



MINUTES

REGULAR MEETING OF THE HEMET CITY COUNCIL

August 23, 2016

6:30 p.m.

City of Hemet Council Chambers
450 E. Latham Avenue

www.cityofhemet.org

Please silence all cell phones

Call to Order

Mayor Wright called the meeting to order at 6:30 p.m.

Roll Call

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

ABSENT: Council Member Youssef

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

Closed Session

Notice of Opportunity for Public Comment

There were no public comments

The City Council recessed to Closed Session at 6:30 p.m.

1. Conference with Real Property Negotiators
Pursuant to Government Code section 54956.8
Property: *Stetson and Sanderson, APN's: 456-050-013-8 and 456-050-044-6*
Agency negotiator: *City Manager Meyerhoff*
Negotiating parties: *Page Plaza Partners, LLC or Assignee*
Under negotiation: Acquisition, Price and Terms
 2. Conference with Legal Counsel - Anticipated Litigation
Two (2) matters of Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) & (3)
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REGULAR SESSION

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

Call to Order

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

Roll Call

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

ABSENT: Council Member Youssef

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

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

Invocation

Invocation was given by Jan DeSpain, Hemet-San Jacinto Interfaith Council.

Pledge of Allegiance

Pledge of Allegiance was led by Council Member Krupa.

City Attorney Closed Session Report

3. Conference with Real Property Negotiators
Pursuant to Government Code section 54956.8
Property: *Stetson and Sanderson, APN's: 456-050-013-8 and 456-050-044-6*
Agency negotiator: *City Manager Meyerhoff*
Negotiating parties: *Page Plaza Partners, LLC or Assignee*
Under negotiation: Acquisition, Price and Terms

The City Council gave direction to the City Manager. There was no additional reportable action.

4. Conference with Legal Counsel - Anticipated Litigation
Two (2) matters of Significant exposure to litigation pursuant to Government Code section 54956.9(d)(2) & (3)

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

Work Study

Discussion regarding this item, with possible direction to staff

5. State Audit Final Report – Corrective Action Plan – City Manager Meyerhoff

Alex Meyerhoff, the state auditor issued the final report on August 4th. The State found no evidence of fraud, waste or malfeasance. The City has developed a Corrective Action Plan to address the risks identified and the recommendations.

- Ongoing budget deficit

In June 2016, the City adopted the FY 2016-17 budget with a \$350,000 deficit which is consistent with the City's Five-Year Financial Management Plan. Resolution No. 1880 requires a minimum 20% reserve, the FY 16-17 budget includes a 25% reserve which serves as operating capital. The City has no indebtedness. The City will continue to monitor all financial activity and seek efficiencies for expenditure reductions and opportunities for revenue enhancement. The auditor's recommendation is to identify additional sources of revenue and reduce costs. The City Council approved the placement of a general purpose revenue measure on the November

2016 ballot. The City will continue to update the Five Year Plan.

- Rising pension costs

Auditor's recommendation is to continue to update the Five-Year projections to plan for changes in pension costs and explore options to reduce payments for the unfunded liability. The City will work with CalPERS to identify options for the unfunded liability. The City will identify cost-effectiveness of annual pre-payment to take advantage of discounts and analyze a change to the Amortization schedule for possible savings.

Council Member Youssef arrived at 7:12 p.m.

Jessica Hurst, Deputy City Manager/Administrative Services Director, staff will bring recommendations to the City Council in October, it is anticipated that a change in the amortization period will reduce the City's unfunded liability by \$12 to \$16 million.

- Use of city-supported library by nonresidents

Auditor's recommendation is to consider an annual fee for non-residents.

Kathye Caines, Senior Librarian, currently out of state residents pay \$5.00 a year. The State Library System prohibits member libraries from charging California residents. Withdrawing from the program might mean that Hemet residents will be charged at other libraries. Other funding sources and material discounts are tied to the City's participating in the State and Inland Library Systems. Literacy funding will be reduced and approved grants rescinded. Ms. Caines explained a number of other concerns and cautioned the City Council that the decision to charge a fee to non-residents might cost more in the long run. The Library Board is unanimously opposed to any non-resident fee.

Council Member Youssef, spoke in opposition of a user fee. Council Member Youssef recommended that staff contact the City of San Jacinto and the County of Riverside about combining resources and making this the Valley Library.

Mayor Wright, the City received a letter dated August 19, 2016 from the California State Library explaining the financial benefits of being a member of the Inland Library Cooperative System and confirmed that the imposition of a non-resident user fee would disqualify the Hemet Public Library from affiliation and all of its financial benefits.

- Significant retiree medical costs and unfunded liability

Auditor's recommendation is to continue looking for ways to pay the city's unfunded liability and discontinued the highest cost plan. The City Council gave direction to discontinue the

highest-cost plans in 2015. The City will continue to explore alternative plan options. Staff will be seeking direction to establish an OPEB trust and funding policy.

- Under funded Fire Department

The Auditor's recommended that a fee be charged for Emergency Medical Services and a comprehensive fee analysis be conducted to determine fully burden rate for cost recovery. The Auditor's also recommended that if adequate funding is not available, that alternatives for providing services should be considered. Staff will schedule a work study with Fire Cost Recovery to identify impact of and potential revenue for EMS fee. It is the City's intent to conduct a comprehensive fee analysis to determine fully burden hourly rates. Staff will conduct a comprehensive staffing and implementation plan to address concerns.

Fire Chief Brown, currently the Department works collaboratively with Cost Recovery. However, collection efforts are not pursued based on previous direction. The recovery rate is approximate 28%. Cost recovery is sought for vehicle accidents, fires and calls to non-skilled nursing facilities. The City Council directed staff to try to reduce the number of non-emergency calls. A paramedic fee/subscription program was presented to the City Council and not pursued at that time. The Auditor is recommending that staff complete an analysis and the program be reconsidered. Chief Brown distributed a document to the City Council regarding the background and history of the Emergency Medical Services in Hemet.

The City Council and staff discussed the previous paramedic fee study and surrounding agencies fee structure.

Fire Chief Brown, there is an administrative burden with the implementation of fees that can be contracted for a % of the fee. Given the City's demographics, Chief Brown is a stronger proponent of a broader revenue source. Fully burden rates include marginal costs, such as the cost of the equipment, as well as personnel. The rate structure is used for FEMA recovery.

- Lack of coordinated approach to promote community engagement

Auditor's recommendation is to implement a plan for community engagement. The City will create a plan and develop a public involvement program.

The City Council and staff discussed community engagement. UCLA reports that 80% of the population gets their information from social media. Council Member Youssef recommended that the City Council meetings be broadcast live on social media platforms. The City Council requested that staff look into the use of PEG funds for the equipment. Other smartphone apps and social media sites were discussed. The City Council also recommended that the communication be city-wide. The bi-weekly City Council updates should be shared with the public.

- Insufficient structure of city government

The Auditor's recommended that Hemet conduct a comprehensive organizational analysis. They further recommended the creation of a combined community development and services department, shifting engineering to become a division under public works, and shifting the code enforcement division to public safety. After the completion of a comprehensive organizational analysis a work study on staff implementation will be conducted.

- Turnover of key positions and lack of consistent leadership

Auditor's recommendation is to complete a strategic plan that identifies by January 2017. The City will complete the comprehensive organizational analysis and prepare an organization-wide succession plan.

- Landscaping – inconsistencies

Auditor's recommendation is to consider outsourcing maintenance of all streetscapes.

Kristen Jensen, Public Works Director, a quick analysis was conducted in 2011 and the decision at the time was not to contract out. Staff tried to educate the auditors on the duties that are assigned and the costs included. Not all of the costs or functions will go away if outsourced. Staff will bring back the current functions performed by this division. If an RFP is requested the City Council will need to determine the level of service desired.

Council Member Youssef, has suggested that all departments be looked at for possible outsourcing. There are a number of private sector alternatives for services provided by the City.

Council Member Krupa, asked that the cost to open and maintain park restrooms 24/7 be included in the possible service levels.

The City Council and staff discussed the costs that are included in the budget that would not be eliminated with a landscaping contract. The Parks Division maintains the trees that are not included in assessment districts, hangs the banners on Florida Avenue, raises and lowers the flags. Approximately 1.5 to 2 hours per day is spent cleaning up trash in each park. The City Council and staff discussed the number of parks/acres that is maintained by the division. The Division includes three employees and a supervisor. In situations such as the high winds Hemet previously experienced these employees along with other divisions of Public Works were all hands on. The City Council recommended that Public Works identify projects for church groups.

Eric Vail, City Attorney, reminded that City Council that the timing might be aggressive considering that the City will have to meet and confer with regards to the scope of the RFP and again with possible effects of outsourcing.

Mayor Pro Tem Raver, the State Audit makes it clear that state staff does not fully appreciate the consequences of a city struggling to stay within its means. Of course, Hemet has organizational and staffing issues. Former Hemet Councils had the courage to implement significant staffing and cost reductions. Reductions so severe the staffing and organizational structures were, and remain to this day, compromised. The Hemet City Council is fully aware of this situation. However, the State Auditor's Office fails to give credit to the efforts of the City Council to correct prior Fire Department policy decisions. The FY 2014/15 adopted budget's dependence on \$5,000,000 reserves was reduced this fiscal year to only \$350,000. The City's current reserves are higher than the city's mandated 20%. Unlike a number of cities in the surrounding area, Hemet is not hampered by any form of debt. The Audit made the following flawed observations and recommendations. "Several of Hemet's operations and management practices contributing to ineffective and inefficient provision of public services." "In particular, Hemet has consistently underfunded its fire department." I concur that several organizational changes are needed. However, this has nothing to do with the management practices. This was purely a political policy decision made by the previous City Council in their quest to outsource the Fire Department. The Auditor recommended Emergency Medical Fees which I am adamantly opposed to initiating Emergency Medical Fees at this time for the following reasons: Hemet already charges numerous General Fund fees; Hemet has a high ratio of elderly residents living on fixed incomes; Hemet has a high unemployment rate; Hemet has a high number of single parent families with children; and Hemet Fire is attempting to keep costs down by testing a pilot program that triages non-emergent calls. I further recommend that the City does not establish fees for nonresident library patrons. The City Manager should do further research before taking this matter any further. The City should commence work on City Strategic and Succession Plan. The City should conduct a comprehensive organizational and staffing study. The City Manager should first assess cost

saving potentials and organizational benefits of outsourcing park maintenance. If there is a potential for savings without risking service levels then issuance of an RFP should be considered. The City should commence work on a Regional Economic Development Plan in cooperation with San Jacinto. The City should consider the Auditor's recommendation and look into establishing a San Jacinto Valley Public Safety District. The City should continue educating the public on need to pass Measure U.

Marie McDonald, Hemet, applauded Mayor Pro Tem Raver's comments on the audit. Ms. McDonald expressed concern that a number of the lower income residents do not have computers and participate in social media. Ms. McDonald feels that the community involvement in Hemet is a big asset for the City. The City should find ways to bring the families to the parks, making them safer and more enjoyable. Ms. McDonald suggested a citizen inquiry program in the newspaper or on social media to allow for questions and answers and more town hall meetings so more people can get involved.

Lori VanArsdale, Hemet, suggested that research be done to determine if charging out of Hemet residents will require a refund of the \$500,000 State grant used to build the Library. When the Library was built the whole valley participated and made donations. As a reminder the residents outside of Hemet, come into the City to shop, eat and play and pay sales tax. Ms. VanArsdale complimented the City Council and staff for doing a really good job making cuts. The City has already done or started the process to do many of the things recommended by the Auditors. The audit says the resident's needs to approve Measure U.

City Council Business Consent Calendar

6. **Approval of Minutes** – July 26, 2016
7. **Receive and File** – Warrant Registers
 - a. Warrant registers dated July 21, 2016 in the amount of \$812,326.13 and August 4, 2016 in the amount of \$1,482,652.93. Payroll for the period of June 20, 2016 to July 3, 2016 was \$659,851.66 and the period of July 4, 2016 to July 17, 2016 was \$617,213.09.
8. **Recommendation by Engineering** – Columbia Street Resurfacing – Agreement with County of Riverside for Resurfacing of City of Hemet segment Columbia Street South of Florida Avenue
 - a. Authorize the Deputy City Manager/Administrative Services Director to establish a budget of \$90,000, plus a 10% contingency of \$9,000, and a 15% Construction Engineering and Inspection Budget of \$13,500 for a total expenditure in the amount of \$112,500 in Fund No. 222-5618-5500; and
 - b. Authorize the City Manager to execute the Service Agreement by and between County of Riverside and the City of Hemet for Columbia Street Resurfacing Improvements.
9. **Recommendation by Library** – Library material from Baker and Taylor
 - a. Approve the purchase of Library materials from Baker and Taylor in the amount of \$69,000.

Item No. 9 was removed from the Consent Calendar. **Mayor Pro Tem Raver moved and Council Member Krupa seconded a motion to approve the remaining Consent Calendar items. Motion carried 5-0.**

Item No. 9

Council Member Milne, asked where the \$60,000 coming from and what the Library will get for that money.

Kathye Caines, Senior Librarian, the Library has a contract with Baker and Taylor to provide Library materials. This Development Impact Fee (DIF) expenditure was approved with the budget, however since it is over \$50,000 it requires approval of the City Council.

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

The City Council recessed briefly at 8:50 p.m.

Reconvened at 9:00 p.m.

Communications from the Public

Gary Parker, Hemet, whatever the City's pays the Public Safety Chief's it isn't enough. Mr. Parker retired to Hemet 5 years ago and resides in Seven Hills. The homeless in the parks is Hemet's biggest problem. The City is not growing because of the lack of revenue and the homeless. Mr. Parker also expressed concern that the solar farm on Sanderson was allowed to operate without completing the landscaping. Mr. Parker offered to volunteer as the City's PIO.

Mayor Wright referred Mr. Parker to Community Development Director Elliano.

Gail Randle, Oak View Terrace Senior Apartments, expressed concern with the high volume of crime in the gated complex. Ms. Randle told the City Council about a couple of recent incidents of theft and assault. The homeless enter the facility and amongst other things are taking the vegetables from the community garden.

Mayor Wright referred Ms. Randle to Police Chief Brown.

Discussion/Action Item

10. **Methods to Address Community Interest in Expenditure of Measure U Tax Proceeds** – City Manager Meyerhoff

- a. Provide direction to City staff as to Council's preferred method of addressing community concerns regarding expenditure of Measure U tax proceeds; and
- b. Consider adopting a resolution stating its intention to expend all proceeds of the transaction and use tax proposed by Measure "U" for the enhancement of public safety services if approved by voters on November 8, 2016.

Resolution No. 4703

Eric Vail, City Attorney, the City Council approved the placement of Measure U on the November ballot. There have been a number of questions and expressions of concern about the use of how the General Fund tax revenues would be spent. There is a list of non-exclusive options in the staff report that could be considered by the City Council. The most restrictive option is adopting of a modified version of the resolution the City Council considered as an advisory measure. The only changes between Resolution No. 4703 and the proposed measure advisory is that it will not be on the ballot, there are grammatical changes that make it a

resolution and not an advisory measure, the provisions creating the citizens oversight committee and requiring an annual audit have been removed. Those provisions are in the tax measure itself. It will limit spending 100% to enhancing public safety with the same definition to allowable uses for the expenditure of the funds. It includes the 1.2 per 1,000 resident officer ratio. It requires that the City maintain at least 72% funding level from its other general fund monies and requires that 2/3 of the proceeds be allocated toward police services and 1/3 toward fire and EMS. The least restrictive option would be to program the funds every year through the City's annual budget cycle and a number of options in between. All of these actions are discretionary, legislative actions that can be changed by the City Council and subsequent City Council's. They won't change the tax measure.

Mayor Pro Tem Raver, the adoption of the resolution does not mean that it cannot change. These are guidelines. The residents should continue to be involved and watch what future City Council's do.

Council Member Youssef, the funds should only be used for public safety. The City Council would have to rescind or amend the resolution to allow the funds to be used for other purposes.

Council Member Milne, concurs that this resolution is not binding. Two of the five on this Council are not returning and one member is up for re-election. Watch the future City Councils. This money should only be used for Public Safety.

Marie McDonald, Hemet, strongly supports the resolution. Ms. McDonald suggested that the City Council hold town hall meetings and afternoon Council meetings to help get the information to the seniors.

Mayor Pro Tem Raver moved and Council Member Youssef seconded a motion to approve this item as presented. Motion carried 4-1. Council Member Milne voted No.

11. **Fiscal Year 2015-16 Preliminary Year-End Budget Review – As of June 30, 2016** – Deputy City Manager/Administrative Services Director Hurst

a. Receive and File

Jessica Hurst, Deputy City Manager/Administrative Services Director, gave the City Council a powerpoint presentation on the final report for fiscal year ending June 30, 2016. At this time the City has collected 91.19% of the anticipated General Fund revenue. Property tax collections are at 105% of budget and sales tax collections are at 75% of budget. Accruals will continue for 60 days after the end of the fiscal year. It is anticipated that sales tax will be at approximately 98% of budget. Expenditures are anticipated to be at 96.43% due to careful management of budgets by the departments. Projected deficit for the General Fund for FY 15/16 is \$3.5 million, down from the budgeted \$5 million deficit. A graph was displayed showing the percentage of budget collected and expended for each quarter and the year-end estimate for FY 15/16. The Water Fund has collected 96.92% of the estimated revenue. Only 38.53% of the expenditures were expended. There was a savings in anticipated Groundwater management expenditures. Expenditures for Capital projects in the planning stage have not been expended and will carry over to the next fiscal year. A graph was displayed showing the percentage of budget collected and expended for each quarter and the year-end estimate for FY 15/16.

Council Member Youssef, asked for the Water Fund revenue balance.

Ms. Hurst, the Water Fund Revenue balance is just over \$10 million.

The Liability Fund collected 177.87% of its estimated revenue. The majority was the reimbursement for costs for the potato shed. The fund expended 140.77% of its anticipated expenditures. Again that included the costs for the potato shed as well as liability claims and litigation. The City Attorney collected 101.25% of its anticipated revenue and expended 138.63% of budgeted expenditures. 87.77% of the anticipated OPEB (Retiree Medical) expenditures were expended.

Mayor Wright, requested that alternative ways to allocate internal services expenses be presented to the City Council by December for discussion and consideration.

12. **Return to Non-Drought Water Rates** – Public Works Director Jensen

- a. Adopt a resolution reverting to non-drought water rates; and
- b. Authorize staff to identify water projects where prior appropriations may be temporarily or partially returned to the Water Fund Reserves and record transfers for only the amounts required as of the mid-year budget review process to offset any projected revenue shortfall in FY 16/17. **Resolution No. 4704**

Kristen Jensen, Public Works Director, staff is recommending that the City Council adopt a resolution reverting the water rates from drought to non-drought. The reduction is only for the water consumption for City of Hemet water customers. Thanks to the water customers conservation efforts and staffs education and enforcement programs the City exceeded the State’s compliance requirements. Ms. Jensen thanked the City Council for their support to increase the staffing that made the difference and help the City meet the mandates. The City was one of twelve that received a formal conservation order with 12 monthly tasks. The City is the first to come off that list with a letter of rescinding the order in July. The rates will go from \$6.20/billing unit to \$4.20/billing unit, a 32% decrease, effective September 1.

The City Council and staff discussed the future CIP water projects. There is a potential for revenue shortfall, the budget was based on drought rates for the entire year. If the residents continue to conserve there might be a little gap, staff will continue to monitor the revenue.

Mayor Pro Tem Raver, expressed concern with the dropping level of the Colorado River and the reduction of water into California. Mayor Pro Tem Raver recommended that the installation of the pipeline be discussed and considered sooner. The City can’t rely on wheeling water from EMWD.

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

City Council Reports

13. CITY COUNCIL REPORTS AND COMMENTS

A. Council Member Krupa

1. Riverside Conservation Authority (RCA)
2. Ramona Bowl Association

“Boo at the Bowl” will be on October 29th, 30th and 31st.

3. Riverside Transit Agency (RTA)
4. Watermaster Board

Met on August 22, discussion regarding the internal calculation of Soboba’s unused water. The Watermaster Boards has requested that Soboba, LHMWD, EMWD and MWD meet to consider an agreement on the method of calculation to be used.

5. Library Board

The Board discussed the State Audit. The Library Foundation Annual Golf Tournament will be on September 10th at 8:00 a.m. at Golden Era Golf Course.

6. League of California Cities

The League's annual Golf Fundraiser will be October 10th at Tukwet in Beaumont.

Council Member Krupa attended the District Meeting, action was taken to oppose SB 1387 which is the State Legislature's attempt to 3 additional elected positions to the SCAQMD's Board of Directors.

7. Riverside County Transportation Commission (RCTC)

8. Western Riverside Council of Governments (WRCOG)

9. Southern California Association of Governments (SCAG)

Council Member Krupa attended the swearing in of Officer Troncale and Dispatcher Troncale, a husband and wife hired from San Diego.

B. Council Member Milne

1. Riverside County Habitat Conservation Agency (RCHCA)

2. Riverside Conservation Authority (RCA)

3. Disaster Planning Commission

C. Council Member Youssef

1. Planning Commission

D. Mayor Pro Tem Raver

1. Traffic and Parking Commission

2. Riverside Transit Agency (RTA)

3. Riverside County Transportation Commission (RCTC)

4. Watermaster Board

E. Mayor Wright

1. Park Commission

2. Riverside County Habitat Conservation Agency (RCHCA)

3. Ramona Bowl Association

4. League of California Cities

5. Western Riverside Council of Governments (WRCOG)

6. Southern California Association of Governments (SCAG)

F. Ad-Hoc Committee Reports

1. Diamond Valley Lake Recreation Ad-Hoc Committee (January 27, 2015)

2. Homeless Ad-Hoc Committee (February 9, 2016)

Mayor Wright reported that the Committee is hoping to find a center that mirrors the location in the desert. It is time to get the local community members together. Letters of interest should be submitted to the City Clerk.

3. Business/Industry Ad-Hoc Committee (April 15, 2016)

4. Skate Plaza Ad-Hoc Committee (June 28, 2016)

A tour on local Skate Parks is scheduled for September 17th.

- G. City Manager Meyerhoff
 - 1. Manager's Reports
 - 2. Staff Spotlight

Thank you from the Downtown Deli to Sara Retmier and Soledad Carrisoza for their assistance with the expansion of the Downtown Deli.

- 3. State of the City, September 22, 2016

City Manager Meyerhoff announced the State of the City will be held at the Four Season's Lodge and invited the public to attend.

Future Agenda Items

Tourism Update

Applications of Interest for Measure U's Oversight Committee

Adjournment

Adjourned at 9:55 p.m. to Tuesday, September 13, 2016 at 7:00 p.m.