



AGENDA

REGULAR MEETING OF THE HEMET CITY COUNCIL

October 11, 2016

REGULAR SESSION

7:00 p.m.

City of Hemet City Council Chambers
450 E. Latham Avenue

www.cityofhemet.org

Please silence all cell phones

**Notice: Members of the Public attending shall comply with the Council's adopted Rules of Decorum in Resolution No. 4545. A copy of the Rules of Decorum are available from the City Clerk.*

Call to Order

Roll Call

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

Invocation

Pledge of Allegiance

Presentation

1. Diamond Valley Lake Ad Hoc Committee – Paul Jones, EMWD
-

City Council Business

Notice to the Public

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

Consent Calendar

2. **Recommendation by Mayor Wright** – Planning Commission Appointment
 - a. Appoint Michael Sanchez to Seat 4 on the Planning Commission in order to fill a term expiration. The term will expire April 1, 2017.

3. **Approval of Minutes** – September 27, 2016
 4. **Receive and File** – Warrant Register
 - a. Warrant register dated September 15, 2016 in the amount of \$910,064.82 and September 29, 2016 in the amount of \$1,284,765.63. Payroll for the period of August 29, 2016 to September 11, 2016 was \$620,628.29.
 5. **Receive and File** – Investment Portfolio as of July 2016
 6. **Recommendation by Administrative Services** - Extending the Temporary Grace Period for delinquent Water Utility Bills and Establish the Timing for the Assessment of Late Fee
 - a. Adopt a resolution extending the temporary grace period for delinquent water utility bills to December 20, 2016 and establishing the timing for the assessment of a late fee. **Resolution Bill No. 16-073**
-

Communications from the Public

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

****Notice: Members of the Public attending shall comply with the adopted Rules of Decorum in Resolution No. 4545. A copy of the Rules of Decorum are available from the City Clerk.***

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

Discussion/Action Item

7. **Amendment to the Contract Between the Board of Administration California Public Employees' Retirement System and the City Council of the City of Hemet for Cost Sharing** – Jessica Hurst, Deputy City Manager/Administrative Services Director
 - a. Introduce, read by title only and waive further reading of ordinance to allow cost sharing of the Employer Contribution to CalPERS with the "Classic" CalPERS members of the Hemet City Fire Fighters Local No. 2342 (HFFA).
Ordinance Bill No. 16-074

8. **Review of Other Post-Employment Benefits (OPEB) Trust and Funding Policy**
– Jessica Hurst, Deputy City Manager/Administrative Services Director
Discussion regarding this item, with possible direction to staff
-

City Council Reports

9. CITY COUNCIL REPORTS AND COMMENTS

A. Council Member 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)
9. Southern California Association of Governments (SCAG)

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)
7. Homeless Task Force
8. Skate Plaza Task Force

F. Ad-Hoc Committee Reports

1. Diamond Valley Lake Recreation Ad-Hoc Committee (January 27, 2015)
2. Business/Industry Ad-Hoc Committee (April 15, 2016)

- G. City Manager Meyerhoff
1. Manager's Reports
 2. Staff Spotlight
 3. Public Safety Update
 4. Update on Future Agenda Items
 5. Fire Department Open House, October 15, 2016
 6. Great Shake Out, October 20, 2016
-

Future Agenda Items

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

Continued Closed Session

City Attorney Continued Closed Session Report

Adjournment

Adjourn to Tuesday, October 25, 2016 at 7:00 p.m. for consideration of items placed on that agenda. The next regular meeting will be held November 15, 2016.

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

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



AGENDA # 2

Staff Report

To: Honorable Mayor and Members of the City Council
From: Mayor Wright
Date: October 11, 2016
RE: Planning Commission Appointment

RECOMMENDATION:

Mayor Wright respectfully recommends that the City Council appoint Michael Sanchez to Seat 4 on the Planning Commission in order to fill a term expiration. The two year term will expire April 1, 2017.

BACKGROUND:

Mr. Sanchez has lived in the community for over 24 years. He has been a licensed land surveyor since 1985. Mr. Sanchez has managed several Civil Engineering & Land Surveying Firms in Southern California. I highly recommend the appointment of Michael Sanchez to the City's Planning Commission.

Respectfully submitted,

Bonnie Wright
Mayor



CITY OF HEMET
Application for Appointment
to Volunteer Commissions/Board/Committee

COMMISSION/BOARD/COMMITTEE that you wish to apply for:

Planning Commission

NAME: Michael Sanchez

ADDRESS: 1522 Sweet Basil Circle

CITY: Hemet ZIP: 92545

TELEPHONE: 951 634 6866

Past Experience and/or Education: Licensed land Surveyor since 1985
Manager of various Civil & Engineering & Land Surveying
firms in Southern CALIFORNIA, Submitted land Subdivisions

Other Boards and/or Commissions on which you have served: None

Organizations you have belonged to Society of Hispanic Professional Engineers

How long have you lived in the community? 24 years 3 months
(raised 6 children here)

On a separate sheet of paper, please describe briefly why you wish to be appointed to this Commission. *

Return to:
City Clerk
City of Hemet
445 E. Florida Avenue
Hemet, CA 92543

WJ Gandy 9/19/16
Signature Date

All applicants must be residents of the City of Hemet or Sphere of Influence when applicable. The Library Board and Planning Commission members are required to file the California Fair Political Practices Commission Statement of Economic Interests as outlined in the City of Hemet's Conflict of Interest Code.

* see attached sheet

Why do I wish to be on Planning Commission

by Michael Sanchez CA Licensed Surveyor 5508

9/19/16

- 1) Give back to community
- 2) Use my experience with land development to enhance the value of new developments for our city.
- 3) Provide ideas that will make Hemet a more desirable place to work, play and live.
- 4) Help define the vision for Hemet in the future.
- 5) Use my knowledge of the maze of ~~St~~ State, County, Federal Regulations to help cut thru the red tape and get approved projects moving in the right direction.
- 6) Work with School & Park Districts in prioritizing enhancements consistent with their objectives that are under planning jurisdiction eg street lights & improvements.
- 7) Point out cost saving methods used in private & other governmental agencies to perform the same or similar tasks. Eg: Navigate LA street closer permitting schedules saving closed street days by overlapping various tasks.
- 8) Attempt to get assurances of local employment or contracting when considering non-complying projects



#3

MINUTES

REGULAR MEETING OF THE HEMET CITY COUNCIL

September 27, 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, Milne, and Youssef, Mayor Pro Tem Raver
and Mayor Wright

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 6:30 p.m.

1. Public Employee Appointment
Pursuant to Government Code section 54957
Title: *Battalion Chief*
 2. Conference with Legal Counsel - Anticipated Litigation
Three (3) matters of Significant exposure to litigation pursuant to Government Code
section 54956.9(d)(2) & (3)
 3. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(d)(1)
Names of case: *Brianna Norman, et al. v. Charles Webb, III, et al., MCC1301868*
-

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 7:06 p.m.

Roll Call

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

ABSENT: None

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

Invocation

Invocation was given by Megan Owen, Hemet-San Jacinto Interfaith Council

Pledge of Allegiance

Pledge of Allegiance was led by Mayor Pro Tem Raver

City Attorney Closed Session Report

4. Public Employee Appointment
Pursuant to Government Code section 54957
Title: *Battalion Chief*

The City Attorney reported that there was no reportable action.

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

The City Council authorized the City Attorney's office to initiate a civil action against 197 N. Columbia and 302 N. State Street. There was no additional reportable action.

6. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code section 54956.9(d)(1)
Names of case: *Brianna Norman, et al. v. Charles Webb, III, et al., MCC1301868*

The City Attorney reported that there was no reportable action.

Presentation

7. Certificate of Achievement for Excellence in Financial Reporting

Jessica Hurst, Deputy City Manager/Administrative Services Director, proudly presented the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting award for the City's Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2015.

City Council Business Consent Calendar

8. **Recommendation by Mayor Wright** – Library Board Appointment
 - a. Appoint Betty Anne Day to Seat 4 on the Library Board in order to fill a term expiration. The term will expire June 30, 2019.
9. **Recommendation by Council Member Krupa** – Park Commission Appointment
 - a. Appoint Nicole Tamez to Seat 1 on the Park Commission in order to fill a term expiration. The term will expire April 1, 2018.
10. **Approval of Minutes** – September 13, 2016
11. **Receive and File** – Warrant Register
 - a. Warrant register dated September 6, 2016 in the amount of \$3,510,809.66. Payroll for the period of August 15, 2016 to August 28, 2016 was \$611,001.48.
12. **Receive and File** – Investment Portfolio as of June 2016
13. **Recommendation by City Manager** – Updating the Classification of Battalion Chief and Appropriate Funding
 - a. Approve amending the City's Classification Plan to update the classification of Battalion Chief; and
 - b. Establish the salary range for the position; and
 - c. Adopt a resolution establishing benefits for the Battalion Chief classification; and
 - d. De-authorize three (3) Administrative Captain positions; and
 - e. Authorize three (3) Battalion Chief positions; and
 - f. Authorize the Deputy City Manager/Administrative Services Director to increase General Fund appropriations by \$18,596 to fund three (3) Battalion Chief positions. **Resolution No. 4707**
14. **Recommendation by Community Development** - Zoning Ordinance Amendment No. 15-009
 - a. Adopt an ordinance amending Article XI (Single Family Residential Zones) and other associated sections of Chapter 90 (Zoning Ordinance) to the Hemet Municipal Code to update and refine the Development Standards and Regulations for single family residential uses. **Ordinance No. 1919**

15. **Recommendation by Police** – State Homeland Security Grant Program (SHSP) – Authorized Agent
 - a. Adopt a resolution for Authorized Agent of the State Homeland Security Grant Program. **Resolution No. 4708**

16. **Recommendation by Police** – 2016/17 California State Office of Traffic Safety – Selective Traffic Enforcement Program (STEP) Grant
 - a. Accept the 2016/17 California State Office of Traffic Safety (OTS) Grant in the amount of \$110,000; and
 - b. Upon receipt of the award, authorize the finance department to establish an expenditure account and budget for the grant performance period.

17. **Recommendation by Fire** – City Wide Department and Employee Participation in The Great California ShakeOut Drill
 - a. Adopt a resolution ordering full City of Hemet Department and employee participation in The Great California ShakeOut on October 24, 2016 at 10:00 am. **Resolution No. 4709**

18. **Recommendation by Public Works** – Supplemental Appropriation for Fencing Maintenance
 - a. Authorize the Deputy City Manager/Administrative Services Director to record a supplemental appropriation in Facility Maintenance Fund 685-4560-2460 in the amount of \$100,000 for security fencing repairs at City properties; and
 - b. Authorize the City Manager to award and execute purchase orders in support of the project.

19. **Recommendation by Public Works** – First Amendment to the Agreement for Landscape Maintenance Services between the City of Hemet and Adame Landscape, Inc.
 - a. Approve the First Amendment to the Agreement for Landscape Services with Adame Landscape, Inc. update the Scope of Work and adjusting the “not to exceed” compensation amount of \$759,735.00; and
 - b. Authorize the City Manager to execute the First Amendment to Agreement for Landscape Maintenance Services with Adame Landscape, Inc.; and
 - c. Authorize the City Manager to approve purchase orders for turf replacement projects in an amount not to exceed \$132,000.00; and
 - d. Authorize the City Manager to initiate future district maintenance at district 47 upon final acceptance of the right-of-way improvements.

20. **Recommendation by Engineering** – McSweeny Farms Phase II Tract Maps
 - a. Adopt a resolution approving Subdivision Improvement Agreements, Improvement Securities and Final Tract Map No. 33824, 33824-1, 33824-2, 33825 and 33825-1 located at the southeast corner of Domenigoni Parkway/Gibbel Road and State Street within the McSweeny Farms Specific Plan Area. **Resolution No. 4710**; and
 - b. Authorize the City Manager to sign the Subdivision Improvement Agreements.

Item Nos. 11, 18 and 19 were removed from the Consent Calendar. **Mayor Pro Tem Raver moved and Council Member Youssef seconded a motion to approve the remaining Consent Calendar items as presented. Motion carried 5-0.**

Item No. 11

Council Member Krupa, asked that staff get back to City Council with an explanation for the high dollar amount of the warrant register.

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

Item No. 18

Council Member Youssef, noted the dollar amount listed on the agenda should be \$100,000 not \$1000,000.

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

Item No. 19

Mayor Wright, requested clarification on what this includes.

Kristen Jensen, Public Works Director, staff has identified properties within the City's water service area that are high turf and high water usage areas. The City has applied for many of the rebates through SoCal Water Smart. The first award of funding was used at the Library to turn that into California friendly landscape. The City was placed on hold for the remaining rebates, they were finally released. The next facilities for turf replacement will be City Hall, the Police Department and around the Simpson Center. Of the \$132,000, we have identified use for \$95,000 of it. This is the time of year to plant drought tolerate landscaping. The current rebate of \$52,000 will offset the \$95,000.

Council Member Milne, asked about anticipated cost savings and when that savings will be realized.

Ms. Jensen, the plants initially have to be watered so the water savings will not be realized immediately but, that will be the bulk of the savings. The fact that we don't have to mow will not be a savings because there is still maintenance involved.

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

Mayor Wright recognized Betty Anne Day, Library Board Member.

Council Member Krupa recognized Nicole Tamez, new Park Commissioner

Communications from the Public

Tammy Radomski, Hemet, recommended that City Council meeting start at 6:00 p.m. to encourage attendance by seniors and students. Ms. Radomski also recommended that the City Council hold town hall meetings.

Rich Biber, Hemet, invited the City Council to Hemet Valley Medical Center's Community Health Fair, Saturday, October 15th from 10:00 to 2:00 p.m.

Discussion/Action Item

21. Emergency Medical Service (EMS) Cost Recovery – Scott Brown, Fire Chief
Discussion regarding this item, with possible direction to staff

Scott Brown, Fire Chief, gave the City Council a powerpoint presentation regarding a Fire/EMS Cost Recovery. Currently, it is the policy of the Hemet FD to recover, where appropriate and pursuant to local, state, and federal statutes, any and all costs associated to providing traffic accident mitigation, fire suppression, rescue services, hazardous materials response and mitigation, investigations and other related services. The City of Hemet contracts with Fire Cost Recovery to provide Third Party contract billing services. In FY 2015, there were 538 claims for a total recovery of \$258,829.11. Under the State of California agreement, participation in Fire Mutual Aid program is fully reimbursable. The following are the emergency incidents that qualify: Vehicle Accidents; Vehicle Fires; Hazardous Materials Response and Cleanup; Structure Fires; Arson Investigations; Non-Residential False Alarms; Pipeline Repair Standby; Helicopter Landing Zones; Water Evacuations; Non-Emergency Response to Skilled Nursing Facility; and Bomb Response Standby. State Audit Findings: Faces critical needs for sufficient staffing and repairs to its infrastructure; Handles high demand for services (16,171 total calls in 2015) with minimal staffing, resulting in potentially unsafe conditions; Incurs costs for emergency medical services but does not recover these costs through charges. The State Auditor's recommended the following:

- *"Hemet should generate additional revenue, such as charging fees for emergency medical services provided by the fire department."*
- *"If it implements a fee for emergency medical services, Hemet should conduct a comprehensive fee analysis to determine the fully burdened hourly rates for providing emergency medical services, specific to the duration of emergency medical calls, and ensure that first responder fees do not exceed the cost to provide the service."*
- *"If Hemet does not adequately funds its fire department to address the concerns identified in its 2013 and 2015 consultant reviews, it should pursue alternatives for providing services, such as shared fire services with other local governments."*

Hemet's total population is approximately 83,860. 23% of the population is 65 years and older. The median age is 40 years old. The Patient/Payer mix is: Inland Empire Health Plan/Medi-Cal - 35%; Medicare 25%; Private Insurance - 10%; and No Pay – 15%. Inland Empire Health, Medi-Cal and Medicare are not billable since Hemet is a Non-Transporting Agency. Considerations: Policy level "Risk Assessment" of legal risks of an expanded EMS Costs recovery program; determine legal authority to impose an "EMS Responder Fee, Paramedic Subscription Fee Program; Identify marginal cost of City's Paramedic Program; and determine cost recovery method. Example of an EMS Fee of \$350 and a subscription fee of \$50 would work like this. If you pay the \$50 subscription fee, the \$350 EMS fee would be waived if paramedics respond to your emergency. The Auditor assumed that 100% cost recovery based on 13,000 EMS calls @ \$350 each. However, collection rates on private insurance averages 30 to 33%, the City's experience has been more like 20% with the soft recovery process adopted by City Council. Currently, the City does not engage in collection if the resident cannot pay the fee. Medicare and Medicaid do not cover first responder charges, patients are billed directly at a 10% collection rate. This would require a change to the City's current "soft recovery" collection process for cost recovery. A number of General Law Cities throughout California presently imposed a "Fee" for Emergency Medical Services. These Cities have decided to proceed absent decisive or even clear legal authority. In California, the

general rule is that absent a statute expressly authorizing recovery the public fire suppression and emergency medical services the cost of these services is borne out of the general revenues of the city. Article 13D, Section 6 of the California Constitution expressly prohibits a fee or charge against real property for police or fire services, where those services are available to the public at large in substantially the same manner as the property owner.

Council Member Youssef, expressed concern with considering any fee if Measure U passes. \$350.00 is high for any of our residents to pay and even more so if government insurances won't pay. That means that the City will only recover its costs from private party or private pay insurances. The insurance companies will catch on quick that the City's policy is "Soft recovery".

Fire Chief Brown, if the measure passes, is also concerned with the impact of a targeted fee on the City's senior population. The best way to achieve what we truly need here is another revenue stream that is spread out and does not impact the senior or low income residents unequally. The City's paramedic equipment costs are almost cost neutral. AMR is very responsive to the need and financial constraints of the City.

Council Member Youssef, the residents that can't pay the subscription fee are the only ones that will get hurt. Murrieta proposed it with a higher amount of recovery that didn't transpire because of their soft recovery policy and insurance companies got wind of that. Maybe this is something that can be considered after November.

Fire Chief Brown, this discussion is in response to the State Auditor's recommendations and direction from the City Council to follow through with them. If you would like to further consider this, staff will move forward with a legal review based on the City Council's recommendation regarding EMS fee only, or with a Subscription fee also.

The City Council and staff discussed the City's soft collection policy and its sensitivity to the unique demographics in Hemet. The City Council and staff discussed the ongoing dilemma of non-emergent calls to skilled nursing facilities.

Council Member Krupa, also expressed concern that the fee would be burdensome on the residents that use the service. Council Member Krupa requested a comparison on the City's that do charge for voluntary subscription.

Fire Chief Brown, staff is gathering comparisons now, bearing in mind the payor mix is different.

Council Member Krupa, Medical and Medicare won't pay at all and do not pay the full amount for AMR either.

Council Member Milne, based on the payor mix, 60% isn't even cost recoverable. The government won't even pay and the private sector is waiting for the government to subsidize them. The skilled nursing facilities are passing these costs onto the customers we need to address that.

Fire Chief Scott, the impacts are very real, the non-emergent calls take away from calls that are really necessary. The City is looking at alternative 911 call strategies.

Mayor Pro Tem Raver, is reluctant to spend more staff time on this subject and shares the concern for the seniors in the community. The City needs to tell the State of California that this model does not meet the needs of the residents of Hemet.

Mayor Wright, the State's recommendation in concept might have merit but not for the City of Hemet.

Mayor Pro Tem Raver moved and Council Member Milne seconded a motion to not proceed with Emergency Medical Services Cost Recovery at this time. Motion carried 5-0.

22. Park Maintenance Service Level Review – Kristen Jensen, Public Works Director

Discussion regarding this item, with possible direction to staff

Kristen Jensen, Public Works Director, the State Auditor's recommendation was to look at outsourcing Park Maintenance. The City Council's direction was to look at current service levels and determine desired service level to consider when preparing the scope of services for possible RFP. The City has a total of 54.4 acres of parks. The City's Park Maintenance Division maintains 4 acres of parks weekly with a staff of 3. The City's active parks are maintained by a contractor. The City's passive parks are maintained by city staff. The parks serviced by staff are: Cawston Community Park; Gibbel Park; Mary Henley Park; Brubaker Park; Weston Park; Spencer Park; Griffith Park; Corporation Yard; and Simpson Park. In 2011, the City conducted an informal review of park maintenance services. A quote was requested from Adame, the landscape contractor, based on service level then. Average contractor pricing was \$0.08 per square foot in 2011. One of the contracts you approved on the Consent Calendar was for \$0.14.5 per square foot which is the current 2016 rate. There was additional Unit Pricing for services above the standard items, such as Special Events and Emergency Services. The cost at the time would have been a general fund increase of \$50,000 annually. Since that review there are new challenges to servicing parks. The divisions staffing has been reduced from 5 to 3 employees. There is an increase in activity at the parks as well as an increase in vandalism. The State Auditor Recommendation was: *"To increase the cost-effectiveness of its park maintenance, Hemet should initiate a request for proposals to consider the costs and benefits of outsourcing citywide maintenance of all streetscapes and parks and take appropriate action based on the information it obtains."* Ms. Jensen showed the City Council a list of parks services once a week, multiple weekly services and daily park openings. A list of services that are provided weekly, monthly, quarterly, annually and 2 or more times a year was displayed. Restroom restocking, trash collection/removal, and play area inspections are done daily at Weston, Gibbel, Mary Henley and Brubaker parks. Restroom sanitizing and re-painting and irrigation inspection are done twice a week at Gibbel, Weston and Mary Henley parks. Ms. Jensen described the challenges impacting the park maintenance and the current service levels needed to meet those challenges. The challenges are:

- Access for Maintenance: park closures ignored - police resources assistance is requested
- Restrooms/Play Areas: theft of toiletries requires extra restocking; misuse of facilities requires repair and replacement of equipment
- Vandalism: irrigation is inspected and repaired more frequently; graffiti is abated multiple times per week
- Trash: tipped cans are cleaned up daily; excess food, clothing, furniture is disposed of in excess; Sharps, paraphernalia increased the need to careful inspection and appropriate disposal.
- Turf destruction: dead spots in over used areas requires additional reseeding when feasible.

Pictures were shown of challenges that face the park maintenance crew. There are a number of non-maintenance related services provided by the Park Crew: Community Emergency Response, during and after hours; Special Event Support, pre-event preparations and monitoring facilities during events; Assistance to other Public Works Divisions; Implement Park Improvements; Volunteer Event Coordination; Participation in Call-Out Program; and Additional training/licensing. The annual budget in the Park Fund is \$944,820. \$615,063 will

be retained even if Park Maintenance is contracted out. The actual Park Maintenance cost is \$329,757 annually. The retained costs are: 30% Tree Trimmer (Military Banner program, Christmas decorations, trees outside L&LMD's)/20% Park Supervisor salaries (manage contract); Event support overtime wages; Work comp/Retiree Medical; utilities; Contracts (Park Patrol/Taxes/Portable Restrooms/Florida Avenue Landscape); and Internal Services (Legal, IT, Facilities, Vehicle Maintenance, Liability Insurance, PW Overhead) Currently the landscape contractor rate is \$0.145 per square foot for turf maintenance. This does not include: graffiti abatement; multiple day service; restroom maintenance; or sanitizing. Unit pricing for extra work such as: irrigation repairs; and plant/installation/replacement. Based on the actually annual costs for park maintenance of \$329,757 annually, city staff does the turf maintenance, services reviewed, material costs, internal services, fuel, training and vehicle maintenance for \$0.139 per square foot annually. Staff is looking for direction from the City Council for the next step. If there is a desire to move forward with an RFP, service levels will need to be determined.

Mayor Pro Tem Raver, asked if the costs have been compared with Valley Wide and if Valley Wide has the same problems.

Ms. Jensen, Valley Wide used the same contractor. Active parks don't get the same draw when residents are there. Mary Henley is the busiest park with the least vandalism.

Council Member Youssef, the State Auditor won't recognize the hidden savings that you addressed. It's apparent there are some things that a park contract won't do that staff does. The City Council discussed and complimented the outstanding work provided by three employees.

Nicole Tamez, Hemet, obviously these three employees do an amazing job. Ms. Tamez recommended that the City Council consider adding more positions to the Department as a succession plan.

The City Council gave direction to staff to not move forward with an RFP for Park Maintenance.

City Council Reports

23. CITY COUNCIL REPORTS AND COMMENTS

A. Council Member Krupa

1. Riverside Conservation Authority (RCA)

2. Ramona Bowl Association

"Boo at the Bowl", will be October 29th, 30th and 31st

3. Riverside Transit Agency (RTA)

RTA approved schedule changes for the Perris Valley Line and implemented a shuttle from the Metro Station to various locations in downtown Riverside.

4. Watermaster Board

5. Library Board

The Board will have a workstudy regarding updating the policy for usages of the Upstairs. September is National Library Card Month.

6. League of California Cities

7. Riverside County Transportation Commission (RCTC)

RCTC approved the funding for the shuttle for RTA.

8. Western Riverside Council of Governments (WRCOG)

WRCOG's Streetlight display is currently being conducted. Residents are encouraged to get out and put in their feedback on these lights.

9. Southern California Association of Governments (SCAG)

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
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E. Mayor Wright

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

General Conference is in Long Beach, Oct. 4 – 6.

5. Western Riverside Council of Governments (WRCOG)
6. Southern California Association of Governments (SCAG)
7. Homeless Task Force

14 people attended the meeting on Sept. 26th. Great dialogue with Mr. Paul Webster of Solutions for Change.

Mayor Wright attended the Champion's Luncheon at Rancho Diamontes, their mission is to "End the cycle of Child Abuse".

F. Ad-Hoc Committee Reports

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

A presentation by Paul Jones will be scheduled soon.

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

Last meeting with BIA was cancelled, will reschedule.

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

Mayor Wright recommended that this be a task force. The Committee visited some parks last week and will be meeting again on September 29th.

G. City Manager Meyerhoff

1. Manager's Reports
2. Staff Spotlight
3. Public Safety Update

Police Chief Brown, Ed Nacua has been appointed Chief of Security at Desert Sands Unified School District in Coachella Valley. October 7th is National Coffee with a Cop. Officers will be at Downtown Deli starting at 8:30.

Fire Chief Brown, we are on track to fill the Firefighter/Paramedic vacancies. October 15th is the Fire Department Annual Open House, 10:00 to 2:00 p.m. This year tours of the City's new Dispatch Center will be available. The City will participate in the Great ShakeOut on October 20th.

4. City Council Meeting Schedule for November and December 2016

City Manager Meyerhoff, talked to the City Council about the meeting dates for November and December 2016.

The City Council gave direction to staff to reschedule the November 8, 2016 meeting to November 15, 2016. Cancel the meetings of November 22, 2016 and December 27, 2016.

The City will host a reception for the Tourism Working Group at the City's facility at Simpson Park on October 19, 2016.

Future Agenda Items

There were no future agenda items requested at this time.

Adjournment

Adjourned at 9:14 p.m. to Tuesday, October 11, 2016 at 7:00 p.m.



Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: Jessica A. Hurst, DCM/Administrative Services
Alexander P. Meyerhoff, City Manager 

DATE: October 11, 2016

RE: Warrant Register

The City of Hemet's warrant registers dated September 15, 2016 in the amount of \$910,064.82 and September 29, 2016 in the amount of \$1,284,765.63 are currently posted on the City's website in the Finance Department section, under *Financial Information*. Payroll for the period of August 29, 2016 to September 11, 2016 was \$620,628.29.

CLAIMS VOUCHER APPROVAL

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

Respectfully submitted,

Jessica A. Hurst
Deputy City Manager/Administrative Services

JAH: mh

CITY OF HEMET
VOUCHER/WARRANT REGISTER
FOR ALL PERIODS

CLAIMS VOUCHER APPROVAL

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

JESSICA A. HURST
DCM/ADMINISTRATIVE SERVICES



Staff Report

TO: Honorable Mayor and members of the City Council
FROM: Judith L. Oltman, City Treasurer
DATE: October 11, 2016
RE: Investment Portfolio as of July 2016

RECOMMENDED ACTION:

Receive and file.

ANALYSIS:

The summary statement of activity and balances of the Treasurer's Investment Portfolio for the month of July 2016 is forwarded herewith for your review.

On 7/6/16 we purchased a 5 year/1year call FFCB #2292 for \$1,000,000 at 1.50%. On 7/8/16 our FHLB #2261 was called; on 7/28/16 our JP Morgan NCD #3171 was called; and on 7/29/16 our FHLB # 2290 was called.

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

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

Respectfully Submitted,


Judith L. Oltman
City Treasurer

attachment

CITY OF HEMET, CALIFORNIA
Monthly Report of Investment Activities

JULY 2016

INVESTMENT CLASSIFICATIONS	MONTHLY ACTIVITY	CONSOLIDATED BALANCE
PORTFOLIO AS OF JUNE	69,368,734.87	
CERTIFICATES OF DEPOSIT		
Placed this month		
Matured this month	-248,000.00	
Balance		7,428,000.00
LOCAL AGENCY INVESTMENT FUND: City of Hemet		
Deposits	27,674.54	
Withdrawals		
Balance		20,369,440.58
BANK OF NEW YORK MELLON Custodial Acct.		
Deposits	1,305,013.68	
Withdrawals	-1,057,013.68	
Balance		1,467,032.68
CITIBANK: Money Market Account		
Deposits	97,935.17	
Withdrawals		
Balance		304,266.24
CITIBANK: Money Market Account 3		
Deposits	774,861.15	
Withdrawals	-10,364,475.00	
Balance		5,812,407.43
MUNICIPAL BONDS & NOTES		
Deposits		
Withdrawals		
Balance		20,523,583.80
GOVERNMENT AGENCIES		
2258 1.0% FNMA 4/30/18		500,000.00
2260 1.0% FNMA 5/21/18		500,000.00
2261 1.17% FHLB 6/13/18	-500,000.00	
2288 1.50% FNMA 3/16/16		1,000,000.00
2290 2.0% FHLB 4/29/21	-500,000.00	
2291 1.67% FFCB 6/14/21		1,000,000.00
2292 1.50% FFCB 7/6/21	1,000,000.00	1,000,000.00
PORTFOLIO BALANCE AS OF JULY 2016	59,904,730.73	59,904,730.73

INTEREST EARNINGS	16-17 FISCAL YEAR-TO-DATE	
EARNINGS BALANCE AS S OF JULY 1, 2016		0.00
CERTIFICATES OF DEPOSIT INT.	10,262.48	
OTHER GOVERNMENT SECURITIES	47,896.23	
CITIBANK MONEY MARKET ACCOUNT	32.82	
CITIBANK MONEY MARKET ACCOUNT 3	961.15	
BANK OF NY MONEY MARKET ACCT.	5.58	
ACCRUED INTEREST	-183,741.81	
LOCAL AGENCY INVESTMENT FUNDS		
LAIF ACCRUED INTEREST	-27,674.54	
CITY OF HEMET INTEREST	27,674.54	
MONTHLY EARNINGS TOTAL	-124,583.55	-124,583.55
MEMO ONLY:		
BANK CHARGES & INVESTMENT PREMIUMS		
16-17 YEAR-TO-DATE INTEREST EARNINGS		-124,583.55

**CITY OF HEMET
Portfolio Management
Portfolio Summary
July 31, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Certificates of Deposit - Bank	1,733,000.00	1,734,947.10	1,733,000.00	2.88	1,619	265	1.452	1.473
Managed Pool Accounts	20,369,440.58	20,369,440.58	20,369,440.58	33.90	1	1	0.542	0.550
Passbook/Checking Accounts	7,583,706.35	7,583,706.35	7,583,706.35	12.62	1	1	0.346	0.351
Local Government Bonds	12,523,583.80	13,049,636.55	12,647,214.08	21.05	2,303	1,756	2.450	2.484
Medium Term Notes	8,000,000.00	8,202,620.00	8,050,863.59	13.40	1,786	1,170	1.900	1.927
Federal Agency Issues - Coupon	4,000,000.00	3,992,460.00	4,000,000.00	6.66	1,826	1,478	1.398	1.418
Negotiable CDs	5,695,000.00	5,840,441.38	5,695,000.00	9.48	1,882	1,037	1.821	1.846
Investments	59,904,730.73	60,773,251.96	60,079,224.60	100.00%	1,071	731	1.306	1.324

Cash and Accrued Interest								
Accrued Interest at Purchase		25,611.35	25,611.35					
Subtotal		25,611.35	25,611.35					
Total Cash and Investments	59,904,730.73	60,798,863.31	60,104,835.95		1,071	731	1.306	1.324

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	67,455.24	67,455.24
Average Daily Balance	61,517,705.57	61,605,303.69
Effective Rate of Return	1.29%	0.10%

JUDITH L. OLTMAN, TREASURER

Reporting period 07/01/2016-07/31/2016

Run Date: 09/26/2016 - 14:32

Portfolio COFH
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PM (PRF_PM1) 7.3.0
Report Ver. 7.3.5

CITY OF HEMET
Portfolio Management
Portfolio Details - Investments
July 31, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Certificatés of Deposit - Bank												
06740KEX1	3146	BARCLAYS BANK DE		12/07/2011	247,000.00	247,974.83	247,000.00	1.900		1.902	128	12/07/2016
SYS3174	3174	BANK OF HEMET		09/06/2013	494,000.00	494,000.00	494,000.00	0.500		0.500	36	09/06/2016
SYS3144	3144	BANK OF THE WEST		10/12/2011	249,000.00	249,606.39	249,000.00	1.750		1.750	72	10/12/2016
SYS3136	3136	CIT BANK		08/24/2011	247,000.00	247,234.72	247,000.00	1.800		1.800	23	08/24/2016
SYS2231	3190	CITADEL FEDERAL CREDIT UNION		10/20/2015	249,000.00	249,000.00	249,000.00	2.000		2.000	1,541	10/20/2020
36160WVR7	3132	G.E. Capital Financial, Inc.		08/12/2011	247,000.00	247,131.16	247,000.00	1.850		1.850	11	08/12/2016
Subtotal and Average			1,733,000.00		1,733,000.00	1,734,947.10	1,733,000.00			1.473	265	
Managed Pool Accounts												
SYS1001	1001	LOCAL AGENCY INVESTMENT FUND			20,369,440.58	20,369,440.58	20,369,440.58	0.550		0.550	1	
Subtotal and Average			20,353,371.49		20,369,440.58	20,369,440.58	20,369,440.58			0.550	1	
Passbook/Checking Accounts												
SYS5009	5009	BANK OF NEW YORK			1,467,032.68	1,467,032.68	1,467,032.68			0.000	1	
SYS5001	5001	Citibank			304,266.24	304,266.24	304,266.24	0.150		0.150	1	
SYS5004	5004	CITIBANK3			5,812,407.43	5,812,407.43	5,812,407.43	0.450		0.450	1	
Subtotal and Average			8,417,094.42		7,583,706.35	7,583,706.35	7,583,706.35			0.351	1	
Local Government Bonds												
044555PA2	5025	ASHLAND OREGON		10/23/2014	1,145,000.00	1,183,380.40	1,134,679.77	2.800	AA	2.926	2,922	08/01/2024
048339SE6	5018	ATLANTIC CITY N.J.		06/02/2014	465,000.00	474,844.05	477,572.20	3.953	A	2.075	608	04/01/2018
048339SF3	5019	ATLANTIC CITY N.J.		06/02/2014	440,000.00	454,097.60	457,537.25	4.253	A	2.651	973	04/01/2019
04780NHS9	5030	ATLANTA DEVELOPMENT AUTHORITY		07/09/2015	825,000.00	844,123.50	828,570.24	2.518	A	2.400	1,430	07/01/2020
13124MAH8	5026	CALLEGUAS CA MUNI WATER DIST		10/23/2014	745,000.00	766,575.20	755,930.22	2.601	AAA	2.201	1,430	07/01/2020
156792GW7	5027	CERRITOS COMMUNITY COLLEGE DIS		12/01/2014	1,260,000.00	1,340,526.60	1,270,176.42	2.971	AA	2.821	2,191	08/01/2022
404476HH9	5022	HABERSHAM COUNTY HOSPITAL AUTH		08/13/2014	795,000.00	811,901.70	798,208.18	2.250		2.080	914	02/01/2019
413450HY6	5034	HARPER CREEK COMM. SCH. DIST.		10/06/2015	600,000.00	634,818.00	605,091.62	2.743		2.550	1,734	05/01/2021
544587C30	5036	L.A. MUNI IMPROVEMENT CORP		11/30/2015	520,000.00	548,407.60	530,828.85	3.146		2.620	1,553	11/01/2020
45462TEJ7	5032	INDIANA BOND BANK		09/15/2015	990,000.00	1,029,600.00	1,000,412.56	2.710	AA	2.501	1,993	01/15/2022
650035J66	5015	NEW YORK STATE REVENUE BONDS		03/25/2014	500,000.00	510,520.00	499,377.70	2.000		2.050	956	03/15/2019
64971WMC1	5031	NEW YORK CITY TRANSITIONA; FIN		08/03/2015	1,000,000.00	1,063,710.00	1,015,286.42	2.840		2.560	2,191	08/01/2022
73474TAG5	5033	PORT OF MORROW ORE TRANS FAC		09/14/2015	740,000.00	781,728.60	748,237.47	2.737		2.500	1,857	09/01/2021
767169DY8	5028	RIO RANCHO		02/12/2015	498,583.80	525,163.30	501,214.34	3.200	A	3.122	2,861	06/01/2024
786134VB9	5029	SACRAMENTO CO. SANITATION DIST		03/02/2015	1,000,000.00	1,060,380.00	1,017,579.58	2.810	AA	2.451	1,948	12/01/2021
13063CKL3	5017	STATE OF CALIFORNIA		05/16/2014	1,000,000.00	1,019,860.00	1,006,511.26	2.250		2.000	1,003	05/01/2019

Portfolio COFH
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CITY OF HEMET
Portfolio Management
Portfolio Details - Investments
July 31, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Subtotal and Average			12,648,582.45		12,523,583.80	13,049,636.55	12,647,214.08			2.484	1,756	
Medium Term Notes												
037833AQ3	5016	APPLE		05/15/2014	1,000,000.00	1,027,430.00	1,003,666.67	2.100		1.960	1,008	05/06/2019
084670BL1	5023	BERKSHIRE HATHAWAY		08/14/2014	1,000,000.00	1,028,590.00	1,002,872.16	2.100		2.000	1,108	08/14/2019
14912L6B2	5020	CATERPILLAR		06/09/2014	1,000,000.00	1,023,730.00	1,002,164.51	2.100	A	2.020	1,042	06/09/2019
36962G7G3	5014	G.E. CAPITAL CORP.		03/14/2014	500,000.00	514,510.00	505,260.79	2.300		1.932	896	01/14/2019
02665WAZ4	5035	AMERICAN HONDA FINANCE		10/23/2015	1,000,000.00	1,037,980.00	1,011,970.98	2.450		2.144	1,515	09/24/2020
68389XAN5	5010	ORACLE		03/28/2013	500,000.00	501,945.00	500,292.96	1.200		1.150	440	10/15/2017
90261XHE5	5024	UBS AG STAMFORD CT		08/18/2014	500,000.00	511,480.00	501,211.06	2.375		2.290	1,108	08/14/2019
92826CAB8	5037	VISA INC		12/15/2015	1,000,000.00	1,032,860.00	1,002,028.55	2.200		2.151	1,596	12/14/2020
94974BFG0	5013	WELLS FARGO		04/26/2013	500,000.00	502,195.00	501,054.63	1.500		1.350	533	01/16/2018
94974BGR5	5038	WELLS FARGO		04/01/2016	1,000,000.00	1,021,900.00	1,020,341.28	2.550	A	1.776	1,589	12/07/2020
Subtotal and Average			8,051,431.40		8,000,000.00	8,202,620.00	8,050,863.59			1.927	1,170	
Federal Agency Issues - Coupon												
3133EGEX9	2291	FEDERAL FARM CREDIT BANKS		06/14/2016	1,000,000.00	1,000,190.00	1,000,000.00	1.670	AA	1.670	1,778	06/14/2021
3133EGKA2	2292	FEDERAL FARM CREDIT BANKS		07/06/2016	1,000,000.00	991,880.00	1,000,000.00	1.500	AA	1.500	1,800	07/06/2021
3135G0WN9	2258	FEDERAL NTL MORTGAGE ASSOC.		04/30/2013	500,000.00	500,180.00	500,000.00	1.000		1.000	637	04/30/2018
3135G0XG3	2260	FEDERAL NTL MORTGAGE ASSOC.		05/21/2013	500,000.00	500,010.00	500,000.00	1.000		1.000	658	05/21/2018
3136G3AN5	2288	FEDERAL NTL MORTGAGE ASSOC.		03/16/2016	1,000,000.00	1,000,200.00	1,000,000.00	1.500		1.500	1,688	03/16/2021
Subtotal and Average			4,403,225.81		4,000,000.00	3,992,460.00	4,000,000.00			1.418	1,478	
Negotiable CDs												
02437PAG8	3173	AMERICAN NATIONAL BANK DALLAS		08/12/2013	248,000.00	247,557.77	248,000.00	1.250		1.251	376	08/12/2017
02587DVK0	3184	AMERICAN EXPRESS CENTURIAN		11/28/2014	247,000.00	257,169.46	247,000.00	2.200		2.012	1,215	11/29/2019
02587CAW0	3180	AMERICAN EXPRESS FSB		08/21/2014	247,000.00	255,747.88	247,000.00	2.100		2.101	1,115	08/21/2019
05580ACF9	3187	BMW BANK OF NORTH AMERICA, UT		07/17/2015	247,000.00	259,209.56	247,000.00	2.250		2.253	1,446	07/17/2020
0606247B3	3176	BANK OF BARODA N.Y.		11/12/2013	248,000.00	255,108.57	248,000.00	2.150		2.151	834	11/13/2018
856284-E3-4	3147	BANK OF INDIA NEW YORK		04/27/2012	248,000.00	249,696.42	248,000.00	2.000		2.001	269	04/27/2017
14042E4P2	3186	CAPITAL ONE NA		07/15/2015	247,000.00	259,678.34	247,000.00	2.300		2.303	1,444	07/15/2020
140420SQ4	3185	CAPITAL ONE		06/24/2015	247,000.00	258,589.22	247,000.00	2.200		2.202	1,423	06/24/2020
17037TDV6	3169	CHOICE FINANCIAL GROUP		11/20/2012	248,000.00	247,061.82	248,000.00	1.000		1.001	476	11/20/2017
20033AAG13	3168	COMENITY CAPITAL BANK		10/25/2012	249,000.00	248,127.35	249,000.00	1.050		1.065	450	10/25/2017
20451PEN2	3175	COMPASS BANK		09/25/2013	247,000.00	252,917.30	247,000.00	2.000		2.001	785	09/25/2018
20786AAL9	3177	CONNECTONE BANK N.J.		12/13/2013	247,000.00	252,558.44	247,000.00	1.850		1.851	864	12/13/2018

Portfolio COFH
AP

CITY OF HEMET
Portfolio Management
Portfolio Details - Investments
July 31, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Negotiable CDs												
2546714X5	3181	DISCOVER BANK		08/27/2014	247,000.00	255,793.94	247,000.00	2.100		2.101	1,121	08/27/2019
29976DNY2	3166	EVERBANK		10/15/2012	248,000.00	246,996.77	248,000.00	1.000		1.001	441	10/16/2017
373128DS3	3167	GEORGIA BANK AND TRUST		10/17/2012	249,000.00	247,990.03	249,000.00	1.000		1.014	442	10/17/2017
38148JBU4	3183	GOLDMAN SACHS		11/05/2014	247,000.00	256,610.92	247,000.00	2.150		2.151	1,188	11/02/2019
40434AZA0	3189	HSBC BANK USA NA		09/25/2015	248,000.00	257,046.05	248,000.00	2.500		2.502	3,342	09/25/2025
628779FJ4	3178	NBT BANK		06/06/2014	247,000.00	253,106.70	247,000.00	1.800		1.801	1,039	06/06/2019
700654AV8	3182	PARK NATIONAL BANK		09/26/2014	249,000.00	256,829.93	249,000.00	2.100		2.099	967	03/26/2019
74267GUQ8	3179	PRIVATEBANK & TRUST CO.		07/21/2014	247,000.00	254,812.76	247,000.00	2.000		2.001	1,085	07/22/2019
795450XG5	3191	SALLIE MAE		12/09/2015	247,000.00	259,595.17	247,000.00	2.200		2.202	1,591	12/09/2020
87165FJG0	3188	SYNCHRONY BANK		07/31/2015	247,000.00	259,715.36	247,000.00	2.300		2.303	1,460	07/31/2020
909557CL2	3170	UNITED BANKERS' BANK		11/29/2012	249,000.00	248,521.62	249,000.00	1.100		1.115	485	11/29/2017
Subtotal and Average			5,911,000.00		5,695,000.00	5,840,441.38	5,695,000.00			1.846	1,037	
Total and Average			61,517,705.57		59,904,730.73	60,773,251.96	60,079,224.60			1.324	731	

**CITY OF HEMET
Portfolio Management
Portfolio Details - Cash
July 31, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Average Balance			0.00	Accrued Interest at Purchase		25,611.35	25,611.35				0
				Subtotal		25,611.35	25,611.35				
Total Cash and Investments			61,517,705.57		59,904,730.73	60,798,863.31	60,104,835.95			1.324	731

CITY OF HEMET
 Received Interest
 Received July 1, 2016 - July 31, 2016

Issuer	CUSIP	Investment #	Security Type	Par Value	Current Rate	Date Received	Interest
							Amount Received
Cash Accounts							
Fund: General Fund							
BANK OF NEW YORK	SYS5009	5009	PA1	1,467,032.68		07/01/2016	5.58
						Subtotal	5.58
Citibank	SYS5001	5001	PA1	304,266.24	0.150	07/29/2016	32.82
						Subtotal	32.82
CITIBANK3	SYS5004	5004	PA1	5,812,407.43	0.450	07/29/2016	961.15
						Subtotal	961.15
LOCAL AGENCY INVESTMENT FUND	SYS1001	1001	LA1	20,369,440.58	0.550	07/15/2016	27,674.54
						Subtotal	27,674.54
						General Fund Subtotal	28,674.09
						Total	28,674.09

CITY OF HEMET
Received Interest
Sorted by Issuer - Grouped by Fund
Received July 1, 2016 - July 31, 2016

Issuer	CUSIP	Investment #	Security Type	Par Value	Current Rate	Date Due	Date Received	Interest		Variance
								Amount Due	Amount Received	
Fund: General Fund										
ATLANTA DEVELOPMENT	04780NHS9	5030	NCB	825,000.00	2.518	07/01/2016	07/06/2016	10,386.75	10,386.75	
							Subtotal	10,386.75	10,386.75	
BMW BANK OF NORTH AMERICA, UT	05580ACF9	3187	NC2	247,000.00	2.250	07/17/2016	07/19/2016	2,771.14	2,771.14	
							Subtotal	2,771.14	2,771.14	
BANK OF HEMET	SYS3174	3174	BCD	494,000.00	0.500	07/06/2016	07/14/2016	203.01	203.01	
							Subtotal	203.01	203.01	
BANK OF THE WEST	SYS3144	3144	BCD	249,000.00	1.750	07/12/2016	07/14/2016	358.15	358.15	
							Subtotal	358.15	358.15	
CALLEGUAS CA MUNI WATER DIST	13124MAH8	5026	NCB	745,000.00	2.601	07/01/2016	07/06/2016	9,688.73	9,688.73	
							Subtotal	9,688.73	9,688.73	
CAPITAL ONE NA	14042E4P2	3186	NC2	247,000.00	2.300	07/15/2016	07/19/2016	2,832.72	2,832.72	
							Subtotal	2,832.72	2,832.72	
CITADEL FEDERAL CREDIT UNION	SYS2231	3190	BCD	249,000.00	2.000	06/30/2016	07/06/2016	422.96	409.32	-13.64
							Subtotal	422.96	409.32	
COMENITY CAPITAL BANK	20033AAG13	3168	NC2	249,000.00	1.050	07/25/2016	07/26/2016	217.88	214.89	-2.99
							Subtotal	217.88	214.89	
CONNECTONE BANK N.J.	20786AAL9	3177	NC2	247,000.00	1.850	07/13/2016	07/18/2016	375.58	375.58	
							Subtotal	375.58	375.58	
FEDERAL HOME LOAN BANK	3130A7GD1	2289	FAC	0.00	1.800	06/30/2016	07/06/2016	4,500.00	4,500.00	
	313383GY1	2261	FAC	0.00	1.170	07/08/2016	07/12/2016	406.25	406.25	

CITY OF HEMET
Received Interest
Received July 1, 2016 - July 31, 2016

Issuer	CUSIP	Investment #	Security Type	Par Value	Current Rate	Interest				
						Date Due	Date Received	Amount Due	Amount Received	Variance
						Subtotal		4,906.25	4,906.25	
G.E. CAPITAL CORP.	36962G7G3	5014	MTN	500,000.00	2.300	07/14/2016	07/19/2016	5,750.00	5,750.00	-
						Subtotal		5,750.00	5,750.00	
GEORGIA BANK AND TRUST	373128DS3	3167	NC2	249,000.00	1.000	07/17/2016	07/19/2016	207.50	204.66	-2.84
						Subtotal		207.50	204.66	
PARK NATIONAL BANK	700654AV8	3182	NC2	249,000.00	2.100	07/26/2016	07/27/2016	429.78	429.78	-
						Subtotal		429.78	429.78	
PRIVATEBANK & TRUST CO.	74267GUQ8	3179	NC2	247,000.00	2.000	07/22/2016	07/25/2016	2,463.23	2,463.23	-
						Subtotal		2,463.23	2,463.23	
WELLS FARGO	94974BFG0	5013	MTN	500,000.00	1.500	07/16/2016	07/19/2016	3,750.00	3,750.00	-
						Subtotal		3,750.00	3,750.00	
						General Fund Subtotal		44,763.68	44,744.21	
Fund: hEMET RESERVE FUND										
INDIANA BOND BANK	45462TEJ7	5032	NCB	990,000.00	2.710	07/15/2016	07/19/2016	13,414.50	13,414.50	-
						Subtotal		13,414.50	13,414.50	
						hEMET RESERVE FUND Subtotal		13,414.50	13,414.50	
						Total		58,178.18	58,158.71	
						Total Cash Overpayment		0.00		
						Total Cash Shortfall		-19.47		

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

www.treasurer.ca.gov/pmia-laif/laif.asp
September 20, 2016

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

PMIA Average Monthly Yields

Account Number:
98-33-362

Tran Type Definitions

July 2016 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
7/15/2016	7/14/2016	QRD	1508397	SYSTEM	27,674.54

Account Summary

Total Deposit:	27,674.54	Beginning Balance:	20,341,766.04
Total Withdrawal:	0.00	Ending Balance:	20,369,440.58

HEMET SUCCESSOR AGENCY to
Former Hemet Redevelopment Project Area
Cash W/Fiscal Agent: MUFG Union Bank N.A.
2014 Hemet Refunding Project TAB Series A

Date	Activity	Riverside County Public Financing - Fiscal Agent					City of Hemet as SA to former Hemet RDA						TOTAL All Accounts	
		6712115701	6712115702	6712115703	6712115704	6712115705	6712115800	6712115801	6712115802	6712115803	6712115804	6712115805		6712115806
		Revenue Fund	Interest Fund	Principal Fund	Bond Purchase Fund	Cost of Issuance Fund	SA to Hemet RDA 2014 TTE	Debt Service Fund	Interest Account	Principal Account	Reserve Account	Redemption Account		Refunding Fund
7/31/2016	Interest													0.00
	Interfund transfer													0.00
	Debt Service from SA Hemet Redev													0.00
	Debt Service Pmt													0.00
	Wire from COH													0.00
	SA to Redevelopment Agy						0.02	0.00	15.45	0.00	0.00	0.00	0.00	0.00
	BALANCE	0.00	0.00	0.00	10,529,999.00	0.00	0.02	0.00	15.45	0.00	0.00	0.00	0.00	15.47

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

Date	Activity	103852000 788-1508 Bond	103852001 788-1508 Prepayment	103852002 Special	103852003 788-1510 Escrow	103852004 788-1502 Cost of	103852005 788-1506 Reserve	TOTAL
7/1/2016	Interest							0.00
	Transfer funds							0.00
	City of Hemet							0.00
	Debt Service							0.00
	Khov prepay (31 lots)							0.00
	Trust fees							0.00
	BALANCE	0.00	0.00	1,109,593.12	0.00	0.00	274,141.25	1,383,734.37
	First American Treasury Oblig	1,383,734.37						
	US Treasury Notes, various							not carried on COH books
	Misc Assets	1.00						
		<u>1,383,735.37</u>						
	Cash held by FA, net of Escrow acct	1,383,734.37						
								0.00



Staff Report

TO: Honorable Mayor and Members of the Hemet City Council

FROM: Alexander P. Meyerhoff, City Manager *A*
 Jessica A. Hurst, Deputy City Manager/Administrative Services

DATE: October 11, 2016

RE: Extending the Temporary Grace Period for Delinquent Water Utility Bills and Establish the Timing for the Assessment of a Late Fee.

RECOMMENDED ACTION:

It is respectfully recommended that City Council approve Resolution Bill No. 16-073 extending the temporary grace period for delinquent water utility bills and establishing the timing for the assessment of a late fee.

BACKGROUND:

On September 22, 2015, the City Council approved Resolution No. 4644 and Resolution No. 4645 establishing new water and sewer rates for customers of the Hemet Water Department and Hemet Sewer Department. Included in the rate studies was the provision to move from a bi-monthly to monthly billing schedule. On March 21, 2016, the first monthly bills were sent to water and sewer customers.

Per Hemet Municipal Code Section 82-77, charges for water service are delinquent 15 days after the date of the mailing of the bill. A late fee of \$31 is applied to delinquent accounts 22 days after the date of the mailing of the bill.

In an effort to ease the transition for customers from bi-monthly to monthly billing, a temporary grace period for the charging of late fees was approved by the City Council on June 28, 2016, for the period of March 21 through October 31, 2016, to allow customers to adjust to the new monthly payment schedule. This temporary grace period did not affect the timing for service disconnection or any associated fees to re-establish service.

In response to direction from the Council on June 28, 2016, City staff reviewed the current timing for the assessment of a late fee in order to recommend a longer period that would allow customers more time to pay their bills before the late fee is applied to their account. This longer period will allow customers who are paid once per month to more easily budget their utility payments while maintaining the City's monthly billing schedule.

Based upon review of the billing schedule and Council's desire to extend the timing for the assessment of a late fee, staff recommends approval of Resolution Bill No. 16-073. This resolution will allow 29 days from the bill mailing date for customers to pay before the late fee of \$31 is charged to their account. Service disconnection will continue to occur on the 43rd day from the bill date for unpaid bills; any associated fees to re-establish service will also remain the same.

It is also recommended that the temporary grace period for the charging of late fees that was approved by the City Council on June 28, 2016, be extended through December 20, 2016. This will allow staff to align the new late fee assessment timing with the 2017 utility billing schedule.

FISCAL IMPACT:

Fiscal impact to Water Fund 571 is unknown at this time and depends on the number of delinquent accounts.

Respectfully submitted,



Jessica A. Hurst
Deputy City Manager/
Administrative Services

Attachment(s): Resolution Bill No. 16-073



CITY OF HEMET
Hemet, California
RESOLUTION NO. 16-073

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEMET, CALIFORNIA, EXTENDING THE TEMPORARY GRACE PERIOD FOR DELINQUENT WATER UTILITY BILLS TO DECEMBER 20, 2016 AND ESTABLISHING THE TIMING FOR THE ASSESSMENT OF A LATE FEE.

WHEREAS, on March 1, 2016, the City of Hemet water / wastewater department ceased the practice of billing customers every other month and began billing customers on a monthly basis for their water and sewer charges; and,

WHEREAS, the City Council recognizes that the switch to monthly billing may require customers to adjust their personal finances and may present short-term financial hardships for certain customers; and

WHEREAS, the City Council desires to allow customers time to adjust to the new monthly payment schedule; and

WHEREAS, on June 28, 2016, the City Council enacted a temporary grace period eliminating late fees for water/wastewater customers through October 31, 2016; and

WHEREAS, fees charged by the City of Hemet for water and wastewater service are based on the cost of providing service, which cost assumes timely payment by customers.

NOW, THEREFORE, the City Council of the City of Hemet does hereby resolve:

1. Water and wastewater bills shall be considered delinquent fifteen (15) calendar days after the date of mailing the bill to the property owner or his agent.
2. Late fees, as authorized in Resolution 4059, shall be imposed on any water or wastewater bill not paid in full within thirty (30) calendar days

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after the bill date.

- 3. Notwithstanding the above, a grace period where no late fees shall be charged to any City of Hemet water/wastewater customer from the effective date of this Resolution through December 20, 2016, the beginning of the 2017 billing schedule.
- 4. Except as provided in Section 3, water or wastewater bills not paid in full within the period established in paragraph 2 above shall be required to pay a late fee in the amount authorized in Resolution 4059, currently \$31.00.
- 5. Unless extended by affirmative action of the City Council, the temporary grace period (i.e. the window during which late fees will not be assessed) established or continued by this or any prior resolution of the City Council shall automatically expire as of 12:00 a.m. on December 21, 2016.
- 6. This Resolution does not affect any remedies the City may have against a customer for failure to timely pay a bill for water and/or wastewater service.
- 7. All provisions of any prior resolutions that are in conflict with the provisions of this Resolution are hereby repealed.

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PASSED, APPROVED, AND ADOPTED this 11th day of October, 2016.

Bonnie Wright, Mayor

ATTEST:

APPROVED AS TO FORM:

Sarah McComas, City Clerk

Eric S. Vail, City Attorney

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State of California)
County of Riverside)
City of Hemet)

I, Sarah McComas, City Clerk of the City of Hemet, do hereby certify that the foregoing Resolution is the actual Resolution adopted by the City Council of the City of Hemet and was passed at a regular meeting of the City Council on the 11th day of October, 2016 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sarah McComas, City Clerk



Staff Report

TO: Honorable Mayor and Members of the Hemet City Council

FROM: Alexander P. Meyerhoff, City Manager *A*
Jessica Hurst, Deputy City Manager / Administrative Services

DATE: October 11, 2016

RE: Ordinance Bill No. 16-074 to Approve an Amendment to the Contract Between the Board of Administration California Public Employees' Retirement System and the City Council of the City of Hemet for Cost Sharing

RECOMMENDED ACTION:

It is recommended that the City Council introduce, read by title only, and waive second reading of Ordinance Bill No. 16-074 to allow cost sharing of the Employer Contribution to CalPERS with the 'classic' CalPERS members of the Hemet City Fire Fighters Local No. 2342 (HFFA).

BACKGROUND & ANALYSIS:

The City Council, at their meeting of July 26, 2016, approved a Resolution of Intention, which is required to proceed with the introduction of the attached Ordinance, to allow for cost sharing of the employer contributions to CalPERS on behalf of the classic CalPERS members of the HFFA.

The current Memorandum of Understanding (MOU) includes a provision for its members who are deemed 'classic' members by CalPERS, to contribute a total of three percent (3%) cost sharing of the employer's contribution to CalPERS as of July 1, 2015. This three percent (3%) is in addition to the nine percent (9%) employees' contribution that 'classic' members have been paying to CalPERS since July 2011.

The proposed cost sharing amendment would permanently reduce the employer's contribution to CalPERS by a total of three-percent (3%) and permanently increase the employees' contribution by a total of three percent (3%) for members of the Hemet City Fire Fighters Local No. 2342. The benefit to the City is the reduced cost of providing retirement benefits to these affected members. The benefit to the member is that by making the additional percentage part of the employees' contribution, the contributions would be tax deferred and would be credited to the members' account. In the event of the death of the member, their beneficiary would be entitled to all contributions in the member's account with CalPERS.

Per Government Code Section 20474, a secret ballot election of the HFFA members who would be affected by the contract amendment was held and the votes tallied. A majority of voting members approved the amendment by a vote of 24 to 0.

FISCAL IMPACT:

There is no additional fiscal impact with this Ordinance that has not already been presented as part of the approval process for the 2015-2018 Hemet Fire Fighters Local No. 2342 MOU.

Respectfully submitted,



Alexander P. Meyerhoff
City Manager

Eric S. Vail
City Attorney



Jessica Hurst
DCM/Administrative Services

/njs

Attachment(s): City Ordinance Bill No. 16-074 CalPERS Cost Sharing Ordinance



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4 **CITY OF HEMET**
5 **Hemet, California**
6 **ORDINANCE BILL NO. 16-074**

7 **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF**
8 **HEMET AUTHORIZING AN AMENDMENT TO THE**
9 **CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY**
10 **OF HEMET AND THE BOARD OF ADMINISTRATION OF**
11 **THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT**
12 **SYSTEM.**

13
14 **WHEREAS,** The City Council of the City of Hemet does ordain as follows:

15 **SECTION 1:** That an amendment to the contract between the City Council of the City of
16 Hemet and the Board of Administration, California Public Employees' Retirement System
17 is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit,
18 and by such reference made a part hereof as though herein set out in full.

19 **SECTION 2:** The Mayor of the City Council is hereby authorized, empowered, and
20 directed to execute said amendment for and on behalf of said Agency.

21 **SECTION 3: EFFECTIVE DATE**

22 This Ordinance shall take effect thirty (30) days from its passage by the
23 City Council of the City of Hemet.
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1 **SECTION 4: PUBLICATION.**

2 The City Clerk is authorized and directed to cause this Ordinance to be published
3 within fifteen (15) days after its passage in a newspaper of general circulation and
4 circulated within the City in accordance with Government Code Section 36933(a) or, to
5 cause this Ordinance to be published in the manner required by law using the alternative
6 summary and posting procedure authorized under Government Code Section 39633(c).

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8
9 **INTRODUCED** at the regular meeting of Hemet City Council on October 11, 2016.

10 **APPROVED AND ADOPTED** this 25th day of October, 2016.

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14 **ATTEST:**

15
16 _____
17 Sarah McComas, City Clerk

APPROVED AS TO FORM:

Eric S. Vail, City Attorney

1 State of California)
2 County of Riverside)
3 City of Hemet)

4 I, Sarah McComas, City Clerk of the City of Hemet, do hereby certify that the
5 foregoing Ordinance was introduced and first read on the 11th day of October, 2016, and
6 had its second reading at the regular meeting of the Hemet City Council on the 25th day
7 of October, 2016, and was passed by the following vote:

8
9 **AYES:**

10 **NOES:**

11 **ABSTAIN:**

12 **ABSENT:**

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Sarah McComas, City Clerk



EXHIBIT

California
Public Employees' Retirement System

AMENDMENT TO CONTRACT

**Between the
Board of Administration
California Public Employees' Retirement System
and the
City Council
City of Hemet**

The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective July 1, 1969, and witnessed May 23, 1969, and as amended effective May 1, 1977, July 1, 1980, December 31, 1984, June 17, 1985, March 10, 1986, October 14, 1993, December 9, 1994, December 26, 1997, April 27, 2002, January 17, 2005, June 19, 2006, February 24, 2012, July 7, 2014 and October 12, 2015 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 16 are hereby stricken from said contract as executed effective October 12, 2015, and hereby replaced by the following paragraphs numbered 1 through 18 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members, age 62 for new local miscellaneous members, age 50 for classic local safety members entering membership in the safety classification on or prior to February 24, 2012, age 55 for local classic safety members entering membership for the first time in the safety classification after February 24, 2012 and age 57 for new local safety members.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

2. Public Agency shall participate in the Public Employees' Retirement System from and after July 1, 1969 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.
3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Local Fire Fighters (herein referred to as local safety members);
 - b. Local Police Officers (herein referred to as local safety members);
 - c. Employees other than local safety members (herein referred to as local miscellaneous members).

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5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

NO ADDITIONAL EXCLUSIONS

6. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment before and not on or after January 17, 2005 shall be determined in accordance with Section 21354 of said Retirement Law, subject to the reduction provided therein for service prior to March 31, 1977, termination of Social Security, for members whose service has been included in Federal Social Security (2% at age 55 Full and Modified).
7. The percentage of final compensation to be provided for each year of credited prior and current service for classic local miscellaneous members in employment on or after January 17, 2005 and not entering membership for the first time in the miscellaneous classification after February 24, 2012 shall be determined in accordance with Section 21354.5 of said Retirement Law, subject to the reduction provided therein for service prior to March 31, 1977, termination of Social Security, for members whose service has been included in Federal Social Security (2.7% at age 55 Full and Modified).
8. The percentage of final compensation to be provided for each year of credited current service as a classic local miscellaneous member entering membership for the first time with this agency in the miscellaneous classification after February 24, 2012 shall be determined in accordance with Section 21354.4 of said Retirement Law (2.5% at age 55 Full).
9. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
10. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local safety member entering membership in the safety classification on or prior to February 24, 2012 shall be determined in accordance with Section 21362.2 of said Retirement Law (3% at age 50 Full).
11. The percentage of final compensation to be provided for each year of credited current service as a classic local safety member entering membership for the first time with this agency in the safety classification after February 24, 2012 shall be determined in accordance with Section 21363.1 of said Retirement Law (3% at age 55 Full).

PLEASE DO NOT SIGN "EXHIBIT ONLY"

12. The percentage of final compensation to be provided for each year of credited prior and current service as a new local safety member shall be determined in accordance with Section 7522.25(d) of said Retirement Law (2.7% at age 57 Full).
13. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Section 21571 (Basic Level of 1959 Survivor Benefits) for local police members only.
 - b. Sections 21624, 21626 and 21628 (Post-Retirement Survivor Allowance).
 - c. Section 20042 (One-Year Final Compensation) for classic members only.
 - d. Section 20903 (Two Years Additional Service Credit).
 - e. Section 21573 (Third Level of 1959 Survivor Benefits) for local fire members only.
 - f. Section 21574 (Fourth Level of 1959 Survivor Benefits) for local miscellaneous members only.
 - g. Section 21024 (Military Service Credit as Public Service).
 - h. Section 20475 (Different Level of Benefits): Section 21354.4 (2.5% @ 55 Full formula) is applicable to local miscellaneous members entering membership for the first time with this agency in the miscellaneous classification after February 24, 2012.

Section 21363.1 (3% @ 55 Full formula) is applicable to classic local safety members entering membership for the first time with this agency in the safety classification after February 24, 2012.
 - i. Section 20516 (Employees Sharing Additional Cost):

From and after July 7, 2014 and until October 12, 2015, 1% for classic local police members in the Hemet Police Officers' Association and the Hemet Police Management Association.

From and after October 12, 2015, 3% for classic local police members in the Hemet Police Officers' Association and the Hemet Police Management Association.

From and after the effective date of this amendment to contract, 3% for classic local fire members in the Hemet City Fire Fighters Local No. 2342.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

The portion of the employer's contribution that the member agrees to contribute from his or her compensation, over and above the member's normal contribution ("Cost Sharing Percentage"), shall not exceed the Employer Normal Cost Rate, as that rate is defined in the CalPERS Actuarial Valuation for the relevant fiscal year. If the Cost Sharing Percentage will exceed the relevant Employer Normal Cost Rate, the Cost Sharing Percentage shall automatically be reduced to an amount equal to, and not to exceed, the Employer Normal Cost Rate for the relevant fiscal year.

14. Public Agency, in accordance with Government Code Section 20790, ceased to be an "employer" for purposes of Section 20834 effective on May 1, 1977. Accumulated contributions of Public Agency shall be fixed and determined as provided in Government Code Section 20834, and accumulated contributions thereafter shall be held by the Board as provided in Government Code Section 20834.
15. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members and local safety members of said Retirement System.
16. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21573 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local fire members.
 - b. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - c. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - d. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

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- 17. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.
- 18. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the _____ day of _____, _____.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

CITY COUNCIL
CITY OF HEMET

BY _____
RENEE OSTRANDER, CHIEF
EMPLOYER ACCOUNT MANAGEMENT DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"



Staff Report

TO: Honorable Mayor and Members of the Hemet City Council

FROM: Alexander P. Meyerhoff, City Manager
Jessica A. Hurst, Deputy City Manager/Administrative Services

DATE: October 11, 2016

RE: Review of Other Post-Employment Benefits (OPEB) Trust and Funding Policy

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a review of OPEB trust options.
2. Provide direction to staff regarding next steps, if any.

BACKGROUND:

In 1998, the City of Hemet made the decision to discontinue offering an employer-paid retiree medical program to new employees. This change followed the 1990 decision to reduce retiree medical benefits from their previous levels, in an effort to reduce the increasing cost of other post-employment benefits (OPEB). Additionally, in 2015, the City Council passed Resolution No. 4642 terminating the highest costing medical plans. While these significant decisions did much to reduce the future cost of OPEB for the City, the actual cost of benefits has steadily increased.

On June 26, 2016, a work-study was presented to discuss the establishment of an other post-employment benefit (OPEB) trust for the purpose of setting aside funds for the future payment of retiree medical obligations. The discussion included the current status of the City of Hemet's retiree medical program, the "pay-as-you-go" funding practice, and the unfunded liability amount through the sunset of the program.

An OPEB trust is an irrevocable account established for the purpose of saving and paying for OPEB liabilities. A separate account is created through an administrator in which the funds are invested according to a menu of strategies, achieving higher earnings than seen with the City's operating accounts. This use of a separate OPEB trust fund allows for investment flexibility pursuant to California Government Code Section 53620-53622, compared to the investment restrictions for the City's general pooled cash.

The benefit of an OPEB trust is that, through regular funding and investment earnings, it is possible to pay the full future cost of OPEB directly from the trust, greatly reducing the ongoing

impact to the City's operating funds. As the City of Hemet's retiree medical program no longer allows participation by new employees, it is anticipated the plan will reach its end-of-life in the next 40 to 50 years.

Additionally, beginning with fiscal year 2016-17, GASB Statement 74 will require the unfunded liability for OPEB to be included in the Statement of Net Position within the City's annual financial statements. With a pay-as-you-go system a much higher actuarial liability is assumed and, when added to the unfunded liability for employee pensions, creates a negative net position of over \$100 million as presented on the City's financial statements.

As a part of the work-study presentation was the recommendation that the City Council consider an ongoing funding policy with the establishment of an OPEB trust. A funding strategy ensures that an OPEB trust receives at least minimal deposits each fiscal year in an effort to build toward full-funding of the remaining liability through the life of the program. Full funding of the OPEB liability in the future will eliminate the need to use ongoing operating resources to pay annual retiree medical costs.

This information was again presented to the City Council on September 13, 2016. Staff was directed to bring back additional information, including:

- Historical returns for each of the trust administrators and funding strategies
- Administrative fee comparisons
- Options for funding a trust

FISCAL IMPACT:

Savings from the establishment and regular funding of an OPEB trust are anticipated to be millions of dollars. Required semi-annual actuarial valuation reports will provide a benchmark for progress toward eliminating the unfunded liability for the City of Hemet's retiree medical program.

Respectfully submitted,



Jessica A. Hurst
Deputy City Manager/Administrative Services