



MINUTES

REGULAR MEETING OF THE HEMET CITY COUNCIL

July 22, 2014

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

Roll Call

PRESENT: Council Members Krupa, Wright and Mayor Smith

ABSENT: Council Member Youssef and Mayor Pro Tem Milne

Council Member Wright moved and Council Member Krupa seconded a motion to excuse Council Member Youssef and Mayor Pro Tem Milne. Motion carried 3-0.

Work Study

Discussion regarding this item, with possible direction to staff

1. Cost Allocation Study (CAP) - Tony Thrasher, Willdan Financial Services

Wally Hill, City Manager, Tony Thrasher will give a presentation on how we prepare the overhead cost allocation. In August, this information will be used as a foundation for discussion of fees and what percentage of cost recovering we want to obtain for services.

Tony Thrasher, Willdan Financial Services, gave the City Council a powerpoint on results and model for Overhead Costs Allocation. A Cost Allocation Plan (CAP) ensures that costs associated with City Central Services Departments are appropriately allocated to respective City Operating Departments. It's the tool that formulates an equitable methodology to identify and allocate indirect costs to direct cost programs. Allocations should represent how operating departments use and benefit from central support services. Used as a component in developing full-cost based user fees. We evaluate costs of central service departments to determine which amounts are appropriately allocable to the operating departments. Direct costs are those that can specifically be identified with a particular service. Indirect costs are not inherently as identifiable with a specific operating program. We have to determine how to appropriately allocate central service department costs to operating departments. Central services departments provide support to operating departments, such as the City Manager, Finance and the City Clerk. Operating departments provide services directly to the public, such as Fire, Police and Public Works. The project objectives are to: work with staff to understand objectives, challenges, political and policy direction; develop defensible allocation of overhead to departments, funds, enterprises, incorporate findings and results into the user fee study; develop easily updatable full cost CAP and model; conduct interactive data gathering to ensure accuracy, integrity of inputs, understanding of organization; and provide accurate custom model, analysis and report that is easy to interpret, clearly present data,

methodology, approach, results. The following is the Overhead Cost Allocation process: kick-off discussion; gather financial and budget data; review and analyze budget to identify allocable costs; review existing CAP, identify what works and areas for improvement; identify central support and direct operating services, ISF's; interview staff to understand structure and functions, highlight and resolve issues or anomalies and discuss appropriate and defensible allocation bases; gather necessary data regarding selected allocation bases; and develop model to reflect City's budget structure. The double-step down allocation approach uses two steps to allocate indirect costs is the most accurate and equitable approach and is recommended by the Office of Management and Budget. First step: identify allocable budget of each central service department; and distribute allocable budget to various city departments, based on functions provided and selected allocation bases. Second step: allocated indirect costs that were allocated to central service departments in first step to only operating departments. The allocation bases for central service departments were explained. The summary of allocable costs for the central services departments and the operating departments were displayed.

The City Council and staff discussed the formula. This is the OMB Certified 87 cost allocation, accepted for Federal Grants. Rates will be set for all departments. This formula and these rates will be used for more than just grant applications, they will help determine the fully burdened rates for user fees. The cost allocation is determined by the nature of the function. The model used is more sophisticated, but as an example Human Resources would be allocated by FTE's, where Facilities Maintenance would be allocated by square footage.

Donna Rowley, the current model is out dated and the distribution base has changed. This new model will capture the changes and update the fully burdened cost to provide the services. The fees should be reviewed annually.

Closed Session

Notice of Opportunity for Public Comment

There were no public comments at this time.

The City Council recessed to Closed Session at 6:14 p.m.

2. Conference with Labor Negotiators

Pursuant to Government Code section 54957.6

Agency designated representatives: City Manager Hill

Employee organization:

Hemet Fire Fighters Association

Service Employees International Union General Employees

Hemet Police Officers Association

3. Conference with Legal Counsel - Existing Litigation

Pursuant to Government Code section 54956.9(d)(1)

Names of case: *Chauncey Cummings v. City of Hemet*

RSC Case No. MCC 1400211

REGULAR SESSION

7:00 p.m.

City of Hemet City Council Chambers
450 E. Latham Avenue

Call to Order

Mayor Smith called the meeting to order at 7:05 p.m.

Roll Call

PRESENT: Council Members Krupa, Wright and Mayor Smith

ABSENT: Council Member Youssef and Mayor Pro Tem Milne

Council Member Wright moved and Council Member Krupa seconded a motion to excuse Council Member Youssef and Mayor Pro Tem Milne. Motion carried 3-0.

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

Invocation

Invocation was given by Krystyne Gray, Hemet-San Jacinto Interfaith Council

Pledge of Allegiance

Pledge of Allegiance was led by Mayor Smith

City Attorney Closed Session Report

4. Conference with Labor Negotiators

Pursuant to Government Code section 54957.6

Agency designated representatives: City Manager Hill

Employee organization:

Hemet Fire Fighters Association

Service Employees International Union General Employees

Hemet Police Officers Association

The City Council received an update on negotiations, impasse and fact finding with the HFFA. The City Council gave direction to the City's negotiation team regarding SEIU. The City Council did not discuss HPOA at this time. There was no additional reportable action.

5. Conference with Legal Counsel - Existing Litigation

Pursuant to Government Code section 54956.9(d)(1)

Names of case: *Chauncey Cummings v. City of Hemet*

RSC Case No. MCC 1400211

The City Council gave direction to Legal Counsel. There was no additional reportable action.

Presentation

6. Certificate of Recognition to Elissa Sandate

Mayor Smith, presented Elissa Sandate with a Certificate of Recognition for being brave and knowing the right thing to do when she observed a fire and alerted adults. Her actions saved her neighbor's house.

Chief Bryan, acknowledged that not all 6 year olds would have the knowledge of their surroundings and the courage to know what to do. Chief Bryan presented Elissa with a T-Shirt and Cap on behalf of the Hemet Fire Department.

Alan Borders, Representing Brian Nestande, presented Elissa with a Certificate of Recognition for her heroic efforts from the State of California.

City Council Business Consent Calendar

7. **Receive and File** – Warrant Register

- a. Warrant register dated July 10, 2014 in the amount of \$3,261,370.72. Payroll for the period of June 23, 2014 to July 6, 2014 was \$700,683.27.

8. **Recommendation by City Attorney** - Repeal Ordinance No. 1832 and Termination of Restated and Amended Development Agreement No. 10-001

- a. Adopt an ordinance repealing Ordinance No. 1832 and terminating Restated and Amended Development Agreement No. 10-001 [Stetson Crossing Development] between the City of Hemet and Stetson Crossing Partners, L.L.C.

Ordinance No. 1891

9. **Recommendation by Engineering** – Grant of Easement for Right-Of-Way, 1855 E. Florida Avenue, Hemet – McDonald's Restaurant (SDR 13-004)

- a. Accept the Grant of Easement for street and other municipal purposes; and
- b. Authorize the City Clerk to record it with the County of Riverside Recorder's Office.

10. **Recommendation by Police Department** – HPOA Side Letter – Police Officer Recruitment

- a. Approve the Side Letter of Agreement with the Hemet Police Officers Association to amend the MOU (Article 3.14) to increase the amount of the recruitment incentive for experienced lateral police officers to \$10,000 and reduce the years of experience required from three to two.

11. **Recommendation Information Technology** – Service Agreement with Time Warner Cable to provide Institutional Network (I-Net) fiber access and maintenance

- a. Approve and authorize the City Manager to execute a five year service agreement with Time Warner Cable for Institutional Network (I-Net) fiber services in the amount of \$120,000; \$24,000 annually; and
- b. Approve and authorize the one-time, non-recurring payment of \$2,500 for auditing and re-splicing of fiber cable included as part of this service agreement.

12. **Recommendation by Community Development** – Destruction of Certain Records
 - a. Adopt a resolution authorizing the destruction of certain records maintained by Code Enforcement. **Resolution No. 4589**

Item No. 10 was removed from the Consent Calendar. **Council Member Krupa moved and Council Member Wright seconded a motion to approve the remaining Consent Calendar items. Motion carried 3-0.**

Item No. 10

Chief Brown, we brought forwarded Project Hope in July 2013. One of the goals was to improve the Department's recruitment and retention of Police Officer's. The actions taken by the City Council have been successful in stabilizing our department. Officers leaving the force are interviewed and we are no longer losing them to rumors or the loss of stability. Phase II was to aggressively recruit officers. In light of the Council's action, we feel that doubling the hiring bonus will make Hemet competitive in this area. There is only a small group of qualified candidates and a number of surrounding agencies have vacancies. We have the culture, the stability and now we need the grabber. Sgt. Gomez and Cpl. Gonzales are part of the Department's successful recruiting team and feel that this will help in their efforts.

Mayor Smith, recommended that this item be continued to be considered by the entire City Council.

Mayor Smith moved and Council Member Wright seconded a motion to a continue this item to August 22, 2014. Motion carried 3-0.

Approval of Minutes

13. June 16, 2014

14. June 24, 2014

Council Member Krupa moved and Council Member Wright seconded a motion to approve the minutes as presented. Motion carried 3-0.

Public Hearing

15. **Approving the Engineer's Reports and levy and collection of assessment for the existing Hemet Streetlight and Landscape Maintenance Districts for Fiscal Year 2014-2015** – Finance Director Kanarr
 - a. Conduct a public hearing; and
 - b. Adopt a resolution ordering the levy and collection of assessments for the existing streetlight maintenance districts for FY 2014-15; and
 - c. Adopt a resolution amending and/or approving the Annual Engineer's Report for the existing streetlight maintenance districts for FY 2014-15; and
 - d. Adopt a resolution ordering the levy and collection of assessments for the existing landscape maintenance districts for FY 2014-15; and
 - e. Adopt a resolution amending and/or approving the Annual Engineer's Report for the existing landscape maintenance districts for FY 2014-15**Resolution Nos. 4590, 4591, 4592 and 4593**

Tom Kanarr, Interim Finance Director, staff is requesting that the City Council conduct a public hearing and adopt the resolutions approving the Engineer's Reports and the levy and collection of assessments for the City's existing Streetlight and Landscape Maintenance Districts. The fiscal impact amounts included in the staff report are incorrect. The correct amount for landscaping should be \$2,164,220 and streetlight should be \$1,279,006. The assessments for the landscaping districts that were not included with the staff report were distributed to the City Council.

Mayor Smith declared the Public Hearing opened at 7:24 p.m.

Brian Rubin, Hemet, feels that a lot of progress has been made on the methodology used to calculate the rate. Mr. Rubin feels that the City can do more to reduce the rates by making the landscaped areas more drought tolerant. We live in a desert there are a lot of landscaping options other than grass. Mr. Rubin explained the cost per square foot paid by Four Seasons HOA compared to the City's cost per square foot. The HOA took action to reduce its costs and save water, the City should be more conservative and pro-active.

Kris Jensen, Public Works Director, the City's contractor has been asked to reduce the irrigation time. Staff will be looking into changing the type of turf used in an effort to reduce costs. There is a desire from many to have the City's entrances green and beautiful.

The City Council and staff discussed options for continued efforts to reduce the City's landscaping costs. Council Member Wright told staff that several tools are coming forward to help with conservation efforts. Energy saving efforts for streetlights is included in the City's 5-year CIP. The City Council was reminded that the City only owns 50% of the streetlights.

Mayor Smith declared the Public Hearing closed at 7:33 p.m.

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

Discussion/Action Item

16. **Ad Hoc Committee Recommendation to fund Community Events in the amount of \$25,000 for fiscal year 2014-2015** – Community Investment Director Jansons

- a. Approve the recommendation of the City Council Ad-Hoc Committee to fund Community Events in the amount of \$25,000 for fiscal year 2014-2015

Wally Hill, City Manager, continued discussion of the Ad-Hoc Committee's recommendations on community events funding. Council Member Youssef was unable to attend the meeting and requested that this item be continued to the August 12, 2014 allowing him to participate in the discussion. We have reviewed the events and do not believe that any will be impacted by deferring this item.

Mayor Smith, recommended that this item be continued to a subsequent meeting allowing the entire City Council to weigh in on the funding and allocation.

Council Member Krupa, funding was approved with the budget. The only action requested is to approve the Ad-Hoc Committee's recommendations.

John Jansons, Community Investment Director, last direction to staff was to return with additional information on specific events and calculating a return on investment for the city's sponsorship. Determining a return on the investment was a challenging task. The smaller events give a return on the community building that occurs, the moral boosting and positive family friendly venue at low or no cost. The larger events clearly have an economic benefit, determining that remains a challenge. Most data is reported and analyzed on a quarter or

annual basis. To determine the actual economic benefit of a one-day festival relies on point of sale reporting by individual businesses. We suggest that the view should be more subtle, we know there is economic activity occurring on the days or weekends of these events. A couple of years ago when Valley-Wide hosted the softball tournament, it was obvious that there were a number of out of the area visitors sleeping, eating and shopping locally. We see that similar level of activity during the three weekends the Ramona Pageant is held in Hemet. It is the City's desire to attract young health conscience people which is accomplished with the Tinsel Tri and Habitat's Marathon. Again we see a level of economic activity when these events occur.

The City Council and staff discussed the application and the process. Additional financial information requested for the larger events was previously distributed to the City Council.

Tami Wilhelm, Ramona Bowl Board Member, thanked the City Council for their past support and in advance for continuing your support. The Ramona Bowl is a 6,000 seat amphitheater. The City's founding father's branded Hemet with the Ramona Bowl because it could be a huge cash register for this community. Hemet saw a change in demographics in the 80's and people forgot how amazing this event and facilities are. "Ramona" is California's Official Outdoor Play. We hope you recognize our efforts, we hope we need new hotels and more restaurants to accommodate Ramona's attendees.

Stacey Bailey, Hemet, we are lucky to have this venue. We have a place to offer great performances and concerts. There are many things that the Ramona Bowl brings to Hemet. We should be proud to have this facility in Hemet. Ms. Bailey thanked the City Council for their past and future support.

Lauren Villarreal, Hemet, the Ramona Bowl is an amazing facility that provides the younger generation with a great opportunity. The youth are encouraged to participate in summer theater programs as well as participate in the Pageant.

Joy Ward, Hemet, spoke in support of the "Hemet's oldest star" Ramona Bowl. Branson became a map stop after they started stage shows. The Bowl is Hemet's goldmine. Ramona is the official California State Play and the longest running outdoor play. Ms. Ward read a list of celebrities that have performed in the Pageant over the years.

Ann Smith, Hemet, thanked the City Council for their support of the Ramona Bowl. This is one thing that should be part of the City's brand. Where else can you get that type of entertainment? The Board Members do a tremendous job bringing arts and culture to the Community. The bowl has seen a lot of changes in leadership and still continues to thrive amidst financial challenges.

Paul Raver, Hemet, spoke in support of funding for the Ramona Bowl. The Bowl provides training for our youth. I have listened to the budget hearings and do not agree with all of the decisions, but I can't believe that Council Members would consider not funding the Ramona Pageant. This facility encourages our children to expand and grow in the arts.

Randy Dawkins, Hemet, first year in Hemet someone gave me tickets. I loved it. Mr. Dawkins spoke in support of continued funding for the Ramona Pageant, this event should be a priority for the community.

Lynn Peterson, Hemet, read and distributed a letter written by Jehnean Washington in support of funding for the Ramona Pageant. Ms. Peterson first attended the play in the 3rd grade and has been volunteering ever since. The number of volunteers that participate every year for three weekends from cast members, make-up, costumes, gift shop attendants and ushers is unbelievable. Ms. Peterson recommended continued funding and support of the Ramona Pageant.

Lori VanArsdale, Hemet, distributed a document with information regarding the attendance and economic benefits from the 2014 Season of Ramona. 8,685 people attended Ramona. 5,959 of which were paid, the others were sponsored. It was estimated that attendees stayed in 150 to 200 room night in area hotels. 30 buses possible fueled locally. 75% of the attendees were from outside of the Valley. There were 687 volunteers this year. If these volunteers were paid that is approximately \$687,000 dollars of time volunteered by community members. The Bowl employs 3 full-time and 5 part-time people during the three weekends of the pageant.

Council Member Youssef arrived at 8:10 p.m.

Ms. VanArsdale, distributed a program of events that will be held during the year as well as a program for the upcoming return of Zorro. Ms. VanArsdale explained the value on what the Bowl gives to the community throughout the year like 4th grade performances, concerts, and graduations. The Bowl has always appreciated the support of the City Council and thank you for your future support.

The City Council and Ms. VanArsdale talked about the attendance and additional funding sources.

Mayor Smith recently did a TV promotion on Time Warner and talked about the Pageant. The pageant has more history than wine country.

Andy Anderson, Hemet-San Jacinto Chamber of Commerce, spoke in support of the Ad-Hoc Committees recommendations. The tentative date for 2014's Harvest Festival is October 25th. The focus of the event is the downtown business community. The purpose of the Festival is to get families and seniors out for a fun event that showcases local businesses. This event is not a profit generator for the Chamber, much of the costs for the event are subsidized. In the past the City's has made a cash contribution as well as in-kind services. This year's recommendation is in-kind service which is greatly appreciated. Mr. Anderson requested that the City Council consider assistance with permit fees for the event.

Mary Mora-Cordova, Hemet, spoke in support of funding for the Ramona Pageant. Ms. Mora-Cordova thanked the City Council for their continued support. I performed in the pageant as Ramona in 1994 to a packed house. The new residents coming to the community need the opportunity to experience the play.

Miguel Sarasa, Miss Hemet Association, thanked the City Council for their continued support. Our young ladies do amazing things. Any amount of funding makes a large difference for our young ladies. We are very proud of what we have accomplished.

Council Member Youssef, I requested that this item be pulled until we received additional financial information. All of the larger funded events provided the requested information except for Habitat for Humanity. I would recommend that we hold back the funding from Habitat until they provide the requested information, approve the remaining recommendations and require the additional information at time of application in the future.

Council Member Krupa, agrees that the information needs to be included with the application. From the perspective of the ad-hoc committee, the three events that provide the most return on our investment are the Tinsel Tri; Habitat's Marathon and Ramona. Council Member Krupa would also like to see Habitat's financial information prior to releasing their funds.

Council Member Youssef, requested that the entire City Council be provided the application and financial documents.

The City Council discussed the need to consider funding some of the other community events in the future.

Council Member Youssef moved and Council Member Krupa seconded a motion to approve the Ad-Hoc Committees recommendations, withholding Habitat for Humanity's funding until additional financial information is provided. Motion carried 4-0.

The City Council directed staff to require financial information to be provided at time of application to qualify for funding.

Successor Agency Discussion/Action Item

17. **Refinancing of RDA Bond Issues** – Interim Finance Director Kanarr
- a. Authorize the City Manager and the Interim Finance Director to start the process of refinancing the RDA's 1999-A and 2002-A Tax Allocation Bonds (TAB) via the Count of Riverside's Public Financing Authority.

Tom Kanarr, Interim Finance Director, the former RDA has two outstanding bond issues, the 1999A and the 2002-A TAB's. The remaining balance combined is \$10,635,000 with a final maturity of 2031. The annual debt service on these bonds is paid from the Redevelopment Property Tax Trust Fund (RPTTF). We are hoping to save \$170,000 per year, which will go back to the county for distribution. The additional city general fund revenue from the increase in available property taxes would be about 18% of the total, or about \$30,000 per year. At this time staff is recommending that the City Council authorize the City Manager and the Interim Finance Director to start the process.

The City Council and staff discussed the impact this process would have the on the Successor Agency's request for approval of documents from the Department of Finance.

Mike Williams, Curt de Crinis & Associates, we serve as the financial advisors to the County's Successor Agencies and have moved forward refinancing their bonds. We are experienced in refinancing tax allocation bonds. We have worked successfully with DOF. DOF is in favor of saving money. Mr. Williams is recommending that the City move quickly on this process to take advantage of the low interest rates.

Council Member Youssef moved and Mayor Smith seconded a motion to approve this item as presented. Motion carried 4-0.

Council Member Youssef moved and Council Member Krupa seconded a motion to reconsider Consent Calendar Item No. 10 at this time. Motion carried 4-0.

Item No. 10

Council Member Youssef, asked Chief Brown for an explanation on the request to increase the moving bonus and reduce the time experience requirement.

Chief Brown, the recruiting team feels that we are missing a large pool of qualified officers with 2 to 5 years of experience and would have better chance with the increased incentive. It costs the City approximately \$150,000 to \$180,000 to train an entry level employee. When we are successful at recruiting a lateral employee, another Department has made that financial commitment.

Council Member Youssef, given the savings in hiring a lateral over an entry level, we will quickly see a benefit from this side letter.

Chief Brown, the recruiting team brought forward this recommendation forward, their goal is to fill all of the Department vacancies by this time next year which is a very aggressive goal.

Council Member Youssef moved and Council Member Wright seconded a motion to approve Consent Calendar Item No. 10 as presented. Motion carried 4-0. The City Council directed staff to present a monthly update to the City Council on the status of lateral recruitments.

Communications from the Public

Lori VanArsdale, Hemet, thanked the City Council for their support and noted that the Bowl is willing to submit financials at any time. Ms. VanArsdale talked about the upcoming events at the Bowl. The final two concerts are "The Diamonds" on Thursday, July 24 and "Urban Skies" a tribute to Keith Urban on Thursday, July 31. Starting August 9th is Zorro with a special guest governor, Chief Brown. Katy FM is bringing back their Chili cook-off in September which will include 5 bands.

City Council Reports

18. 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)
6. Watermaster Board

Council Member Krupa, attended the Chamber's Professional breakfast including an Economic Forecast by Economist, Jordan Levine. The powerpoint presentation was forwarded to the Council Members for their information and includes some good projections.

B. Council Member Wright

1. Park Commission
2. Planning Commission

The Planning Commission held Public Hearings regarding two CUP's. One CUP is for the operation of a 4,000 square foot church and the other for an ABC License upgrade at the Gas Station in Page Plaza.

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

Council Member Wright, also attended the Chamber event, great information for our Valley.

Council Member Wright, attended the Badge Pinning Ceremony for Fire Captain, Skip Irland and newly hired Firefighters. Nice ceremony for the employees and their families.

Chief Bryan, it's a pleasure to promote deserving employees. The Department also hired three new Firefighter Paramedics gearing up for the implementation of a paramedic program. The City is working with the County of Riverside to provide the Certification.

C. Council Member Youssef

1. Western Riverside County of Governments (WRCOG)

2. Riverside County Transportation Commission (RCTC)

D. Mayor Pro Tem 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)
6. Disaster Planning Commission

E. Mayor Smith

1. League of California Cities

Save the date, Citipac's Annual Golf Tournament is October 13th.

2. Riverside County Transportation Commission (RCTC)
3. Western Riverside County of Governments (WRCOG)
4. Public Safety Update
5. National League of Cities
6. Hemet Community Activities

Mayor Smith, attended the great ribbon cutting at Hobby Lobby.

Mayor Smith, had the opportunity to do a Time Warner "Few Minutes with the Mayor" and was able to highlight the positive realities. The opening of Hobby Lobby, the forthcoming Tractor Supply, the successful opening of Jersey Mike's and the Horizon Solar relocation.

Mayor Smith, if you haven't noticed, we are going to get a brand new McDonald's on East Florida.

F. Ad-Hoc Committee Reports

1. Crime Stoppers Plus Ad-Hoc Committee
2. West Hemet MSHCP Ad-Hoc Committee
3. Regent Development Agreement Ad-Hoc Committee

G. City Manager Hill

1. Manager's Reports
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Future Agenda Items

Housing Authority Stipend

Adjournment

Adjourned at 9:09 p.m. to Tuesday, August 12, 2014 at 7:00 p.m.