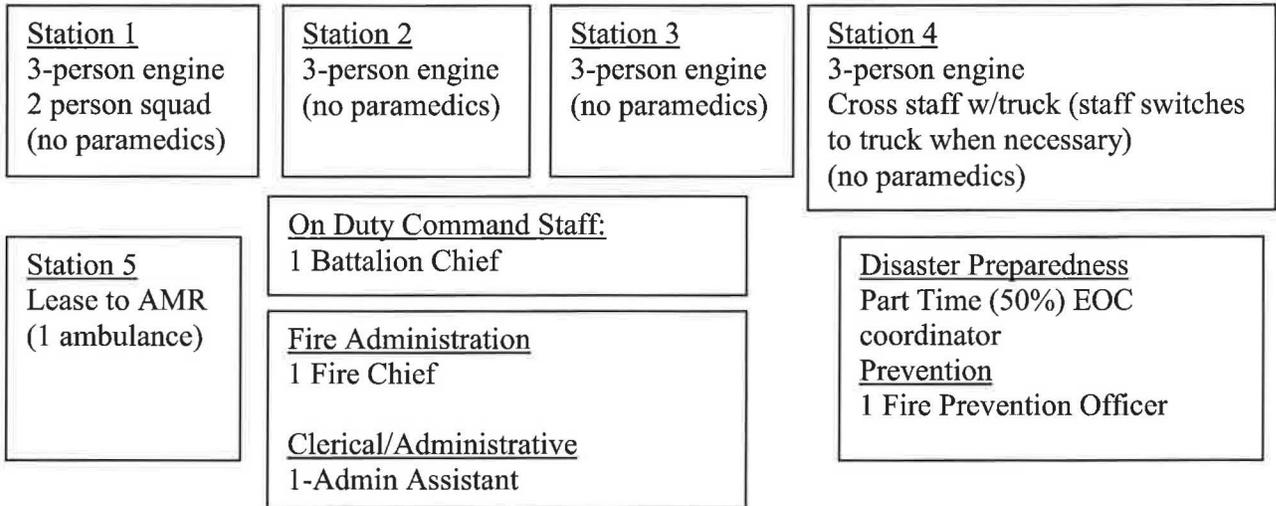
Hemet City Fire Option 1 - estimated cost (direct & indirect): \$10,058,100

This option is to provide services at the current level. Current daily minimum suppression staffing is (not including the Fire Chief) fifteen (15). Staff is deployed as follows:

<p><u>Station 1</u> 3-person engine 2 person squad (no paramedics)</p>	<p><u>Station 2</u> 3-person engine (no paramedics)</p>	<p><u>Station 3</u> 3-person engine (no paramedics)</p>	<p><u>Station 4</u> 3-person engine Cross staff w/truck (staff switches to truck when necessary) (no paramedics)</p>
<p><u>Station 5</u> Lease to AMR (1 ambulance)</p>	<p><u>On Duty Command Staff:</u> 1 Administrative Captain</p> <p><u>Fire Administration</u> 1 Fire Chief <u>Clerical/Administrative</u> 1-Admin Assistant</p>		<p><u>Disaster Preparedness</u> Part Time (50%) EOC coordinator <u>Prevention</u> 1 Fire Prevention Officer</p>

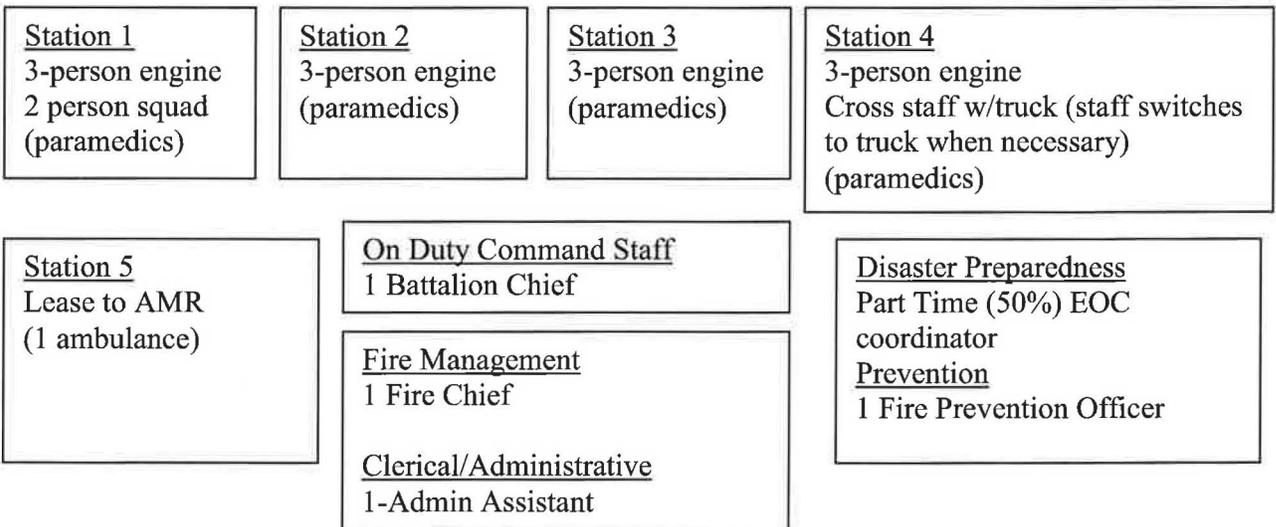
Hemet City Fire Option 2 - estimated cost (direct & indirect): \$10,076,462

This option is to provide services at the current level. Current daily minimum suppression staffing is (not including the Fire Chief) fifteen (15). Where Option 1 proposes an Administrative Captain, Option 2 proposes a Battalion Chief. Staff is deployed as follows:



Hemet City Fire Option 3 - estimated cost (direct & indirect): \$10,106,462

This option is to provide services at the current staffing level but with paramedics on each engine and the squad. Current daily minimum suppression staffing is (not including the Fire Chief) fifteen (15). Staff is deployed as follows:



Riverside County Fire (Cal-Fire)

The Riverside County Fire Department proposed three options for the provision of Fire and EMS. Summarized below is a brief description of each option and staff’s analysis of costs associated with each proposal. For detail on the costing of each option, please refer to “attachment B.”

Not reflected in the format below for each of the three options proposed by Riverside County Fire Department (RVC) are their “move up abilities.” When stations are drawn down or committed to incidents to a pre-determined level, the Riverside County Fire Department’s ECC (Emergency Command Center) automatically moves out-lying resources into the vacant stations. Also not reflected in the format below for all three RVC Fire proposals is that, because the City of Hemet would be entering into a regional fire department system, the City would receive the benefits of additional coverage and resources as needed from the presence of the out-lying County stations around Hemet. These stations would also routinely be responding into Hemet, which may enhance overall City response times.

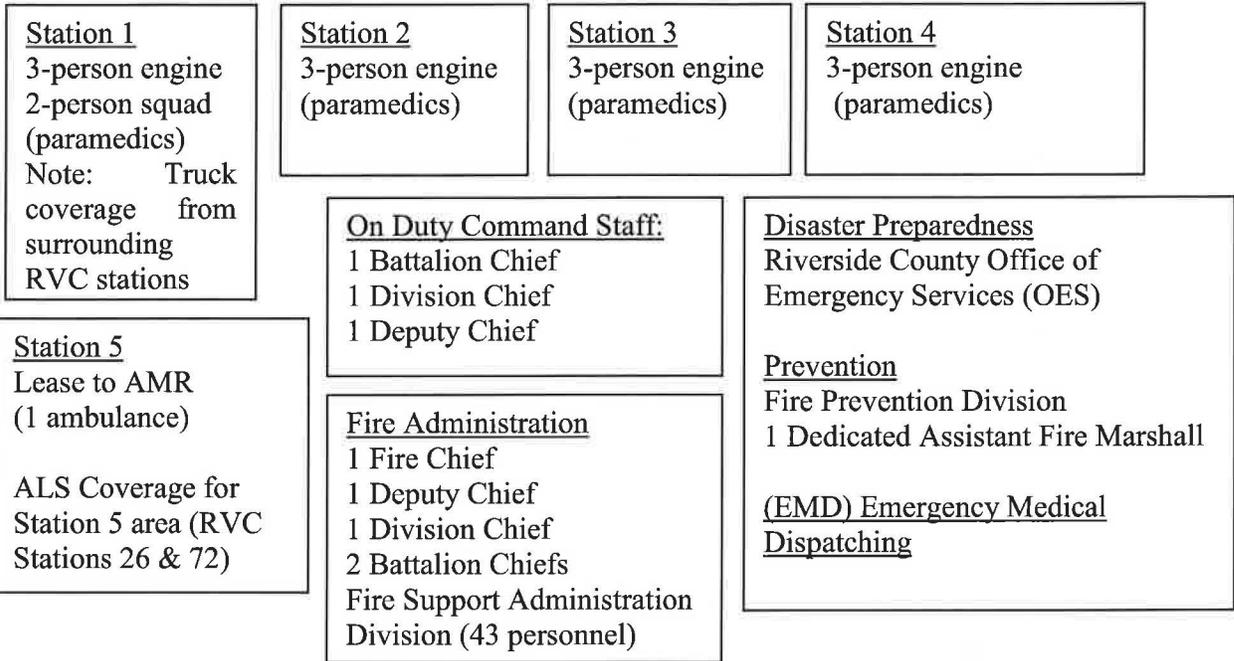
Riverside County Fire Option 1 - estimated cost (direct & indirect): \$10,979,598

This option is to provide services at the current level. Current daily minimum suppression staffing is nineteen (19). Does not include additional coverage offered to City from four (4) surrounding Riverside County Fire Stations. Staff is deployed as follows:

<u>Station 1</u> 3-person engine 4-person truck (paramedics)	<u>Station 2</u> 3-person engine (paramedics)	<u>Station 3</u> 3-person engine (paramedics)	<u>Station 4</u> 3-person engine (paramedics)
<u>Station 5</u> Lease to AMR (1 ambulance) ALS Coverage for Station 5 area (RVC Stations 26 & 72)	<u>On Duty Command Staff:</u> 1 Battalion Chief 1 Division Chief 1 Deputy Chief	<u>Disaster Preparedness</u> Riverside County Office of Emergency Services (OES) <u>Prevention</u> Fire Prevention Division 1 Dedicated Assistant Fire Marshall <u>(EMD) Emergency Medical Dispatching</u>	
<u>Fire Administration</u> 1 Fire Chief 1 Deputy Chief 1 Division Chief 2 Battalion Chiefs Fire Support Administration Division (43 personnel)			

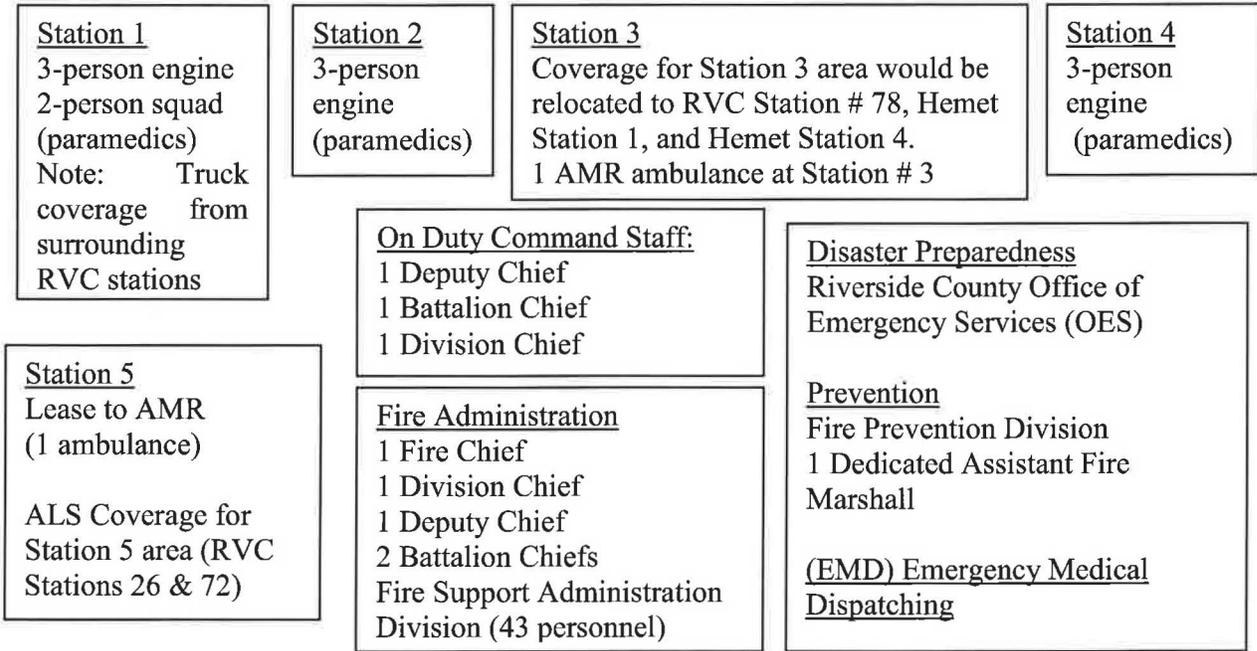
Riverside County Fire Option 2 - estimated cost (direct & indirect): \$10,546,632

This option is to provide services at the current level. Current daily minimum suppression staffing is seventeen (17). Does not include additional coverage offered to City from four (4) surrounding Riverside County Fire Stations. Staff is deployed as follows:



Riverside County Fire Option 3 - estimated cost (direct & indirect): \$9,709,238

This option is to provide services at the current level. Current daily minimum suppression staffing is sixteen (16). Does not include additional coverage offered to City from four (4) surrounding Riverside County Fire Stations. Staff is deployed as follows:



Fiscal Analysis

The options presented by both respondents either meet or exceed current levels of fire protection and EMS provided to the community. The question then becomes “what is the best level of service the City can afford based on the six options proposed among the two respondents?”

For convenience, below the six options are listed in order of total cost to the City:

Riverside County Fire	Option 3	\$9,709,238
Hemet City Fire	Option 1	\$10,058,100
Hemet City Fire	Option 2	\$10,076,462
Hemet City Fire	Option 3	\$10,106,462
Riverside County Fire	Option 2	\$10,546,632
Riverside County Fire	Option 1	\$10,979,598

Attachment “B” provides a detailed listing of factors in calculating costs to go with Hemet City Fire Options, and costs related to Riverside County Fire Department options, including costs that would still remain with the City should the City decide to enter into an agreement with Riverside County Fire. Below some of the more significant items used in the costing analysis are discussed below:

Page 1 of attachment “B” provides a summary to all the details found on in the body of the fiscal analysis. The summary provides the following for all options:

- Annual on-going costs
- One time start-up costs
- Program Revenues
- Annual on-going costs net of revenues

To fairly portray total costs to City, when analyzing the total costs involved with the Riverside County Fire options, costs previously associated with Hemet City Fire that would still remain with the City have been included. For example, costs related to the unfunded CalPERS liability and the annual retiree medical payments have been included and have the effect of increasing the overall cost of the Riverside County Fire Department proposals. (For clarification, should the City go with any of the RVC options, the City’s PERS unfunded liability and unfunded OPEB obligations related to Fire employees would stop growing, the City would only be responsible for obligations incurred under the Hemet Fire Department.)

General Fund Overhead is also listed as a cost that will remain with the City should the City contract for services. This too has the effect of increasing the overall cost of Riverside County Fire’s proposals. Similarly, for services currently provided by City Departments to the Hemet Fire Department, estimates of savings were conservative.

Included in the fiscal analysis of the Hemet Fire Department’s proposals are some corrections and updates to the original costing provided by Hemet Fire Department. For example, after meeting with Chief Morris, it was determined that Hemet Fire had overstated the cost of Options #2 and #3 by approximately \$435,000. Accordingly the analysis was updated to reflect this correction which had the effect of lowering the cost of Hemet City Fire’s options by \$435,000.

Because the proposals from both respondents included revenues and/or expenditures related to Fire Prevention and Disaster Preparedness, proposals from both respondents were updated to include what was missing.

Finally, the Hemet City Fire proposal was updated to reflect costs that are expected next fiscal year including a 4% increase in PERS costs and restoration of the 5% employee pay concessions in November of 2013.

This initial analysis of the data estimates that the Riverside County Fire Department (through its cooperative agreement with Cal-Fire) could provide fire protection and EMS (including paramedic services) at a savings of close to \$400,000.

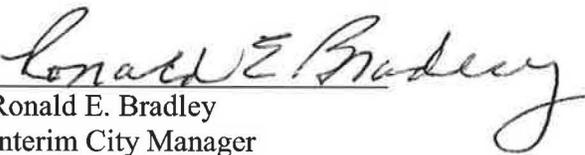
Pending Issues

Tonight's presentation was to update the Council and Community on the Fire Protection EMS RFP process and related analysis.

Items that staff has identified as warranting further clarification/follow up before any recommendation can be made include the following:

- CalPERS estimate of unfunded liability to remain with City. City staff has developed an estimate but is currently waiting for an estimate from CalPERS which will not be available until sometime in March (at the earliest). Unfortunately CalPERS has their hands full with issues related to recently enacted pension reform legislation.
- Complete costs and funding sources related to the Hemet City Fire implementing a paramedic program and EMD (emergency medical dispatching). The Hemet Fire Chief has been working with public and private entities to develop a plan, but at this time the plan is still under development and costs are unknown.
- The City remains ready to meet and confer with the Hemet Firefighters Association (HFA) regarding the proposals.

Respectfully Submitted,


Ronald E. Bradley
Interim City Manager

Financial Analysis of Hemet City Fire and Riverside County Fire Proposals

	City Fire Option 1	City Fire Option 2	City Fire Option 3
Adjustments to Riverside County Fire Proposal:			
Back out Cal-Fire's estimate of costs that remain with City. City's estimate for these costs is below under "Costs that remain with the City..."			
Sub-Total	\$ -	\$ -	\$ -
Costs that remain with City if City enters into agreement with Riverside County Fire:			
General Fund Overhead still a cost w/contracting			
Retiree Medical still a cost w/contracting			
On-going PERS Liability to City			
Utilities			
One-time payout of leave costs			
Weed Abatement Costs			
Contingency for unanticipated costs			
Workers Comp Costs to be reallocated (GF only)			
Liability costs to be reallocated (GF only)			
Fleet costs to be reallocated (GF only)			
Facilities Maintenance costs to be reallocated (GF only)			
IT costs to be reallocated (GF only)			
Legal Costs to be reallocated (GF only)			
Sub-Total	\$ -	\$ -	\$ -
Total Adjusted Costs (annual & on-going combined)	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562
Less: One-time Start up costs(in Cal-Fire Proposal)	none	none	unknown
Less: One-time leave payouts	n/a	n/a	n/a
Total one-time costs	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562
Estimated Annual On-Going Costs	\$ 10,236,200	\$ 10,254,562	\$ 10,284,562

Riverside County Fire Option 1	Riverside County Fire Option 2	Riverside County Fire Option 3
\$ (401,700)	\$ (401,700)	\$ (331,075)
\$ (401,700)	\$ (401,700)	\$ (331,075)
\$ 685,500	\$ 685,500	\$ 685,500
\$ 678,300	\$ 678,300	\$ 678,300
\$ 500,000	\$ 500,000	\$ 500,000
\$ 111,300	\$ 111,300	\$ 102,700
\$ 400,000	\$ 400,000	\$ 400,000
\$ 67,900	\$ 67,900	\$ 67,900
\$ 50,000	\$ 50,000	\$ 50,000
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ 111,700	\$ 111,700	\$ 111,700
\$ -	\$ -	\$ -
\$ 48,650	\$ 48,650	\$ 48,650
\$ 39,200	\$ 39,200	\$ 39,200
\$ 2,692,550	\$ 2,692,550	\$ 2,683,950
\$ 11,820,293	\$ 11,387,327	\$ 10,492,767
\$ (262,595)	\$ (262,595)	\$ (205,429)
\$ (400,000)	\$ (400,000)	\$ (400,000)
\$ (662,595)	\$ (662,595)	\$ (605,429)
\$ 11,157,698	\$ 10,724,732	\$ 9,887,338

Financial Analysis of Hemet City Fire and Riverside County Fire Proposals

Revenues:

Note: Grants of \$31,500 not included because not on-going revenue stream

<i>Assuming Start Date is FY 2013-2014</i>	<i>City Fire Option 1</i>	<i>City Fire Option 2</i>	<i>City Fire Option 3</i>
Weed Abatement	\$ 40,000	\$ 40,000	\$ 40,000
AMR Lease for St. #5	\$ 3,600	\$ 3,600	\$ 3,600
Mercy Air Lease Station #4	\$ 45,000	\$ 45,000	\$ 45,000
Fire Permits	\$ 1,500	\$ 1,500	\$ 1,500
Fire Plan Check Fees	\$ 40,000	\$ 40,000	\$ 40,000
Fire Inspections	\$ 20,000	\$ 20,000	\$ 20,000
Fire Recovery USA	\$ 28,000	\$ 28,000	\$ 28,000
Total Revenues	\$ 178,100	\$ 178,100	\$ 178,100

<i>Riverside County Fire Option 1</i>	<i>Riverside County Fire Option 2</i>	<i>Riverside County Fire Option 3</i>
\$ 40,000	\$ 40,000	\$ 40,000
\$ 3,600	\$ 3,600	\$ 3,600
\$ 45,000	\$ 45,000	\$ 45,000
\$ 1,500	\$ 1,500	\$ 1,500
\$ 40,000	\$ 40,000	\$ 40,000
\$ 20,000	\$ 20,000	\$ 20,000
\$ 28,000	\$ 28,000	\$ 28,000
\$ 178,100	\$ 178,100	\$ 178,100