



MINUTES

REGULAR MEETING OF THE HEMET CITY COUNCIL

March 10, 2015

5:30 p.m.

City of Hemet Council Chambers
450 E. Latham Avenue

www.cityofhemet.org

Please silence all cell phones

Call to Order

Mayor Krupa called the meeting to order at 5:31 p.m.

Roll Call

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

ABSENT: Council Member Youssef

Council Member Milne moved and Mayor Pro Tem Wright seconded a motion to excuse Council Member Youssef. Motion carried 4-0.

Work Study

Discussion regarding this item, with possible direction to staff

1. Water and Sewer Rate Study - Bartel Wells Associates

Kris Jensen, Public Works Director, gave the City Council an overview of the City's Water and Sewer Systems. A map showing the water system boundaries was displayed. The service area is 5.25 square miles with 9,700 water customers. This is 19% of the City limits. The other City residents are provided water by Lake Hemet Municipal Water District (LHMWD) to the east and Eastern Municipal Water District (EMWD) to the west and south. The City owns 9 potable water wells. Currently 4 wells are offline due to quality concerns. The systems total maximum production for these wells is 4,500 gallons per minute (gpm) or 6.5M gallons per day (gpd). The systems maximum since day demand is 6.3M gpd which was in June 2014. The annual production is approximately 4400 acre feet. The system consists of 130 miles of water main lines with sized ranging from 2" to 14 ". Also included are 4 storage tanks with the capacity to store 4.9M gallons. Ms. Jensen gave the City Council a list of water systems infrastructure capital needs for the next 5 years, estimated to cost \$21,820,000. This does not include grant funding that might be obtained. A graph was displayed showing the water systems water fund history for fiscal years 2009 to 2015. A graph showing the water system water rights and recharge for 2014 to 2019. The City has the most volume of water between the 4 neighboring agencies however, the quality is not fantastic. A map showing the sewer system boundaries was displayed. The service area is 6.75 square miles with 11,200 sewer customers. This is 26% of the City limits. The other City residents are provided water by Lake Hemet Municipal Water District (LHMWD) to the east and Eastern Municipal Water District (EMWD) to the west and south. The City's sewer system boundaries are 6.75 square miles. The system includes 140 miles of sewer main lines sized from 4" to 24". The City does not do

any treatment, only transitions to EMWD. A graph displaying the Sewer Fund history from FY 2010 and estimated to 2017, assuming fully funded Capital Improvement Projects, was displayed. Ms. Jensen explained the systems infrastructure capital needs for the next 5 years for a total cost of \$7,050,000. The City of Hemet has not increased the water rates since 2008 and sewer rates since 2006. Capital Improvement Projects will be fully funded by rates and/or debt issuance. The sale of water is not assumed in these projections. Grants received would offset the project costs. The proposed rates will hold reserves at 30%. The Cost Allocation Fee or Impact Fee is based on a 2002 agreement between EMWD and the City. This is a fee that the City imposes on all residents that have EMWD water service. The fee is billed by EMWD and paid to the City to assist with maintenance. We are allowed to charge up to 20% of the cost for collection, transmission and treatment currently charged by EMWD. When preparing this study and the proposed sewer rates we did not have the rate. We received that rate today. The proposed Sewer rates might still change after EMWD's rate is considered.

Allison Lechowicz, Bartel Wells Associates, gave the City Council a powerpoint presentation regarding the Water and Sewer Rate Studies and System Valuations. The water rates were last increased in 2008. The customers are billed bimonthly. The City's ready-to-serve charge is based on the size of the meter, provides 36% of the fund revenue and provides revenue stability. Currently, the tiered consumption rates are based on metered water use and provide 64% of fund revenue. Recent court cases have scrutinized the cost basis for tiered water rates. The City's current water rate structure was displayed. An example of a typical residential bill was displayed. The results of a survey of neighboring agencies bi-monthly residential water bills were displayed. Beaumont-Cherry Valley WD was the lowest at \$35.29, WMWD March East was the highest at \$144.79 with Hemet's currently at \$88.36. The current residential rate structure is based on bi-monthly consumption. Tier 1: 0-600 – 2.30 per 100cf – 31% in this tier. Tier 2: 601-1200 – 2.50 per 100cf – 23% in this tier. Tier 3: 1201+ - 2.88 per 100cf – 46% in this tier. Tiers should better reflect usage patterns. This shows a high % of residential use in Tier 3. A greater spread in tier pricing is recommended. The current commercial rate structure is the same as residential. Commercial water use is primarily in Tier 3. The allocation between fixed and volume charges are reasonable. A minor shift toward higher % fixed revenue is proposed. A single volume rate for all uses is proposed with a rate equivalent to average residential rates. This should improve equity between commercial and residential customers. It is proposed that the low use charge (max bill) of \$56 bi-monthly be eliminated. The current low use charge only benefits users with 6 to 10 ccf bi-monthly and not the ultra-low users consuming less. Conservation will be better achieved with tiered pricing. Proposed residential tiers: Tier 1 – 0-1000 – 48% of residential consumption, base indoor water use and average winter use; Tier 2 – 1001-2000 – 25% of residential consumption, indoor use and efficient outdoor use and average spring/fall use; Tier 3 – 2001-4000 – 18% of residential consumption, inefficient outdoor use and typical summer use; Tier 4 – 4001+ - 9% of residential consumption, excessive outdoor use.

Council Member Youssef arrived at 6:01 p.m.

Operating cost increases in the water system are: Groundwater management and replenishment costs; meter replacements \$100,000 annually, and inflationary cost increases for service, supplies, staffing and administration. Capital improvements include repair and replace aging infrastructure, meeting regulatory requirements and upgrade and improving the system. The financial planning objectives are to fund the cost of service for: operating cost

increases and groundwater management; capital costs to improve and maintain the water system; and maintain reserves equal to 30% of the operating expenses. The proposed rate increases will take effect on July 1, 2015, January 1, 2016 and each January through 2020. There are two rate options reflecting capital improvement financing. Debt Financing option: FY2016 rate increases needed to fund operation cost increases and improve the credit outlook; financing of \$14 million in FY2017 for 3 years of capital projects; benefits are that it spreads the cost of capital over 20 years and lower rate increases; disadvantages are the administrative burden, financing and interest costs. Pay-as-you-go Financing option: steep early year increases; spikes in capital costs must be paid from rates; benefits are no interest costs and no administrative burden; disadvantage is higher rate increases. The proposed rates for both options were displayed and discussed in detail. A graph showing the bi-monthly residential bill survey after the proposed increase: Beaumont-Cherry Valley WD \$35.29, WMWD March East \$144.79 with Hemet's proposed rate would be \$104.80. The City provides sewer collection service. EMWD provides the sewer treatment and disposal. The City's sewer collection rates were last increased in 2006. The customers are billed bi-monthly and based on number of sewer units (dwelling units). Customers pay \$8.44 bi-monthly for the City's portion and \$6.64 bi-monthly for EMWD/City Cost allocation Fee per an Interagency Agreement between EMWD and the City. The agreement is currently under legal review. These draft recommendations assume no increase to allocation fee customers. The sewer rates must increase to fund proactive repair and replacement of the sewer collection system. Proposed bi-monthly Sewer Rates are: current \$8.44; July 1, 2016 \$13.20; January 1, 2016 \$17.50; January 1, 2017 \$19.50; January 1, 2018 \$19.60; January 1, 2019 \$19.70 and January 1, 2020 \$19.80. This is worst case scenario assuming no increase to the Cost Allocation Fee Customers - \$6.64 bi-monthly. These rates may change based on the legal review of the interagency agreement. Bartel Wells Associates recommends that the value of the City's Water and Sewer Systems be based on the current value of the assets. Based on the age and condition the Water System is valued at \$21.6 million and the Sewer System is valued at \$10.9 million. A legal evaluation is pending on water rights.

The City Council and staff discussed the proposed blocked tiered rate structure. The City currently does not have the software to have a rate structure that takes into consideration the number of residents and type of landscaping. The City Council expressed concern that residents are not getting educated since there are so many in the higher tier. The City Council discussed the tiered rates and the methodology used.

Council Member Youssef, the aging infrastructure and the proposed increases are more reasons that the City should consider an RFP. We need to look at our options, the results might be reduced water rates to the customers.

The City Council discussed the RFP process. Concern was expressed that the City Council will lose control over the water rates. The rates for refuse were controlled with language in the agreement that tied the increase to the CPI. The City Council discussed the reasons for considering the RFP.

Wally Hill, City Manager, staff is recommending that 30% reserves be maintained. The Debt Financing model is preferred for the Water System.

Council Member Raver moved and Mayor Pro Tem Wright seconded a motion to accept the study and move forward with Debt Financing model for the Water Rates and the Pay-as-you-go model for the Sewer Rates. Motion carried 5-0.

The City Council recessed briefly at 6:53 p.m. to the Regular Session

Continued to the end of the Regular Session

Closed Session

2. Public Employee Performance Evaluation
Pursuant to Government Code section 54962
Titles: *City Manager*
City Attorney

3. Conference with Labor Negotiators
Pursuant to Government Code section 54957.6
Agency designated representatives: City Manager Hill
Employee organization:
Service Employees International Union General Employees
Hemet Fire Fighters Association

4. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(d)(1)
Name of cases: *Erin Adams, et al v. County of Riverside, et al*
USDC Case No. 14-CV-00830 SVW
and
Hemet Firefighters Association, et al. v. City of Hemet, et al.
RSC Case No. RIC 1400175

5. Public Employment
Pursuant to Government Code section 54957(b)(1)
Title: *Chief of Police*

REGULAR SESSION

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

Call to Order

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

Roll Call

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

ABSENT: Present

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 Chief Dave Brown

Continued to the end of the Regular Session

City Attorney Closed Session Report

6. Public Employee Performance Evaluation
Pursuant to Government Code section 54962
Titles: *City Manager*
City Attorney
 7. Conference with Labor Negotiators
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-

Presentation

10. Riverside County Department of Public Health Community Forums
Jose Arballo, Public Information Specialist, invited the City Council to Riverside County Department of Public Health Community Forum that will be held at the Hemet Public Library on March 19th at 6:00 p.m. The concerns that have been expressed are: access to public health care; transportation and resources. The forums are an opportunity for the public to tell the government what their issues, needs and concerns are. Attendance hasn't been that high at the forums. The survey is on the County's website and over 700 surveys have been completed online. The data will be shared and analyzed to hopefully help in our delivery of public services.
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City Council Business Consent Calendar

11. **Approval of Minutes** – February 24, 2015
12. **Receive and File** - Investment Portfolio as of January 2015
13. **Receive and File** – Warrant Register
 - a. Warrant register dated February 19, 2015 in the amount of \$723,171.07. Payroll for the period of February 2, 2015 to February 15, 2015 was \$569,673.71.
14. **Recommendation by City Manager** – Real Property Purchase Offer Acceptance Authority
 - a. Authorize the City Manager to accept any offers to purchase City property that are at or above 90% of the appraised value, if a response to the seller is required before the next Council meeting.
15. **Recommendation by Public Works** - Amend Chapter 34, Article IV of the Hemet Municipal Code pertaining to Smoking in Public Areas and Places of Employment
 - a. Adopt an ordinance amending Chapter 34, Article IV (Smoking in Public Areas and Places of Employment) of the Hemet Municipal Code.
Ordinance No. 1898
16. **Recommendation by Engineering** – Award of Bid for the Citywide Emergency Preemption (EVP) Installation, CIP No. 5608
 - a. Award the contract to the lowest, responsive bidder, Pro Tech Engineering Corporation for the Citywide Emergency Preemption (EVP) Installation CIP 5608 in the amount of \$168,800 and reject all other bids; and
 - b. Authorize the City Manager to enter into an installation contract for the improvements; and
 - c. Authorize the Deputy City Manager/Administrative Services to record a supplemental appropriation in the amount of \$2,600 from the Street DIF to cover the unbudgeted portion of the project; and
 - d. Establish budget in the amount of \$186,800 in DIF Fund No. 329-5608-5500 for the cost of installation, \$9,800 in DIF Fund 329-5608-2710, various accounts, for salaries and benefits being the cost of design engineering, construction management, administration, construction engineering and inspection. Total cost of the project is estimated to be \$178,600.
17. **Recommendation by Engineering** – Award of Bid for the Citywide Police and Fire Vehicle Emitter Installation Opticom Activation, CIP No. 5609
 - a. Award the contract to one and only, responsive bidder, DDL Traffic, Inc. for the Citywide Police and Fire Emitter Installation CIP 5609 in the amount of \$81,900; and
 - b. Authorize the City Manager to enter into an installation contract for the improvements; and

- c. Authorize the Deputy City Manager/Administrative Services to record a supplemental appropriation of \$14,500 from the Street DIF Fund to cover the unbudgeted portion of the project, as this project is one component of the Emergency Vehicle Preemption system of the City's Traffic Signals; and
 - d. Budget \$6,000 from the Fire DIF Fund 332-5032-5300 and \$67,500 from the Capital Projects Fund 370-3100-5400 were established through the 5 Year CIP in FY 14/15. The supplemental appropriation \$14,500 is needed from the Street DIF Fund 329-5609 to cover the cost of installation for the cost of design engineering, administration, inspection and contingencies. Total cost of the project is estimated to be \$88,000.
18. **Recommendation by Engineering** – Reject all Bids Received for Fire Station No. 5 - Site Improvements, CIP No. 5610
- a. Reject all bids received on January 13, 2015 for Fire State No. 5 – Site Improvements, City Project No. 5610; and
 - b. Authorize the City Manager to relieve “Allied Erosion Specialists” of forfeiture of their 10% bid bond; and
 - c. Authorize the City Manager to direct staff to re-bid the project for the improvements.
19. **Recommendation by Public Works** – Award of Bid to L.O. Lynch Quality Wells & Pumps, Inc., Rehabilitation of Well 12, Project No. 5603
- a. Award bid to L.O. Lynch Quality Wells & Pumps, Inc. of San Jacinto, in the amount of \$128,831.00 for the rehabilitation of Well 12; and
 - b. Authorize the City Manager to enter into a construction contract for the improvements; and
 - c. Authorize the Deputy City Manager/Administrative Services to record a budget transfer in the amount of \$128,831.00 from 571-9000-2450 to project number 571-5603.
20. **Recommendation by Economic Development** – Sale of 327 S. Taylor Street Property
- a. Adopt a resolution authorizing the City Manager to complete the sale of the property located at 327 S. Taylor Street. **Resolution No. 4617**

Item Nos. 14, 15, 16 and 17 were pulled from the Consent Calendar. **Council Member Milne moved and Mayor Pro Tem Wright seconded a motion to approve the remaining Consent Calendar items as presented. Motion carried 5-0.**

Item No. 14

Council Member Raver, recommended that this item be removed from the Consent Calendar and handled in Closed Session.

Council Member Raver moved and Council Member Milne seconded a motion to removed Item No. 14 from the Consent Calendar. Motion carried 5-0.

Item No 15

Michael Perciful, Hemet, expressed concern regarding the prohibition to smoking in enclosed common areas of multifamily housing. Mr. Perciful feels that this infringes on property rights.

Council Member Milne, concurs with Mr. Perciful and recommended that the language be removed.

Eric Vail, City Attorney, read the definition of common area as defined in Section 34-92 of the Hemet Municipal Code. This language was not amended. It was in the previous ordinance and consistent with state law. The language is cited a couple of places in the ordinance so this item would have to be removed from the agenda and amended. The ordinance would come back at a subsequent meeting for introduction.

Council Member Milne, recommended that the language be amended for clarification.

Tavaris Young, Hemet, recommended that E Cigarette's be removed from the Ordinance since their vapors are not harmful.

Council Member Youssef, recommended that the language remain second hand smoke has proven to be a hazard and shouldn't be allowed in those places.

Mayor Krupa, it has been proven that E Cigarette's emission is harmful.

Council Member Youssef moved and Council Member Raver seconded a motion to adopt Ordinance No. 1898. Motion carried 5-0.

Item Nos. 16 and 17

Wally Hill, City Manager, these items are approval to citywide installation of the intersections and vehicles with the equipment for the Emergency Vehicle Preemption Systems.

Mayor Krupa, requested that staff contact CalTrans and request the signals on the State Highways be done too.

Council Member Milne moved and Mayor Pro Tem Wright seconded a motion to approve Item No. 16 and 17 as presented. Motion carried 5-0.

Communications from the Public

Charles Gunn, Hemet, expressed continued concern with the traffic speeds on Whittier Avenue between Lyon and Palm. Mr. Gunn recommends that stop signs be considered.

CW Cecchi, Hemet, announced that C&L Coffee Shop is now located at the Hemet Depot. The Hemet Historical Society will be holding a meet and greet for the cast of Ramona at Diamond Valley Middle School on April 13th at 7:00 p.m. There are a number of "Right Turn Only" signs missing or down on Florida Avenue. Mr. Cecchi recommended that the City Council consider installing a Crosswalk at Harvard Street across Latham.

It was recommended that Mr. Cecchi take his traffic requests to the Traffic and Parking Commission.

Discussion/Action Item

21. **Solar Fee and Improvement Agreement with AP Northlake Project LP and SunE DB APNL, LLC** – City Manager Hill
 - a. Approval of a Solar Fee and Improvement Agreement with AP Northlake Project LP and SunE DB APNL, LLC regarding solar fees, required improvements, and assurances associated with a solar power generation facility at the southwest corner of Sanderson Avenue and Acacia Avenue.

Wally Hill, City Manager, one of the conditions of approval for the CUP was the approval of a solar fee to be approved by the City Council. The solar fee was meant to mitigate the fact that there were higher and better uses for the property and to address any modifications in the appropriate infrastructure modifications. The solar fee is just under \$2M over 25 year period. The fee is based on a per acre cost that will inflate by 1.5% each year. The 25 years matches the current power agreement that the applicant has with the City of Riverside. The agreement allows for the extension and the solar fee would be continued. The agreement does require the applicant to underground the utilities if the term of the agreement continued after 30 years. The applicant and staff have worked out in the agreement the infrastructure requirements on Acacia and Sanderson Avenues. Staff is recommending approval.

Jeremy Kraut, SunEdison, thanked staff. The project had a short time frame and I feel this is an amazing opportunity for both SunEdison and the City.

The City Council thanked SunEdison for addressing the concerns of the City and the community.

Council Member Youssef 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 Milne

1. Riverside County Habitat Conservation Agency (RCHCA)
2. Riverside Conservation Authority (RCA)
3. Disaster Planning Commission

Council Member Milne attended "Reading Across America" and received great feedback from the teachers for the turnout from Fire, Police and VFW members.

B. Council Member Raver

1. Planning Commission
2. Traffic and Parking Commission
3. Riverside Transit Agency (RTA)
4. Riverside County Transportation Commission (RCTC)
5. Watermaster Board

C. Council Member Youssef

D. Mayor Pro Tem Wright

1. Park Commission
2. Riverside County Habitat Conservation Agency (RCHCA)
3. Ramona Bowl Association
4. League of California Cities

CR&R gave a presentation at the General Meeting on a project where waste is converted to natural gas. Newly elected District Attorney Mike Hestrin spoke about the programs that he will be implementing. Mr. Hestrin talked about the high number of gang members located in Riverside County.

5. Western Riverside Council of Governments (WRCOG)

E. Mayor Krupa

1. Riverside Conservation Authority (RCA)
2. Ramona Bowl Association
3. Riverside Transit Agency (RTA)
4. Watermaster Board
5. Library Board
6. League of California Cities
7. Riverside County Transportation Commission (RCTC)
8. Western Riverside Council of Governments (WRCOG)

Mayor Krupa conducted her second "Good News from Hemet" interview with Time Warner. Mayor Krupa attended the Riverside County Board of Supervisor's seating Chuck Washington as the new 3rd District Supervisor. Supervisor Washington is fair and honorable and will serve Hemet well.

Mayor Krupa showed off the City's CALED Awards that are proudly on display in the City's Administrative Office.

F. Ad-Hoc Committee Reports

1. West Hemet MSHCP Ad-Hoc Committee
2. Regent Development Agreement Ad-Hoc Committee
3. Diamond Valley Lake Recreation Ad-Hoc Committee

G. City Manager Hill

1. Manager's Reports

City Manager Hill recognized Jeff Thomas, Building Official, for his fast tracking and customer service efforts with Forest River.

City Manager Hill introduced Habib Motlagh, Interim Engineer.

Habib Motlagh is familiar with the Valley as a former Engineer for San Jacinto and happy to help during the interim.

Continued 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 7:53 p.m.

2. Public Employee Performance Evaluation

Pursuant to Government Code section 54962

Titles: *City Manager*
City Attorney

3. Conference with Labor Negotiators

Pursuant to Government Code section 54957.6

Agency designated representatives: City Manager Hill

Employee organization:

Service Employees International Union General Employees
Hemet Fire Fighters Association

4. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(d)(1)
Name of cases: *Erin Adams, et al v. County of Riverside, et al*
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5. Public Employment
Pursuant to Government Code section 54957(b)(1)
Title: *Chief of Police*

Reconvened at 9:13 p.m.

City Attorney Continued Closed Session Report

6. Public Employee Performance Evaluation
Pursuant to Government Code section 54962
Titles: *City Manager*
City Attorney

The City Council conducted initial sessions. These items will be continued to March 24, 2015. There was no additional reportable action.

7. Conference with Labor Negotiators
Pursuant to Government Code section 54957.6
Agency designated representatives: City Manager Hill
Employee organization:
Service Employees International Union General Employees
Hemet Fire Fighters Association

The City Council met with the Agency representative and gave direction. There was no additional reportable action.

8. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(d)(1)
Name of cases: *Erin Adams, et al v. County of Riverside, et al*
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and
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RSC Case No. RIC 1400175

The City Council received a briefing from the City Attorney. There was no additional reportable action.

9. Public Employment
Pursuant to Government Code section 54957(b)(1)
Title: *Chief of Police*

The City Council had a discussion. There was no additional reportable action.

Future Agenda Items

Joint meeting with San Jacinto City Council

The City Council requested that staff reach out to HOA's regarding Town Hall Meetings.

Adjournment

Adjourned at 9:15 p.m. to Tuesday, March 24, 2015 at 7:00 p.m.