MINUTES
REGULAR MEETING OF THE HEMET CITY COUNCIL
January 10, 2017

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

www.cityofhemet.org
Please silence all cell phones

Call to Order
Mayor Krupa called the meeting to order at 6:00 p.m.

Roll Call
PRESENT:  Council Members Meyer and Wright, Mayor Pro Tem Perciful and Mayor Krupa
ABSENT: None

Work Study
Discussion regarding this item, with possible direction to staff

1. Pavement Management Program – Nino Abad, Acting City Engineer

Nino Abad, Acting City Engineer, explained the need for the City to maintain a Pavement Management Program. The City hired Bucknam Infrastructure Group to conduct a pavement management inventory, analyze and update the City’s data. The proposed program will use the data previously entered into Cartegraph.

Peter Bucknam, Bucknam Infrastructure Group, gave the City Council a background on Bucknam Infrastructure Group. Mr. Bucknam conducted a pavement management inventory for the City of Hemet. The pavement studies were performed in 2014 and 2016. The City has 58,926,402 square feet of pavement throughout the city limits. The Citywide network has 287.4 section miles, including: 126.2 section miles of Arterials/Collectors; 161.2 section miles of Locals; and 3,209 total pavement sections. The pavement network is the City’s largest asset with an estimated total replacement cost of $388.9 million. Factors that affect pavement life are: traffic volume and static/dynamic loads; weather (rain, poor drainage, extreme heat, freezing); type of pavement; age of pavement; water runoff/pumping (high water); soil and base material under pavement; and lack of preventative maintenance. The City needs a tool that will manage the pavement information that will answer the following questions: What is the size of the pavement network?; What condition is it in?; How fast is it deteriorating?; When do I need to perform repairs to maximize pavement life?; Where should we focus our maintenance and CIP projects?; and How much will it cost? MicroPAVER is software that is heavily used in over 200 cities in California. MicroPAVER allows for the collection of 20 Asphalt Concrete (AC) and 19 Portland Cement Concrete (PCC) distress types. There levels of severity can be collected for each distress type (Low, Medium, and High). The following are the steps to implementing a PMP: Step 1 – assessment of existing pavement network; Step 2 – update of work histories; Step 3 – pavement condition survey (inspections); Step 4 – develop
rehabilitation strategies/life-cycle analysis; Step 5 – forecast future pavement rehabilitation projects and costs; and Step 6 – develop plan based on available budget and desired goals. Over the past several months the City has been working with Bucknam Infrastructure Group to assess the previous PMP database, its pavement segmentation and to incorporate recent pavement maintenance work histories. A pavement condition survey was completed on all streets to generate a Pavement Condition Index (PCI) for each pavement section. Developed and ranked street conditions, maintenance recommendations, and costs estimates for all streets based on current conditions and maintenance practices. Developed a preventive maintenance and CIP rehab schedule to report on the overall weighted average PCI anticipated for the next five years based on projected needed/available funding. The PCI is a condition rating that ranges from 0 to 100. Citywide weighted average PCI = Pavement section PCI multiplied by its area/by the total area of the network. Sections with a PCI of 86 to 100 (very good) might only require preventative maintenance. Sections with a PCI of 60 to 85 (fair to good) might require surface treatment (slurry seal). Sections with a PCI of 41 to 60 (poor) might require 1.5” to 3” overlays. Sections with a PCI of 0 to 40 (failed) might require 4” to 6” reconstruction. A spreadsheet was displayed showing the condition distribution by section mileage for all streets. 20% of the networks is excellent, 27.2% is very good, 24.2% is good, 13% is fair, 8.2% is poor, 6.5% is very poor and 1% is failed. A pie chart was displayed to show the percentages. The Citywide Street Network PCI Map was displayed. Next the City needs to forecast pavement rehabilitation projects. Determine how the current Public Works, Maintenance & Repair and CIP budget perform against today’s conditions and what level of funding is necessary to maintain today’s conditions. The City needs to consider: current funding including special assessment alternatives and grant, long-term goals – proactive arterial – local planning; alternative pavement applications; and achieve goal of “preventative maintenance” condition. Mr. Bucknam explained the pavement life cycle and displayed a sample. Maintenance methods include: crack seal/patching – general repairs (localized maintenance); high density mineral bond (global maintenance) for PCI range 75 to 95; slurry seals (global maintenance) for PCI range 60 to 85; cape seals (global maintenance) for PCI range 40 to 60; overlays (major maintenance) for PCI range 20 to 60; and AC reconstruction (major maintenance) for PCI range 0 to 20. The cost to complete the projected work program for all streets over a 5 year period is $11,033,200. The cost to maintain current PCI over the next 5 years is $38,537,500. Mr. Bucknam’s findings and recommendations are: Network has weighted PCI of 65.9 (Arterials = 69.1%; Locals – 62.8%); 33% of the Arterial network (approx. 42.1 miles) qualifies for overlay/reconstruction; 41% of the Local network (65.3 miles) qualifies for overlay/reconstruction; at a minimum, capital and maintenance projects should focus on maintaining the current weighted PCI of 65.9 over next five years; the City should re-evaluate PMP rehabilitation budget every two years to improve/adjust Engineering CPI; the City should perform maintenance inspections every two years to build upon this the current planning model forecasts for 2016-17 and beyond to ensure results; budget shown in Table 4 of the PMP report is ample to maintain weighted PCI of 65.9 after five years, additionally, the citywide deferred backlog decreases from a level of $89.4 million to $61.6 million after five years; generate updated Citywide Pavement Management Program report every two years to assess the City’s progress with the PMP; the City should continue to evaluate alternative pavement applications such as Cold Central Plan Recycling, cape seal, high density mineral bond, and rubber overlay to stretch the City’s allocated funding and pavement section life cycles; and continue to explore ways to increase efficient use of available funds through joint projects and additional funding sources such as grant funding.
**Nino Abad, Acting City Engineer,** Engineering worked closely with RCFC and contributed approximately $460,000.00 to the storm drain project so Whittier could be paved or seal coated curb to curb from Palm to San Jacinto. A recent agreement was initiated with Riverside County Transportation to include the City portion of Columbia south of Florida to the County paving project of Columbia. City share is approximately $112,500. Construction anticipated 1st quarter of 2017. A similar agreement is expected for the paving of Yale. Construction anticipated in Summer of 2017.

**Mayor Pro Tem Perciful,** asked if this analysis considers low value or deteriorating roads that will have improvements or repairs soon.

**Mr. Abad,** coordination will be considered at all time, when a street will be torn up by another agency or department money will be added to the project to complete street maintenance/repairs at that time.

The City Council and staff discussed funding and the material used for slurry seals, asphalt grinding and milling.

**Mayor Krupa,** noted that Hemet’s streets are in much better condition than surrounding cities.

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**Closed Session**

**Notice of Opportunity for Public Comment**

There were no comments presented at this time.

Recessed to Closed Session at 6:38 p.m.

**Eric Vail, City Attorney,** requested that the City Council add an urgency item to Closed Session that arose subsequent to the preparation of the agenda and requires action prior to the next regular meeting.

**Council Member Meyer moved and Council Member Wright seconded a motion to add item No. 2.a to the agenda. Motion carried 4-0.**

2. **Conference with Labor Negotiators**
   Pursuant to Government Code section 54957.6
   Agency designated representatives: *City Manager Meyerhoff*
   Employee organization:
   - *Hemet Non-Sworn Police Employees Association*
   - *Hemet Mid-Managers Association*
   - *Hemet Police Officers Association*

2.a **Threat to Public Services or Facilities**
   Pursuant to Government Code section 54957(a)
   Consultation with: *Chief of Police*

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**REGULAR SESSION**

7:00 p.m.
City of Hemet City Council Chambers
450 E. Latham Avenue
Call to Order
Mayor Krupa called the meeting to order at 7:02 p.m.

Roll Call
PRESENT: Council Members Meyer and Wright, Mayor Pro Tem Perciful and Mayor Krupa
ABSENT: None
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 Wright.

City Attorney Closed Session Report

3. Conference with Labor Negotiators
   Pursuant to Government Code section 54957.6
   Agency designated representatives: City Manager Meyerhoff
   Employee organization:
   Hemet Non-Sworn Police Employees Association
   Hemet Mid-Managers Association
   Hemet Police Officers Association
   This item was continued to the end of the Regular Session.

3.a Threat to Public Services or Facilities
   Pursuant to Government Code section 54957(a)
   Consultation with: Chief of Police
   This item was concluded. There was no reportable action.

Stephany Borders along with the City Council, presented the following awards to the 2016 Hemet Christmas Parade Winners:
Decorated Walking: VFW Post 12020
Antique Auto: Cruising A’s
Float: The Wheel House Skate Center
Motorized: Hemet Valley Baptist Church
School Marching: San Jacinto Leadership Academy
Middle School Band: Rancho Viejo Middle School
High School Band: Hemet High Marching Band
Animal: El Patron Restaurant
Best Use of Theme: Hemet High School Theater
Non-Motorized: Girl Scouts of San Gorgonio

Council Member Wright, this parade takes a lot of preparation and wouldn’t be so wonderful without Stephany Borders and Shirley Maddox.
City Council Business
Consent Calendar

4. **Receive and File** – City Council Appointments

5. **Approval of Minutes** – December 13, 2016

6. **Receive and File** – Warrant Registers
   a. Warrant registers dated November 23, 2016 in the amount of $1,182,007.25 and December 8, 2016 in the amount of $793,371.39. Payroll for the period of November 7, 2016 was $636,279.92.


8. **Recommendation by Community Development** - Zone Change No. 15-001 (Sanderson Apartments)
   a. Adopt an ordinance approving Zone Change No. 15-001 as recommended by the Planning Commission, **Ordinance No. 1924**

9. **Recommendation by Engineering** – Supplemental Appropriation for On Call Plan Check Services with Engineering Resources of Southern California, Inc.
   a. Authorize the Deputy City Manager/Administrative Services Director to enter a supplemental appropriation of $90,000 from the Professional/Specialized Services Fund for plan check services.

10. **Recommendation by Engineering** – Supplemental Appropriation for On Call Plan Check Services with CASC Engineering and Consulting, Inc.
    b. Authorize the Deputy City Manager/Administrative Services Director to enter a supplemental appropriation of $30,000 from the Professional/Specialized Services Fund for plan check services.

11. **Recommendation by Public Works** – Award Purchase Order for Automotive and Truck Parts and Supplies
    a. Authorize the City Manager to execute a purchase order to Gosch Ford in the total amount of $65,000 for annual automotive and truck parts and supplies.

    a. Authorize the City Manager to execute a purchase order in the total amount of $100,000 for traffic signal maintenance services with Computer Service Company of Baldwin Park.

    a. Authorize the Deputy City Manager/Administrative Services Director to record a supplemental appropriation in the amount of $85,000 in Facilities Fund 684-4560-2450 to establish budget for turf conversion project expenses at municipal facilities; and
    b. Authorize the Deputy City Manager/Administrative Services Director to record turf replacement reimbursement revenues in the amount of $51,760 to Facilities Revenue Fund No. 684-0790.
14. **Recommendation by Police** – FY 16-17 State SLESA (Supplemental Law Enforcement Services Account) Grant Allocation Expenditure Plan
   a. Accept the 2016-2017 State Cops Award of $123,312; and
   b. Approve the proposed expenditure plan for the $123,312 in State COPS funding for 2016-2017; and
   c. Upon award of the allocation, authorize increase in revenues of $123,312 and increase in appropriation in the amount of $123,312 to accounts to be assigned by Finance based on the approved expenditure plan.

15. **Recommendation by Fire** – Establish a formal Fire Safety Inspection Program in compliance with provision of the California Fire Code (CCR Title 24, Part 9)
   a. Direct Fire Chief to develop a Community-based Risk Reduction strategy that meets Fire/Life Safety regulations; and
   b. Develop Operational Plan to conduct annual fire inspections for all defined occupancies which will include; Restaurants, Hotels/Motels, Apartment Complexes; and
   c. Authorize Deputy City Manager/Administrative Services Director to add an appropriation in the amount of $40,000 to account number (110-3225-2400).

16. **Recommendation by Fire** – Contract Services between City of Hemet and Southern California EMS Training Institute
   a. Approve Contract Services Agreement between City of Hemet and Southern California EMS Training Institute for Fiscal Year; and
   b. Authorize the City Manager to execute agreement.

Item Nos. 11, 12 and 13 were removed from the Consent Calendar. **Mayor Pro Tem Perciful** moved and **Council Member Meyer** seconded a motion to approve the remaining Consent Calendar item as presented. Motion carried 4-0.

**Item No. 11**
**Council Member Wright**, asked for previous annual costs of parts and supplies. **Kristen Jensen, Public Works Director**, expenditures last FY were $35,000 for the entire year. The City’s aging fleet has required more frequent and costly repairs, including replacing 7 transmissions. The Department had a vacancy that required some work to be outsourced. 50% of the City’s fleet is over 10 years old.

The City Council and staff discussed the policy on aftermarket parts. The City Council discussed the aging vehicles in both Police and Fire. **Council Member Wright moved and Mayor Pro Tem Perciful seconded a motion to approve this item as presented. Motion carried 4-0.**

**Item No. 12**
**Council Member Wright**, questioned the need to increase the appropriation. **Kristen Jensen, Public Works Director**, this service will be going out to bid. This action will established a $30,000 blanket Purchase Order for services. The City has seen a greater number of vehicles hit traffic poles. **Council Member Wright**, asked if the services provided include timing maintenance.
Ms. Jensen, this contract is for monthly inspection of City owned signals, replace lights, repair wires and emergency response. The signal timing is done through the City’s Traffic Engineer. Timing on Florida Avenue is done by CalTrans. The maintenance contractor will make the changes based on direction.
The City Council discussed cost recovery when the traffic poles are hit. **Mayor Pro Tem Perciful**, recommended that there be a local bid preference if possible. **Mayor Krupa moved and Mayor Pro Tem Perciful seconded a motion to approve this item as presented. Motion carried 4-0.**

**Item No. 13**
Howard Tounget, Hemet, asked how much money has been saved in water and electricity so far. Mr. Tounget expressed concern that the grass might come back with the recent rains and noted that roses require more water than drought tolerant plants. **Kristen Jensen, Public Works Director**, did not have the amount of savings at this time and will provide that information at a later date. **Council Member Wright**, turf replacement is important. The efficiency savings might not be realized today but it will be down the road.
The City Council and staff discussed the funding and the need to move forward at this time. **Council Member Wright moved and Mayor Pro Tem Perciful seconded a motion to approve this item as presented. Motion carried 4-0.**

**Successor Agency Consent Calendar**

17. **Recommendation by Administrative Services** – Amendment to Agreement for Services with Rosenow Spevacek Group Inc. (RSG)
   a. Approve an Amendment to Agreement for Services with RSG for the amount of $42,500; and
   b. Authorize the City Manager to execute the contract and issue purchase orders in support of the contract.

**Jessica Hurst, Deputy City Manager/Administrative Services Director**, this agreement is for Fiscal Year 2017/18. RSG prepares the ROPS and works with the Department of Finance on behalf of the Successor Agency on matters related to the winding down of the Hemet Redevelopment Agency. The Oversight Board will be meeting on January 18th to approve the 2017 ROPS and again in 2018 to approve the final ROPS for 2018 after which the Board will dissolve and merge with the County of Riverside’s Oversight Board. The funding for this agreement is paid for by a $250,000 administration allowance. **Mayor Pro Tem Perciful moved and Council Member Wright seconded a motion to approve this item as presented. Motion carried 4-0.**

**Communications from the Public**

Larry Graves, Hemet, expressed concern with excessive noise coming from Pedder Nissan that can be heard by residents at Hemet West, late at night and early in the morning. Letters have been written to Pedder Nissan and a copy of the City’s noise ordinance was provided. This attempt was unsuccessful. Residents have called Hemet PD when the noise volume was high after 10:00 p.m. Mr. Graves read a letter to the City of Hemet requesting enforcement of the City’s noise ordinance.
Frank Audi, Hemet, expressed concern with the water rates and wanted to formally complain about the way water customers are treated. Mr. Audi has two bathrooms in his small business and the water bill was $500.00. His water was disconnected during the holidays.

Chuck Moore, Hemet, congratulated the successful Council Members. Mr. Moore expressed concern that the Public Works and Library purchases approved at the November meeting by the former City Council members was purposely delayed until after the election for political reasons and he does not approve of that.

Christy Lamorena, Rialto, expressed concern in support of the family that lost their son to gang violence. The Police Department must not have enough staff to solve homicides. Ms. Lamorena recommended that more money be allocated to the Police Department to fight crime and solve homicides. Ms. Lamorena will continue to support the family and has met other families that have not had closure. Every city should be safe. I’ve been with the family since November 4th and will stay until they find closure.

Corina Ramirez, San Jacinto, expressed concern with the handling of her son, Daniel Ramirez’, homicide case. Ms. Ramirez met with Council Member Wright, City Manager Meyerhoff and Chief Brown regarding her concerns. Ms. Ramirez is looking for reward money to help find his killer. Ms. Ramirez will continue to come to council meetings until this case is closed. Ms. Ramirez expressed concern about the kids that can’t play on Devonshire due to the violence and recommended more patrol and that cameras be installed.

Eileen Valle, San Jacinto, Aunt of Daniel Ramirez expressed frustration that the 3rd Detective called her today asking questions. We moved her from Whittier and are concerned with the crime. Ms. Valle heard is used to be a good city. Ms. Valle recommended that a gang task force be formed to get the guns off the streets and the homeless out of Weston Park. Ms. Valle recommended additional training for officers dealing with victims of homicides. Mariza Guadalupe Vasquez, God Sister of Daniel Ramirez, this is very overwhelming. I grew up in Rialto attending council meetings and the police in Rialto solved many cases. Ms. Vasquez asked how many cases were solved in 2016. Ms. Vasquez hopes Measure U raised enough money to help solve more cases. The City needs to form a crime suppression unit with the Measure U money.

Nicole Otto, Hemet, family friend. Ms. Otto used to live in the apartments on Devonshire where the incident occurred until she was evicted, these kids are running wild there. The family was harassed while celebrating Daniel’s birthday and has been harassed on social media.

Marie McDonald, Hemet, when talking to small business owners in Hemet about Measure U they know very little about the City Council and the meetings. The City needs to communicate more with them. Many small business owners and residents do not reach out to our council members. Ms. McDonald recommended direct communication from the City Council to the small business owners and residents. There are a number of retired talented residents in Hemet that might volunteer to write a monthly newsletter for Facebook or Neighborhood. Ms. McDonald recommended that the City Council form an Ad-Hoc Committee to consider establishing a monthly newsletter.
Discussion/Action Item

18. **Process to Fill Council Vacancy** – City Attorney Vail
   a. Determine whether to fill the vacant Council seat by appointment or by special election;
      
      AND
   
   b. If the City Council determines to fill the vacancy by appointment then to call a special meeting for the appointment of February 10th or such earlier time designated by Council, and to provide City Staff with instructions on the solicitation of candidates and the interview process;
      
      OR
   
   c. If the City Council determines that the vacancy will be filled by special election, then direct staff to prepare the necessary resolution calling a special election to be adopted at the next regular meeting.

**Eric Vail, City Attorney,** due to the resignation of Council Member Raver, the City Council has to decide how to fill the vacancy. There is just under two years left in the term. The City Council has 60 days from the date of the resignation to either fill by appointment or to call a Special Election. The first action is to decide the means in which to fill the vacancy. The 60 days is up on Sunday February 12th, or last business day is Friday, February 10th. The City Council has one regular meeting on January 24th. The City Council could call a special meeting on or before February 10th to conduct interviews. There are no rules with regard to appointment. If the City Council decides to hold an election, that election would need to be called on January 24th. The Government Code requires the date be at least 114 days after the election is called that would either be June 6, 2017 or August 29, 2017, that position would go unfilled until that time. At the time the staff report was prepared the City Clerk did not have an estimate from the Registrar of Voters, a special election in June is estimated to cost $94,000. A mail only election in August is estimated to cost between $75,000 and $85,000.

**Mayor Krupa,** recommended that the position be filled by appointment.

**Council Member Meyer,** confirmed that this position would remain at-large.

**Mr. Vail,** confirmed, when Mr. Raver’s seat comes up for election in 2018 it will be District 2. However, for this appointment it remains a general at-large position. The applicant must be 18 years of age and registered to vote as a resident in Hemet.

**Mayor Krupa,** the City Council appointed member to complete a term a couple of years ago for Jerry Franchville’s position and it worked well

**Mayor Pro Tem Perciful,** agreed that the City does not have an extra $100,000 and it is in the City’s best interest to get someone on the City Council sooner.

The City Council discussed the process that would be used to make the appointment. A notice would be published and interviews conducted and a City Council appointment made on or before February 10th. The City Council discussed criteria for consideration.

**Chuck Moore, Hemet,** I would be in favor of an appointment. The city doesn’t have the money to run a special election.

**Fred Reno, Hemet,** glad to see that the City Council is being progressive and moving along for a new year. Mr. Reno recommended that the Successful Candidate be a resident in District 2.

**Mariza Vasquez,** asked what the qualifications are?

**Mr. Vail,** the candidate must be 18 years of age and registered to vote in the City of Hemet.
Council Member Wright moved and Council Member Meyer seconded a motion to fill the vacant Council seat by appointment. Motion carried 4-0.

Mr. Vail, the process by which to advertise and select is up to the City Council. You can request Letters of Interest. Eligibility requirements can only be that the candidate be 18 years of age and registered to vote in Hemet. The City Council cannot make residing in District 2 a requirement. Mr. Vail recommended that the City Council allow time for residents to submit letters of interest and consider holding a special meeting on February 7, 2017, keeping Friday, February 10th available in case an additional meeting is necessary. The ad can run the weekend of January 21st, with a closing date of February 2, 2017. This appointment cannot be done by secret ballot and must be a majority vote. The Mayor can ask for nominations, and if the nomination is seconded the City Council can vote.

The City Council concurred with the process, the closing date for Letters of Interest will be on Thursday, February 2, 2017. A special meeting to interview applicants will be on Tuesday, February 7, 2017 at 6:00 p.m. in the Council Chambers.

19. Resolution Allowing Reimbursement for Certain Expenditures from Bond Proceeds – Public Works Director Jensen

   a. Adopt a resolution declaring that the City intends to allow for the reimbursement of certain Water Facility Capital Project expenditures from bond proceeds.

   Resolution No. 4735.

Kristen Jensen, this resolution does not authorize the issuance of bonds or determine what projects will be bonded for. It merely draws a line in time that allows the City to include expenditures from 60 days ago and forward to be included if desired. That includes the Radio Read Meters and Nitrate Removal System previously approved.

Council Member Wright, hopes that the City plans better in the future. There is money available for the Radio Read Meters that wasn’t sought. Council Member Wright asked if there is a pre-payment penalties on the bond.

Ms. Jensen, that is specific to the bond, however the standard time limit to calling a bond is 10 years without penalty.

The City Council and staff discussed grants funds that are available for these expenditures. Council Member Wright agrees that bonds should be done for the well and well treatment, but disagrees with bonding for the Radio Read Meters.

Mayor Krupa, reminded the City Council that this resolution does not approve bonds, issue bonds or determine what the bonds will pay for. It only sets the date that expenditures that can be considered for bonding.

Ms. Jensen, if grant money is received in the meantime the expenditure can be paid and not included in the bonding process. Linda Nixon’s replacement is familiar with grants and we look forward to applying for more.

The City Council continued their conversation on the grant funds. Mayor Pro Tem Perciful recommended that if the discount received by ordering the Radio Read Meter by bulk in advance is not greater than the cost of the bonds than alternative funding be considered anyway.

Jim Welker, Hemet, expressed concern that the meters did not last their guaranteed 5 years.

Ms. Jensen, the meters had a 10 year life span in most cases have been in place for 12 years. The new meters have a 10 to 15 year life span.

Council Member Wright, asked if the system include read towers.
Ms. Jensen, it does not but the new meters have that capability. Mayor Pro Tem Perciful moved and Council Member Meyer seconded a motion to approve this item as presented. Motion carried 4-0.

20. **Updated Five-Year General Fund Projection** – 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 regarding the Updated Five-Year General Fund Projection. In FY16 City management took on the task of developing a 5-year plan that would move the City back toward fiscal stability. The first plan was presented to the City Council in October 2015. This is the FY17 update to that plan, incorporating changes in policy and operations known up to the time it was created. This FY17 plan only looks at the base General Fund revenues, expenditures and fund balance; it does not take into account Measure U, special revenue, internal service or enterprise funds of the City. As in the past, the focus is to create a planning document for the development of annual budgets and capital improvement plans. The objective was to maintain current service levels within the General Fund, again excluding Measure U revenues, by keeping the costs down wherever possible as the City has more control over expenditures than revenues. Revenue estimates use FY16 as a baseline and are projected using a conservative yet realistic approach. The recession saw a 25% drop in the City’s largest tax bases – sales and property taxes. Expect to see a return to pre-recessions levels of sales tax receipts in FY2018. Property taxes should return to pre-recession levels by 2020 due to an increasing number of real estate transactions, development, including housing prices, and Prop 8 value restoration. Increases of over 20% for some plans and it is expected that costs will continue to rise. The Affordable Care Act brought about some additional cost increases, including the possible “Cadillac Tax” penalty. With loss of revenue and increasing costs the City would have depleted its General Fund reserves by 2018. The FY17 5-year financial plan was updated with several items of information. Began with FY2016 unaudited financial data. Then included was the FY17 initial adopted budget. Major changes that were included in this 5-year projection include: Update of retiree medical costs based on Council action to eliminate the highest costing plans; update of CalPERS costs due to change in amortization period of the unfunded liability. This will provide for a steady 3% increase in costs each year rather than the annually fluctuating amount in the previous schedule. Expenditure estimates: using most current information about policy and operational needs; and does not assume increases in staffing. Assumptions for revenues and expenditures were prepared using information currently available. Revenue: sales tax and property tax increases were calculated using modest growth factors, 2% and 4% respectively, based on recent receipts and property transaction data; development receipts expected to be modest as active projects that began in the previous fiscal year move through the building process. No new or expanded sources of revenue are included in the projection, only current grants and alternative funding sources. Much of the effort is focused on expenditures. Prepayment of annual PERS required contribution will save 2-3% of the annual cost. Retiree medical saw a $1 million budget savings in FY16 due to the elimination of the highest costing plans. Staff will continue to explore ways to lower costs while providing promised benefits. Capital improvement projects will continue to maximize the use of grants and funding sources outside of the General Fund. No changes to the number of staff, staff salaries or benefits. A graph was displayed showing the Revenue and Expenditure Projections for FY14 through FY20.
FY16’s unaudited deficit is $1.8 million. This amount is expected to adjust slightly after final audit is complete. This deficit is significantly lower than the deficit in the adopted budget which was projected at approximately $5 million. Stringent cost containment efforts and identification of alternative funding sources by all departments were the greatest factors to lowering the deficit. A graph showing the Fund Balance projection for FY15 through FY21 was displayed. While the fund balance for the General Fund will continue to decrease over the next 5 years, it will be doing so at a slower rate. The required reserve of 20% ($8.56 million) will be maintained through FY2021. A graph was displayed showing the structural deficit from FY14 through FY21. The City’s structural deficit will also continue to decline. There will be slight increase to the deficit in FY18 and FY19 due to changes in CalPERS unfunded liability costs. However, this deficit would have been approximately $450,000 to $700,000 higher under the former 30-year amortization policy. CalPERS will be lowering its expected discount rate from 7.5% currently to 7% over the next three years. The City can expect additional increases to CalPERS costs in the coming years once the new discount rate assumptions are calculated. Using the assumptions previously discussed, the City is expected to see an elimination of the structural deficit by FY2020-21. All of the projections were developed based on the information currently available. Staff will continue to actively monitor the fiscal situation of the City. This includes quarterly budget updates to the City Council and presentation of the Comprehensive Annual Financial Report, and annual adoption of the City’s budget. The projected reserve balance as of June 30, 2021 is expected to be $12.2 million or 28.46%, exceeding the City reserve policy. The great news is that the City will have a balanced budget by FY2021.

Mayor Pro Tem Perciful, confirmed that all revenue projections are conservative since the majority is from sales and property tax. As housing costs rise the City will received more money from property taxes. The median house price is $225,000 in Hemet and the average is $223,000 which is up from last year.

City Manager Meyerhoff, thanked the City’s Executive Team, the staff and the Finance Department for their continued efforts.

21. Licensing for Community Events on City Property and Setting Fees - Deputy City Manager/Administrative Services Director Hurst
   a. Introduce, read by title only and waive further reading of an ordinance adding Article 1 “Community Events on City Property” to Chapter 18 of the Hemet Municipal Code regarding regulatory licenses for community events conducted on City property; Ordinance Bill No. 17-004 and
   b. Adopt a resolution to adopt licensing fees for community events conducted on City Property. Resolution Bill No. 17-005

Jessica Hurst, Deputy City Manager/Administrative Services Director, there was a typographical error in the title of the resolution, the title says “Garage Sale Fees” and should say “Community Events on City Property License Fee” corrected version was distributed. On October 25th, staff brought this item to the City Council for consideration. A concern was expressed with the impact on non-profit organizations. This ordinance and resolution have been updated to address the Council’s concern.

Eric Vail, City Attorney, the resolution exempts non-profit from paying the license fee.

Stephany Borders, Hemet, expressed concerned with the contradictory wording in Section (b) and section (f) of the ordinance. Ms. Borders has worked with cities that have this type of fee and it does not generate the money expected. The process is not easy. As an organizer,
when we have to collect personal information, the vendor does not want to provide that to the organizer. By eliminating the fee for non-profits you are encouraging them to compete with for profits and this gives them an unfair economic advantage.

**Mayor Krupa**, asked if the fee applies to non-profits using for-profit vendors.

**Ms. Hurst**, for-profit businesses at the event are still paying the full licensing fee.

**Council Member Wright**, asked if this is cost effective.

**Ms. Hurst**, the process is the same for business license fee just a different price.

**Mayor Pro Tem Perciful**, this only applies to events held on City property.

**Mr. Vail**, this ordinance originated with John Jansons based on discussions with the operator of the Farmer’s market. Currently each vendor has to get a Business License with the City. This process will allow the organizer to pay one fee for the event, they vendors would them pay the event organizer. All other permits for health, sales tax are still required.

The City Council and staff discussed the difference between the current process and the proposed process.

**Mr. Vail**, the City had an agreement with the organizer of the Farmer’s Market that required a business license for each vendor and that was considered to be a problem.

**Erin Armstrong, Community Christian Church**, as a church if we wanted to have an event on City property, the cost of getting a Business License would be cost prohibitive.

**Mayor Krupa**, recommended that this item be removed at this time and an Ad-Hoc Committee be formed to include Stephany Borders.

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22. **Reconfigure the Second Floor of the Library for additional Meeting Space**

   a. Approve contracts to re-configure the second floor of the Hemet Public Library and authorize the City Manager to execute contract in support of the project; and
   
   b. Authorize the Deputy City Manager/Administrative Services Director to record a supplemental appropriation in the amount of $250,000 from Development Impact Fees fund 363 for this project; and
   
   c. Authorize the City Manager to authorize contract and issue purchase orders in support of this project.

**Kathye Caines**, gave the City Council a powerpoint presentation regarding the renovation of the second floor of the Hemet Public Library. Pictures were displayed of the current layout the west nook, east nook and the main room. The second floor can naturally be divided and reconfigured to have up to three state of the art conference centers and meeting venues to bring in additional revenue, still allowing its use as a large assembly meeting room with a capacity of 700 people. Staff is recommending approval of the contracts to reconfigure the second floor of the Library and authorize the City Manager to execute contracts and issue purchase orders in support of the project. Staff is also recommending that the City Council authorize the Finance Department to record supplemental appropriations in the amount of $250,000.

The City Council and staff discussed the architect and the designs. The City Council expressed concern with this project being a design build. When the library was constructed the second floor was ultimately designed to be library space at a later date. It was left to be used for events such as weddings until that time. The second floor has been used for large events, however, there is a greater demand for smaller meeting spaces.

**Robin Lowe, Hemet**, at the time the City Council was told that the Library would need that space for books and would grow into it. 30th Street Architects did a great job as well as Colin
McNie who was the Construction Manager. The Library was the pride of the Community. At the time this was built meeting rooms were available at the Simpson Center. DIF’s cannot be used for maintenance. This is a great idea that the City Council should consider. Ms. Lowe recommends that the City Council get bids instead of going to the original architect, photovoltaic was recommended but not approved.

**Mayor Pro Tem Perciful**, recommended that local bids get preference.

The City Council and staff discussed the funding.

**Tammy Rodofski**, likes the idea and asked if there is grant money available for this purpose.

**Chuck Moore, Hemet**, recommend that architectural plans be approved first then bids can be requested for the constructions.

**Keith Meisner, Hemet**, recommended that the construction include 5G technology and be technically ready for the future.

**Jim Welker, Hemet**, thinks the Library was a bad idea from the beginning. The Library should move back to the Covell Building, the staff there should move to the current City Hall and the Library should house and become the new City Hall. Mr. Welker also recommended that City Staff do the architectural work.

The City Council and staff discussed the action before them and again discussed the term “Design Build”. Staff noted that the contracts used the term incorrectly.

**Council Member Wright**, expressed concern that the City Council has never seen the design and would like to know what it will look like prior to considering it.

**Mayor Krupa**, I am in favor of the remodel, but also have a number of questions for the architect and/or contractor.

The City Council directed staff to continue this item until the designs, Architect and/or Contractor are present.

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**City Council Reports**

23. **CITY COUNCIL REPORTS AND COMMENTS**

A. **Council Member Meyer**

**Council Member Meyer**, I have been in office almost a month and I want the residents to have confidence in the City’s staff. I have seen their integrity and they work hard.

Council Member Meyer has been meeting with business owners, non-profit organizations and media sources trying to work on positive PR. Yes Hemet has a crime problem, but we need to get a positive word out about Hemet.

B. **Council Member 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)

Another Streetlight Tour has been added due to popular demand on January 19th.

Council Member Wright attended WRCOG’s Meeting a draft of the TUMF Nexus study was provided to the Board and is currently out for 30 day comment period.
6. Southern California Association of Governments (SCAG)
The Regional Council talked about legislative priorities for the upcoming year which includes: transportation; infrastructure; housing; affordable housing; and funding CAP and Trade programs. Draft of the 2016 Regional Transportation Plan was released.

7. Homeless Task Force
Next meeting with city staff and supervisors will be January 13th. The next Ad-Hoc meeting will be January 23rd.

8. Skate Plaza Task Force

C. Mayor Pro Tem Perciful
Mayor Pro Tem Perciful, gave the City Council an update on the local home sales. The average sale price is $223,000. Hemet is currently 4th in the region behind Murrieta, Menifee and Temecula. 465 homes sold in the 4th quarter of 2016.

D. Mayor Krupa
1. Riverside Conservation Authority (RCA)
2. Ramona Bowl Association
Ramona Bowl’s President’s Dinner will be held on January 21st at 6:00 p.m. at the Soboba Country Club. This will be the 94th season of Ramona.
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)

E. Ad-Hoc Committee Reports
1. Diamond Valley Lake Recreation Ad-Hoc Committee (Krupa, January 27, 2015)
Mayor Krupa reported that staff is compiling the MOI presented to the City Council should be in February.
2. CDBG Ad-Hoc Committee (Meyer/Perciful, December 13, 2016)

F. City Manager Meyerhoff
1. Manager’s Reports
City Manager Meyerhoff met with members of the Hemet League Baseball to discuss challenges they are facing.
Mr. Meyerhoff participated in a day long eGovernment demonstration provided by Munis.
Mr. Meyerhoff met with Valley Restart regarding issues at their sight.
Mr. Meyerhoff attended the Police Department’s promotion and swearing in event.
Mr. Meyerhoff spoke at the Temecula/Murrieta Action Group on January 6th.
A sight visit to the Seattle Basin and Peppertree Development was conducted. Solutions were discussed and will be further studied.
Mr. Meyerhoff met with the owners of Ramko, exciting things coming forward.
Mr. Meyerhoff attended the memorial service for Supervisor John Benoit.
2. Staff Spotlight
3. Strategic Planning, February 3, 2017
4. Public Safety Update
5. Measure U Advisory Committee Update

City Manager Meyerhoff, as of late this afternoon 35 applications had been received. The majority are City residents. January 31st can be considered as a date to conduct interviews. The City Council needs to consider the format of that meeting. The City Council expressed concern with having all the applicants in the same room while interviewing.

Eric Vail, City Attorney, the appointment must be done public meeting. The applicants can be asked to leave, but you can’t require it. Mr. Vail suggested that the City Council have two teams of council members that can interview the applicants initially. This would not be a public meeting. The City Council would need to convene another meeting to deliberate and appoint in public.

The City Council directed staff to require proof of residency for each applicant. The City Council agreed to interview applicants by Ad-Hoc Committees on January 31st, the City Council will consider appointments on February 14th.

Mr. Meyerhoff, Strategic Planning will be held on Friday, February 3rd at 9:00 a.m.

Future Agenda Items

There were no future agenda items requested at this time.

The City Council recessed to Closed Session 10:26 p.m.

Continued Closed Session

2. Conference with Labor Negotiators

Pursuant to Government Code section 54957.6
Agency designated representatives: City Manager Meyerhoff
Employee organization:

Hemet Non-Sworn Police Employees Association
Hemet Mid-Managers Association
Hemet Police Officers Association

The City Council reconvened at 10:34 p.m.

City Attorney Continued Closed Session Report

3. Conference with Labor Negotiators

Pursuant to Government Code section 54957.6
Agency designated representatives: City Manager Meyerhoff
Employee organization:

Hemet Non-Sworn Police Employees Association
Hemet Mid-Managers Association
Hemet Police Officers Association

Direction was given to the City Manager. There was no additional reportable action.

Adjournment

Adjourned at 10:35 p.m. to Tuesday, January 24, 2017 at 7:00 p.m.