



MINUTES

REGULAR MEETING OF THE HEMET CITY COUNCIL

May 28, 2013

6:00 p.m.
City of Hemet Council Chambers
450 E. Latham Avenue

www.cityofhemet.org
Please silence all cell phones

Call to Order

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

Roll Call

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

ABSENT: None

Closed Session

Notice of Opportunity for Public Comment

There were no public comments presented at this time.
The City Council recessed to Closed Session at 6:00 p.m.

1. Public Employee Appointment
Pursuant to Government Code section 54957
Title: *City Manager*
-

REGULAR SESSION

7:00 p.m.
City of Hemet City Council Chambers
450 E. Latham Avenue

Call to Order

Mayor Youssef called the meeting to order at 7:02 p.m.

Roll Call

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

ABSENT: None

Invocation

Invocation was given by Gary Fowler, Hemet-San Jacinto Interfaith Council

Pledge of Allegiance

Pledge of Allegiance was led by Council Member Milne

City Attorney Closed Session Report

2. Public Employee Appointment
Pursuant to Government Code section 54957
Title: *City Manager*

The City Attorney reported that there was no reportable action.

Presentation

3. Ramona Elementary School 3rd Grade presents "Our Community Video"
Mayor Youssef, the 3rd Grade Class from Ramona Elementary has prepared a video about their town titled "Our Community Video".
Nancy Julian, Ramona Elementary, the students worked for many months on this special project.
Alexes Chavez, 3rd Grade Student, we participated in a cool after school project that combined social study curriculum with researching, reading, writing and producing skills. Thank you for the opportunity to present the video. A picture of Mayor Youssef during his interview and a copy of the Hemet-San Jacinto Chamber Chat featuring an article regarding this video was presented to Mayor Youssef.
The Video was shown to the City Council.
The City Council requested that permission be sought to place the video on the City's website. The City Council gave accolades to the students and faculty that prepared the video. The video is well done and is a wonderful representation of the City of Hemet and all it has to offer.

The City Council recessed briefly at 7:31 p.m.
Reconvened at 7:37 p.m.

City Council Business Consent Calendar

4. **Recommendation by Council Member Krupa** – Library Board Re-Appointment
 - a. Re-appoint William Burger to Seat 1 on the Library Board. The three year term will expire June 30, 2016.
5. **Recommendation by Council Member Wright** – Library Board Re-Appointment
 - a. Re-appoint Jacqueline Wahl to Seat 4 on the Library Board. The three year term will expire June 30, 2016.
6. **Approval of Minutes** – May 14, 2013

7. **Receive and File** – Investment Portfolio as of March 2013
 8. **Receive and File** – Warrant Register
 - a. Warrant registers dated May 2, 2013 and May 16, 2013. Payroll for the period of April 15, 2013 to April 28, 2013 was \$580,586.58.
 9. **Recommendation by Fire Department** – Weed Abatement
 - a. Adopt a resolution declaring a hazardous condition relating to weeds, rubbish and refuse upon parkways or private property within the City.
Resolution No. 4536
 10. **Recommendation by Engineering** – Ratify Change Order No. 2; Chambers Street Sidewalk and ADA Access Ramp, City Project No. 5559
 - a. Ratify Change Order No. 2 in the amount of \$12,185 for additional work required due to elevation changes impacting the drainage and curb and gutter flows for CIP 5559 Chambers Street Sidewalk and ADA Access Ramp Project; and
 - b. Establish budget in the amount of \$12,185 in Fund No. 329-5559-5500 for the cost of the work.
 11. **Recommendation by Planning** – Amendment to Professional Services Contract with Urban Futures, Inc.
 - a. Approve the First Amendment to the Consultant Services Agreement between the City of Hemet and Urban Futures, Inc. to authorize additional services and compensation in the amount of \$10,000.00 for the remainder of the current FY 12-13.
 12. **Recommendation by Planning** – Amendment to Professional Services Contract with Western Habitat
 - a. Approve the First Amendment to the Consultant Services Agreement between the City of Hemet and Western Habitat to authorize additional services and compensation in the amount of \$16,760.00 for the remainder of the current FY 12-13.
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Work Study

Discussion regarding this item, with possible direction to staff

13. Fiscal Year 2013-14 Budget Review

Council Member Wright, asked why the City Council did not get the budget before the meeting allowing time for review.

Ron Bradley, Interim City Manager, concurred but explained that this is the process that Hemet has used. The budget is presented at the Council Meeting with an overview and budget discussions continue after that.

Council Member Wright, requested that a different process be considered in the future, the City Council should be more prepared to discuss the budget.

Rita Conrad, Deputy City Manager/Administrative Services Director, staff is not

asking for any decisions at this time. An overview of the document is being presented allowing the City Council the next two weeks to review before the next discussion.

Mayor Youssef, the budget is only being introduced at this time. There will be additional opportunities for discussion after this meeting.

Council Member Wright, recommended that the budget be distributed to the City Council prior to the first meeting next year.

Ms. Conrad, staff is available to answer questions and additional meetings can be scheduled if necessary. Ms Conrad thanked the Administrative Services staff for their hard work on the budget. The budget book is formatted by department, not by fund, and a list of all budgeted positions are included. One-time and on-going revenue is broken down. First, a 3rd quarter update on FY 2012/13. We are on-target with mid-year projections. The ending balance is expected to be \$625,000 higher than last projection in February. Primarily due to an additional Redevelopment Property Tax Trust Fund (RPTTF) residual payment of approximately \$500,000 and a Property Tax Administration Fee (PTAF) settlement in the amount of \$121,000. The 2013-2014 preliminary budget projects a shortfall of current revenue to current expenditures of approximately \$2.9 million. The beginning total fund balance is expected to be \$15.2 million. The City Manager is recommending to cover the estimated deficit with \$2.9 million of undesignated reserves. If approved, \$12.12 million would still remain in General Fund Reserves which is 34%. Ms. Conrad presented a graph showing the City's Fund Balance History from 2006-07 through 2013-14. After adjusting for one-time payments of approximately \$1.4 million in FY 2012-13, FY 2012-13 on-going revenues are expected to be a little over \$1.5 million higher than originally budgeted. However, transfers-in are \$1.35 million less than FY 2012-13's original budget. General Fund expenditures are expected to be approximately \$3 million more than FY 2012-13. Property tax increase projected in FY 2013-14 of 2% over current year - \$230,000. Property tax increased 13% in FY 2012-12 compared to FY 2011-12 due to beginning of ongoing RPTTF distributions. A graph was displayed showing the Property Tax Revenue for FY's 2004-05 to 2013-14 (estimated). Sales tax is projected to increase compared to most recent estimates by 2.2% - \$207,000. The FY 2012-13 estimate is approximately 5% higher than FY 2011-12 actuals - \$492,000. A graph was displayed showing the Sales Tax Revenue for FY's 2004-05 to 2013-14 (estimated). AB 89 in 2011 eliminated the remaining Vehicle License Fee (VLF) cities received (per capita). The cities now receive Property Tax in lieu of VLF based on assessed values. We are projected about a 2% increase in FY 2013-14. A graph was displayed showing the State of California Motor Vehicle in lieu Tax Revenue for FY's 2004-05 to 2013-14 (estimated). Staff is estimating just under a 4% increase in Development Related Revenue - \$52,000. A graph was displayed showing the Community Development Related Revenue for FY's 2004-05 to 2013-14 (estimated). A status-quo budget is being presented in terms of programs and service levels. Additional costs are primarily to keep existing service levels. Fire Department's increase in expenditures are for: an Administrative Captain \$150,000; two "floaters" to offset over-time \$201,200; and restoration of Fire Employees' concession \$195,000. Police Department's increase in expenditures are for: Chief's short-term staffing plan \$208,000; Cooperative Traffic Enforcement Agreement with CHP \$195,000; and removal of front loaded savings from FY 2012-13 - \$385,000. Adjustments in expenditures for Internal Services are: reduction of \$47,700 on IT charges; reduction of \$20,200 in vehicle maintenance; increase of \$201,000 to vehicle replacement (not the full amount that should have been funded for vehicle replacement); \$100,000 budgeted increase in legal costs (contingency for labor negotiations and labor related issues); and \$100,000 increase in Facility

Maintenance to fill and upgrade one of two previously unfunded positions. Personnel related expenditure increases: Retiree Medical increase - \$267,000 (General Fund only); PERS increase (no enhanced benefit) is 4.39 for Safety and 2.24% for Miscellaneous for a total of \$500,000 (General Fund only); and vacation sell-back-moratorium expiration - \$400,000. Other General Fund expenditure recommendations are: Simpson Center - \$133,700; Library's request to combine 2 part-time positions into 1 full-time no net cost; support of Hemet Ryan Event - \$25,000; reduction in allowable Engineering charges to CIP - \$100,000; and reduction in Hemet ROCS seed funds by \$25,000. A pie chart was displayed showing department percentages of the General Fund. The City has made great strides in establishing reserves, obtaining structural changes in benefits from employees and downsizing the work force by 25%. The City's fiscal situation is due to the drop in the median house prices from \$335,000 in 2006 to \$119,500 in 2011, as well as, the 38% drop in sales tax from 2006-07 to 2009-10. The City has only recovered less than 50% of that drop to date. The dissolution of RDA in 2012 required the City to return over \$15 million to the State that was for redevelopment and economic development. The General Fund had to absorb \$2 million in personnel that was previously paid by RDA. This also means an annual loss of \$7 million for redevelopment and economic development programs. In 2004, VLF "swap" ties VLF backfill to assessed property values. Assessed property values fall which results in a \$1.5 million loss of revenue to the City. AB 89 eliminates what is left of per capita VLF at an approximate loss of \$350,000 to the City of Hemet. The loss of the approximate annual \$1.1 million Fire SAFER Grant. In addition, the City loss the COPS Stimulus Grant at approximately \$400,000. That same year the City secured an on-going refuse franchise payment of over \$2.7 million annually. The City faces the following challenges: OPEB liability of approximately \$65 million; PERS rate increases due to actuarial assumptions changing; deferred vehicle replacement; and deferred facilities maintenance. Facilities Maintenance budgeted approximately \$182,000 from existing fund balance for critical roof and canopy repairs. The Police Department budgeted \$80,000 in their Police Tow Fund for the replacement of 3 police motorcycles. The Refuse Residual Fund includes: \$300,000 budgeted for OPEB/PERS cost related to former refuse employees and costs of 1 Code Enforcement Officer and 1/2 of a Maintenance Worker covered by Refuse for enforcement and right of way issues. Estimated ending balance at June 30, 2014 is \$3.7 million. The Water Fund adds approximately \$1.4 million in new costs annually related to ground water management agreement and other issues. The Water Department has expressed concern with aging infrastructure. Finance, the City Attorney, The City Engineer and the Public Works Director will be laying the ground work for a rate study. The L&LMD assessments are being developed and will be presented in June. The estimates are included in the budget.

Mayor Pro Tem Smith, the budget is clearer and easier to track. Mayor Pro Tem Smith asked the amount of the RPTTF.

Ms. Conrad, for FY 2011-12 is was \$430,000, for FY 2012-13 is was \$998,000 and it will level off in FY 2013-14 at \$1.1 million rising by assessed values.

Mayor Pro Tem Smith, the City receives \$1 million annually in lieu of RDA funds. This is still a net loss of 8 to 9 million annually for the City.

Ms. Conrad, the \$2 million does help the General Fund, however the City has lost the ability to do special RDA projects.

Mayor Pro Tem Smith, requested a breakdown of auto sales tax.

Mayor Youssef, asked is there will be additional one-time payments from the dissolution of the Redevelopment Agency. Mayor Youssef asked if the estimated residual amount can

decrease.

Ms. Conrad, this is the end of the one time payments. The City has completed the audit stage and will be moving onto the next step of dispensing the Agency's assets. The residual amount can decrease if a claim is made against the City of Hemet. There is one on going issue with the School District.

Mayor Youssef, it looks like revenues are increasing yet so are expenditures. Mayor Youssef asked what the expenditures were in 2011/12.

Ms. Conrad, the expenditures in FY 2011/12 for over \$40 million.

Mayor Youssef, compared to \$37 million in FY 2012/13. Mayor Youssef asked what the decrease in expenditures was attributed to.

Ms. Conrad, the decrease came from workforce reduction and employee contribution to PERS.

Mayor Youssef, the increases in expenditures were outside of the City's control such as State obligations. Mayor Youssef asked how that can be mitigated as we move forward so we are more prepared.

Ms. Conrad, you would have to cut services, create additional revenue streams or request concessions from employees in order to fix the structural deficit. The City Manager is hopeful that revenues will continue to increase and catch up partially by FY 2014-15.

Mayor Youssef, asked for confirmation from Chief Brown on the estimated revenue from citations.

Chief Brown, that is a conservative estimate. We are working with the CHP and hope to kick off that program July 1, 2013. The City's highest annual traffic revenue was \$700,000 with 9 officers working enforcement.

Mayor Youssef, confirmed that the Retiree Medical payment is for employees that are no longer employed.

Ms. Conrad, the City of Hemet pays for more retired employees than current employees with most of the money coming from the General Fund.

Mayor Youssef, asked about the Library's request to eliminate two part-time positions and create one full-time. Unless the two part-time are receiving pro-rated benefits, there is usually an increase.

Kathye Caines, Library Manager, both part-time employees have exceeded 1,000 hours and are receiving pro-rated benefits including PERS.

Mayor Youssef, asked if the City's \$3 million OPEB payment is reducing the \$65 million liability.

Ms. Conrad, the liability continues to increase. It will decrease through attrition as employees begin to drop off the City's plan.

Council Member Krupa, asked with the City's vacation sell-back moratorium expires.

Ms. Conrad, July 1, 2013

Council Member Krupa, asked for an explanation on the Engineering CIP charges.

Ms. Conrad, in the past, staff would hard code their time to different funds without an estimated budget.

Mr. Bradley, explained the City Manager's recommendations. The first recommendation is to adopt a CIP Process. The City needs to have projects designed, budgeted and shovel ready. This process will require hearings with the City Council and input from the public. The first year will be included in the 2013-14 budget and a CIP budget manual will be prepared and ready for next fiscal year. The next recommendation is to implement a Hemet Fire Department Paramedic Program. I was surprised to learn that a City of this size did not have

a paramedic program. Another recommendation is to aggressively pursue public grants, federal and state funding opportunities. I am also recommending that the City of Hemet expand its Economic Development activities. Economic Development is the quickest way to bring additional and much needed revenue to the City. And lastly, I am recommending that the City of Hemet implement live video broadcasts of all City Council meetings. The Franchise Agreement with Time Warner has included money set aside for this purpose. It will require additional staffing and the utilization of the room south of the Council Chambers. The County of Riverside is beginning to see a turn around in the economy, much slower in Hemet. I am not prepared to recommend any cuts in service levels at this time.

The City Council and staff discussed the need to implement a CIP Process.

Council Member Milne, confirmed that all grant approvals come before the City Council for consideration.

Mr. Bradley, staff will closely evaluation each grant and its requirements.

Patty Woods, Hemet, is encouraged by the City Manager's recommendations. Ms. Woods expressed concern with some of the statements made during the budget presentation. The Fire Department offered to continued their 5% cut, that should not be included in the budget. The City did not lose the SAFER Grant, they did not accept it. Ms. Woods can't believe that staff does not know the insurance premiums. Ms. Woods also asked why the City is budgeting \$25,000 for Hemet ROCS since it is disband. It is against the law to not provide the budget to the public when the agenda is posted.

Ms. Conrad, the intent was to let the City Council know that the funding source from the SAFER Grant is no longer available. The City of Hemet did receive the insurance premiums early however has been diligently working with the City's broker and successfully negotiated lower premiums. The budget is being presented as a workstudy and no action is required. The posting of the budget is not required under the Brown Act.

Eric Vail, City Attorney, concurred that an action item would require posting of the staff report 72 hours in advance. However, no action is being requested and the budget was just completed today and made available to the City Council, staff and the public at the same time.

Ms. Conrad, also noted that Hemet ROCS has disband the Community Advisory Committee "CAC", the program Hemet ROCS and all of its components will continue.

Communications from the Public

Bob Jungbluth, Hemet, pleased that the City is reviewing the contract for Animal Control Services. The services provided by Ramona Humane Society are good during their operating hours. Mr. Jungbluth feels that the services provided by Ramona Humane Society are superior to Riverside County Animal Control. Mr. Jungbluth is encouraging residents from his neighborhood to come speak in favor of Ramona Humane Society and tell the City Council about previous bad experiences with Riverside County.

Robert Soverns, Hemet, expressed concern that Stater Bros. and Von's are no longer carrying organic products. This means that Hemet residents have to travel to other cities to buy their organic groceries. Mr. Soverns also expressed concern that the lights on Florida Avenue back up traffic instead of making it better.

CW Cecchi, Hemet, thanked staff for the budget update.

Joy Ward, Hemet, expressed concern with the City Council's opposition to the Hemet Jewelry and Pawn's proposed business. They bought a building and are interested in starting a business in Hemet. Pawn Shops are highly regulated.

City Council Reports

14. 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)

Council Member Krupa, attended the Public Works Appreciation lunch.

B. Council Member Milne

1. Library Board

Council Member Milne, complimented the Library Staff.

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, was appointed to RCTC's "Quality of Life and Sustainability" Ad-Hoc Committee. Mayor Pro Tem Smith expressed concern with AB5 and its effect on the regions train station.

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

Mayor Pro Tem Smith, John Jansons and his staff put together an excellent program. There was a difference in the mood, attitude and expectations this year. There was a lot of interest in the City of Hemet.

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)

- G. Interim City Manager Bradley
 - 1. Manager's Reports
 - 2. Designate a Voting Delegate and Alternate for the League of California Cities Annual Conference in Sacramento, September 18-20, 2013

The City Council appointed Council Member Wright as the Voting Delegate and Council Member Krupa as the Alternate.

Future Agenda Items

There were no future agenda items requested at this time.

Adjournment

Adjourned at 9:07 p.m. to Tuesday, June 11, 2013 at 7:00 p.m.