MINUTES
REDEVELOPMENT AGENCY AND CITY COUNCIL
REGULAR MEETING
DECEMBER 14, 2010 - 6:00 p.m.

CALL TO ORDER

The regular meeting of the City Council and Redevelopment Agency of the City of Highland was called to order at 6:00 p.m. by Mayor Lilburn at the Donahue Council Chambers, 27215 Base Line, Highland, California.

The invocation was given by Pastor Rob Zinn and the Pledge of Allegiance was led by Mayor Pro Tem Jones.

ROLL CALL

Present: Jones, McCallon, Timmer, Scott, Mayor Lilburn
Absent: None

REPORT FROM CLOSED SESSION

No Closed Session

SPECIAL PRESENTATIONS

Mayor Lilburn presented Robert Wengen with a Community Spirit Award for his dedication and work to the seniors at the Senior Center.

Mayor Lilburn presented Tim Evans of The Unforgettables Foundation with a Proclamation for their dedication and service to families who are in need of assistance.

Mayor Lilburn presented Ernie Wong with a 20-Year Employee Award in recognition of his dedication and service to the City of Highland.

COMMUNITY INPUT

Ms. Donna Gephart stated she has previously come before City Council regarding a neighbor who has been making things difficult for them for the past five or six years with the all night parties he continues to have. At the last Council meeting she attended she was put into contact with the Highland Sheriff's Department and is very thankful for their assistance as they have been very helpful to the situation. Since the end of September there have been three citations issued and one arrest. The reason she is present this evening is due to the last citation being given after the arrest. They had thought the arrest would have been a deterrent to the situation but this is not the case. She put a call into the City Manager regarding why a portion of the Municipal Code 9.17 was not enforced. This ordinance is meant to protect a resident such as us but there is a clause in this ordinance which prevents this from happening. The City Council needs to review this ordinance and amend it to protect its citizens.

Mayor Lilburn stated this item will be forwarded to the Public Safety Subcommittee and she will be notified when this item is placed on the agenda for that subcommittee.

1. Certify Results of the November 2, 2010 General Municipal Election

City Clerk Hughes gave a brief review from the staff report.

A MOTION was made by Mayor Pro Tem Jones, seconded by Councilman Timmer, to adopt Resolution No. 2010-040 reciting the facts of the General Municipal Election held on Tuesday, November 2, 2010, declaring the result and such other matters as provided by law. Motion carried, 5-0.

RESOLUTION NO. 2010-040
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, RECITING THE FACT OF THE GENERAL MUNICIPAL ELECTION HELD ON NOVEMBER 2, 2010, DECLARING THE RESULT AND SUCH OTHER MATTERS AS PROVIDED BY LAW

SPECIAL PRESENTATION

Mayor Lilburn presented a plaque and compass to Mayor Pro Tem Ross Jones for his dedication and service to the City of Highland.

Mr. Larry Broedow, Representative of Senator Dutton's Office, presented a certificate to Mayor Pro Tem Ross Jones for his dedication and service to the City of Highland.

Mr. Chas Kelly, Field Representative for Supervisor Neil Derry, gave Recognition to Mayor Pro Tem Ross Jones for his dedication and service to the City Council of the City of Highland.

SWEARING IN OF NEWLY ELECTED COUNCIL MEMBERS

City Clerk Hughes performed the swearing in of the newly elected Council Members; Larry McCallon, Sam Racadio and Jody Scott.

At 6:44, the City Council took a break.

At 6:56, City Council reconvened the City Council meeting.

2. Appointment of Mayor and Mayor Pro Tem for 2010/11

City Clerk Hughes opened the floor for nominations for the appointment of Mayor.

Councilwoman Scott nominated Penny Lilburn to serve as Mayor for 2010/11.

Councilman Racadio nominated Larry McCallon to serve as Mayor for 2010/11.

City Clerk Hughes closed the floor for nominations and called for the vote.

Larry McCallon received three votes for Mayor.

Penny Lilburn received one vote for Mayor.

Larry McCallon has been appointed as Mayor for 2010/11.

Mayor McCallon nominated Penny Lilburn to serve as Mayor Pro Tem for 2010/11.

Penny Lilburn has been appointed as Mayor Pro Tem for 2010/11.

3. Membership on Various Council Subcommittees, Ad Hocs and Agency Organizations

Mayor McCallon stated this reorganization is done once a year. The Ad Hoc Committee is the prerogative of the Mayor appointment and the other committees, subcommittees and agency appointments are the consensus of the Council. He would propose on the Ad Hoc committees, he believes the SBIA has completed its task, is this correct?

City Manager Hughes responded yes, it has.

Mayor McCallon stated the Airport Layout Plan has been completed, therefore, he will disband the SBIAA Ad Hoc committee. The Noise Ordinance Committee has been completed as well, therefore, it will be disbanded as well. Cal Fire is still required and the IVDA is still required. For those two Ad Hoc Committees he would replace Ross Jones with Councilman Racadio for both committees. Going onto the Subcommittees he would propose first of all, Sign Review Committee's work has been completed and this will be disbanded as well; Orange County Property Subcommittee he would propose Mayor Pro Tem Lilburn to serve along with himself; Neighborhood Revitalization Committee he does not see any need to change this one; Public Works is fine; Public Safety he would suggest to replace Ross Jones with Councilman Racadio; Public Facilities he doesn't propose any changes; Legislative Committee he would like to replace himself with Councilman Racadio; Finance Subcommittee he would propose to place Councilman Racadio to serve on this committee; and Community Services/ Recreation Committee has a conflict and is unable to meet. it really falls under the jurisdiction of two different committees, one being the Public Facilities Subcommittee and the other being the Finance Committee so he would propose the elimination of Community Service Recreation Committee.

Councilwoman Scott stated she does not agree with the elimination of the Community Service Recreation Committee.

Mayor Pro Tem Lilburn stated it needs to be eliminated because there really is not a committee.

Councilwoman Scott stated with Mayor Pro Tem Lilburn's conflict maybe we need to find a replacement.

Councilman Timmer stated he has stated for a long time most of the issues for this committee are either fiscal issues or facility issues. He sees this as duplication.

Mayor McCallon stated if there are issues that come up and we need to appoint an Ad Hoc committee to discuss and take action of any issues, he thinks this is appropriate.

Councilman Racadio stated he thinks this is a good idea. As the need arises, then the Mayor could appoint an Ad Hoc.

Mayor McCallon stated he thinks this particular committee with the conflict of a member, it best serves the interest of the Council to eliminate the committee with the understanding that if we have an issue needing to be address the Mayor will appoint an Ad Hoc committee to do so. Flood Control District Zone 2 and 3 Advisory Committee, he would propose replacing Ross Jones with Councilman Racadio being the alternate and leaving Councilman Timmer being the primary. Omnitrans, he does not see a reason to change this; SANBAG, he would propose this remain the same; SBIAA, Councilman Racadio will replace Ross Jones and keeping Councilwoman Scott as the alternate; SBVMWD Advisory Commission, he proposed to keep the same; SCAG will remain the same; Santa Ana River Wash Area, he proposes to keep the same; Solid Waste Task Force, he would propose to replace Ross Jones with Councilman Racadio; Gangs and Drugs Task Force will remain the same; PARSAC, Councilman Racadio is proposed to be the primary representative and Chuck Dantuono as the alternate representative.

City Manager Hughes stated the PARSAC appointment will have to come back to City Council for a resolution.

A MOTION was made by Councilman Racadio, seconded by Mayor Pro Tem Lilburn, to approve the appointments of memberships on various Council Committees and Agency Appointments as discussed. Motion carried, 5-0.

CITY COUNCIL/REDEVELOPMENT AGENCY CONSENT CALENDAR

City Manager Hughes stated there is a typographical error on Item #19. The second to the last sentence there is a numerical number 250; it should read 200.

A MOTION was made by Councilman Timmer, seconded by Councilman Racadio, to approve the consent calendar as submitted with the exception of Item #16, Item #17, and Item #19 being pulled for further discussion and with Councilman Timmer abstaining from Item #5 and Item #6 and also with Mayor Pro Tem Lilburn abstaining from Item #7. Motion carried on a roll call vote, 5-0.

4. Waive the Reading of All Ordinances
Waived the reading of all Ordinances in their entirety and read by title only.

5. Minutes – November 9, 2010 City Council Regular Meeting
Approved Minutes as submitted.

6. Minutes – November 9, 2010 RDA Regular Meeting
Approved Minutes as submitted.

7. Warrant Register
Approved Warrant Register No. 513 for December 14, 2010, in the amount of $2,490,701.34 and Payroll of $231,191.28.

8. Treasurer's Report for October
Received and filed the Treasurer's Report for October 2010.

9. Selection of an Event Date and Budget for the Fifteenth Annual Citrus Harvest Festival
   1. Selected March 26, 2011, as the event date for the Fifteenth Annual Citrus Harvest Festival with a rain date of April 2, 2011; and
   2. Approved the draft budget.

10. Highland Community Video Program
    Authorized the City Manager to sign the attached agreement to renew and extend the existing agreement between the City of Highland and CGI Communications, Inc., for an update to the Community Video Program.

11. Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2010, Component Unit Financial Statements for Fiscal Year Ended June 30, 2010, and the Single Audit Report on Federal Awards
    Received and filed the Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2010, Component Unit Financial Statements for Fiscal Year Ended June 30, 2010, and the Single Audit Report on Federal Awards.

12. Banking Services Agreement and Supporting Documents with Wells Fargo Bank
    Approved the Banking Services agreement and supplemental documents with Wells Fargo Bank and authorize the City Manager to sign these documents when only one signature is required.

13. Resolution No. 2010-041 Amending a Bank-Depositor Agreement with Finance Institution(s) and Resolution RDA No. 2010-001 Amending a Bank-Depositor Agreement with Financial Institution(s)
    Adopted Resolution No. 2010-041 amending a Bank-Depositor Agreement with financial institution(s) and Adopted Resolution RDA No. 2010-001 amending a Bank-Depositor Agreement with financial institution(s).

RESOLUTION NO. 2010-041
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, AMENDING A BANK-DEPOSITOR AGREEMENT WITH VARIOUS FINANCIAL INSTITUTIONS,
REPEALING RESOLUTION NO. 2006-037

RESOLUTION RDA NO. 2010-001
A RESOLUTION OF THE HIGHLAND REDEVELOPMENT AGENCY
OF THE CITY OF HIGHLAND, CALIFORNIA, AMENDING A
BANK-DEPOSITOR AGREEMENT WITH VARIOUS FINANCIAL INSTITUTIONS
REPEALING RESOLUTION NO. RDA 2006-001

14. Modification of Approved Equipment Purchases Through COPS Technology Grant
    Approved a modification to the approved grant program purchases to eliminate the graffiti tracking program and redirect all grant funding to the Automated License Plate Reading equipment.

15. Easement Acceptance/Olive Street Sidewalk Project (Project str09003)
    1. Accepted the Grants of Easement for Road and Drainage purposes from Thuthu Truong, Doan Nguyen and Thuthu Truong, and Joy L. Bake and Kathleen L. McNabb; and
    2. Directed the City Clerk to record the Grants of Easement.

18. National Pollution Discharge Elimination System (NPDES) Implementation Agreement with the San Bernardino County Flood Control District
    1. Approved the National Pollutant Elimination System Stormwater Permit Implementation Agreement, Santa Ana Region between the City of Highland and the San Bernardino County Flood Control District; and
    2. Authorized the Mayor to execute the Agreement.

ITEMS PULLED FROM THE CONSENT CALENDAR

16. Extension of Landscape Maintenance Contract with Lasting Images Landscape

A MOTION was made by Councilman Timmer, seconded by Mayor Pro Tem Lilburn, to extend the landscape maintenance contract with Lasting Images, Inc., for one year. Motion carried, 5-0.

17. Extension of Landscape Maintenance Contract with CAM Services

Councilwoman Scott stated this contract is for city facilities, parks and landscape maintenance annexation. She is questioning why this landscape maintenance annexation is not included with Item #16, the Landscape Maintenance Contract which does include LMD's.

Assistant Public Works Director Barton stated the contracts do have the option of maintaining either, building services or the annexations. When new annexations come on then we look at what is best for that particular annexation.

A MOTION was made by Councilman Timmer, seconded by Mayor Pro Tem Lilburn, to extend the landscape maintenance contract with CAM Services for one year. Motion carried, 5-0.

19. Purchase of Replacement Cardiac Monitors and Defibrillators

Mayor Lilburn stated this item is for the purchase of new defibrillators. Did we not just purchase new defibrillators?

City Manager Hughes answered these are a different type of defibrillator. These are the type of defibrillators which paramedics use.

A MOTION was made by Councilman Timmer, seconded by Mayor Pro Tem Lilburn, to:

1. Authorize purchase of three (3) electrocardiogram monitor and defibrillator units plus accessories from ZOLL Corporation, consistent with the bids received in response to the notice inviting bids issued by the City of Yucaipa and ZOLL Medical quotation (78649 V:3) provided to the City of Highland dated November 22, 2010, a copy of which is attached as "Attachment E," in the amount of $70,151.15 (including $64,322.90 purchase price plus $5,628.25 estimated sales tax and $200.00 estimated shipping); and
2. Authorize the disposal of the three existing Physio-Control Corporation LifePak 12 electrocardiogram monitor and defibrillator units and associated accessories through trade-in on this purchase; and
3. Authorize the following budget adjustments to complete this purchase: A budget adjustment of $70,151.15 transferred from the Fire Dept. 029-2511 (Unreserved, Designated Equipment Replacement) to 029-2100-4128 (Operating Transfer Out-Paramedic Dept.); a budget adjustment of $70,151.15 to the Paramedic Dept. 028-2050-9929 (Operating Transfer In-Fire Dept.) & 028-2050-6040 (Equipment). These budget adjustments transfer $70,151.15 from the Fire Department's Equipment Reserve to the Paramedic Department to be expended out of the Paramedic Equipment line item. Motion carried, 5-0.

COUNCIL/REDEVELOPMENT AGENCY PUBLIC HEARING

20. MCA-010-005 – Highland Municipal Code Amendment Related to Title 1 General Provisions, Chapter 1.08, County Code Adopted; Title 2 Administration and Personnel, Chapter 2.56 Administrative Citation Process, Section 2.56.010 Authority Statement of Purpose and Intent; and Title 6 Animals, Chapter 6.04 County Animal Control Regulations Adopted, Section 6.04.020 County Animal Control Regulations – Adopted, and Section 6.04.040 Penalties

Mayor McCallon opened the Public Hearing.

Community Development Director Jaquess stated the item before you is one the subcommittee recommended we proceed with making this particular amendment to the code. It allows the Animal Control officers, when they are in the field, to issue citations using the County Administrative Citation Authority. The advantage of doing this is that they can proceed with those administrative hearings if necessary without going to court because going to court not only takes a lot of time but sometimes judges have a tendency to not take the issue as seriously as an administrative hearing officer. So we believe this will actually improve our quality of Animal Control and talking with the County Representative, Mr. Cronin, he feels that given the change in the dynamics of the penalties that were identified, we actually make more than pay for our costs of the administrative hearing by implementing this program.

Mayor McCallon called for any speakers in favor or in opposition of this item. Hearing none, the public hearing is now closed.

Mayor Pro Tem Lilburn stated this did come to the Public Safety Subcommittee and one of the reasons is we had a gentleman from the community who came with a wish list of items that he thought the City should address for animal control. At this time, Mr. Cronin was present and there were some items that were very warranted and some were kind of particular. Mr. Cronin explained the do's and the don'ts and some things were legal and weren't legal. The ones that we are bringing before the Council were very justified.

A MOTION was made by Councilman Timmer, seconded by Councilwoman Scott, to:

1. Adopt a California Environmental Quality Act Notice of Exemption and instruct staff to file a Notice of Exemption with the County Clerk of the Board; and
2. Introduce Ordinance No. 355 to amend Title 1 General Provisions, Chapter, Chapter 1.08, County Code Adopted; Title 2 Administration and Personnel, Chapter 2.56 Administrative Citation Process, Section 2.56.010 Authority Statement of Purpose and Intent; and Title 6 Animals, Chapter 6.04 County Animal Control Regulations Adopted, Section 6.04.020 County Animal Control Regulations – Adopted, and Section 6.04.040 Penalties. Motion carried, 5-0.

City Clerk Hughes introduced Ordinance No. 355:

ORDINANCE NO. 355
AN ORDINANCE OF THE CITY OF HIGHLAND, CALIFORNIA AMENDING SECTION 1.08.050 ("REPEAL OF VARIOUS TITLES, DIVISIONS, CHAPTERS AND SECTIONS OF THE SAN BERNARDINO COUNTY CODE.") OF CHAPTER 1.08 ("COUNTY CODE ADOPTED") OF TITLE 1 ("GENERAL PROVISIONS"), SECTION 2.56.010 ("AUTHORITYSTATEMENT OF PURPOSE AND INTENT") OF CHAPTER 2.56 (ADMINISTRATIVE CITATION PROCESS") OF TITLE 2 ("ADMINISTRATION AND PERSONNEL") AND SECTIONS 6.04.020 ("COUNTY ANIMAL CONTROL REGULATIONS – ADOPTED") AND 6.04.040 ("PENALTIES) OF CHAPTER 6.04 ("COUNTY ANIMAL CONTROL REGULATIONS ADOPTED") OF TITLE 6 ("ANIMALS") OF THE HIGHLAND MUNICIPAL CODE RELATING TO ADMINISTRATIVE CITATIONS AND PENATIES FOR VIOLATIONS OF THE CITY'S ANIMAL CONTROL REGULATIONS. [MUNICIPAL CODE AMENDMENT (MCA-010-005)]

which title was read.

21. <u>Adoption of the 2010 California Fire Code</u>

Mayor McCallon opened the public hearing.

Community Development Director Jaquess stated this item before you occurs every two to three years when the State adopts new fire codes to be adopted by the local jurisdictions. In this case we are adopting the 2010 Uniform Fire Code as required by State law. We are also incorporating some local provisions that are in the attached ordinance and they deal with items such as house numbers and setbacks in fire zone areas. The attached ordinance is essentially all the same requirements as in our current code ordinance which was adopted previously.

Mayor McCallon called for any speakers in favor or in opposition of this item. Hearing none, the public hearing is now closed.

A MOTION was made by Mayor Pro Tem Lilburn, seconded by Councilwoman Scott, to hold the first reading of Ordinance No. 356 and schedule the ordinance for second reading and adoption at the Regular Council meeting of January 11, 2011. Motion carried, 5-0.

City Clerk Hughes introduced Ordinance No. 356:

ORDINANCE NO. 356
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, ADOPTING AND AMENDING THE 2010 EDITION OF THE CALIFORNIA FIRE CODE AND RELATED APPENDICES,
REPEALING ORDINANCE NO. 333

which title was read.

22. Adoption of the 2010 California Building Code Series

Mayor McCallon opened the public hearing.

Community Development Director Jaquess stated this is a similar item to the one Council just acted on. The full series of codes for the building code adoption were required to be adopted under State Law. We have prepared the necessary ordinances to do so and those are attached in the staff report. One thing which is different this year is staff found some policies that the City staff had been implementing over time and staff felt those should be made more visible. These have been incorporated into our ordinance for implementation.

Mayor McCallon called for any speakers in favor or in opposition of this item. Hearing none, the public hearing is now closed.

Councilwoman Scott stated on the water savings, the new green building standard code, is this that same thing that was brought before the Council several months ago where if you had over so many acres of land you had to have certain things.

Community Development Director Jaquess stated no, this is not related to that. This is within the structure itself. This relates to the structure as opposed to landscaping on a parcel. They are separate items.

Councilwoman Scott stated so that would be like a tankless water heater or something like that. Will this be required in every new building?

Building Official Everman stated as far as tankless water heaters, they will not be required at this time. This does go into some landscaping for individual dwellings and energy efficient plumbing fixtures. What they are trying to do in the energy code, we already have some but they are trying to get better, 15-30% better, than what the energy code specifies.

Councilwoman Scott asked if this is mandated by the State.

Building Official Everman stated the California Green Code is mandated as far as some of the energy efficient, some is mandatory, some is voluntary. Mandatory is what the energy code requires. Voluntary is whether you're trying to get a better rating on your house.

Councilwoman Scott asked if he did any kind of comparisons about what it would cost someone if they wanted to build 30 homes or if they wanted to build a commercial building now and then when this is implemented.

Building Official Everman stated no, he has not.

A MOTION was made by Councilman Timmer, Councilman Racadio, to hold the first reading of Ordinance No. 357 and schedule the ordinance for second reading and adoption at the Regular Council meeting of January 11, 2011. Motion carried, 4-1, with Councilwoman Scott dissenting.
City Clerk Hughes introduced Ordinance No. 357:

ORDINANCE NO. 357
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, REPEALING ORDINANCE NO. 319 AND AMENDING TITLE 15 OF THEMUNICIPAL CODE OF THE CITY OF HIGHLAND ADOPTING THE 2010 CALIFORNIA BUILDING CODE; VOLUMES I AND II; THE 2010 CALIFORNIA RESIDENTIAL CODE; THE 2010 CALIFORNIA ELECTRICAL CODE; THE 2010 CALIFORNIA PLUMBING CODE; THE 2010 CALIFORNIA MECHANICAL CODE; THE 2010 CALIFORNIA GREEN BUILDING STANDARDS CODE; THE 1997 UNIFORM HOUSING CODE; AND THE 1997 UNIFORM CODE FOR THE ABATEMENT OF DANGEROUS BUILDINGS, IMPOSING PENALTIES FOR THE VIOLATION OF SAID CODES, AUTHORIZING THE BUILDING OFFICIAL TO ENFORCE SPECIFIED POLICIES ANDMAKING FINDINGS AS REQUIRED BY LAW RELATING TO THE AMENDMENT OF SPECIFIED CODES

which title was read.

23. Development Impact Fee Annual Adjustment

Mayor McCallon opened the public hearing.

City Engineer Wong stated tonight we have two agenda related items pertaining to development impact fees. Item 23 is a straight forward annual adjustment of the development impact fee based on two indexes that Council had previously adopted to adjust each of the 9 categories of impact fees. Council has adopted two indexes, one is the California Highway Construction Index which went down 12.7% and this index would applied to the local circulation system and the regional flood control facilities as indicated on page 1 of the staff report. The other index is the State of California General Services Index called California Construction Cost Item Index and that index, instead of going down actually went up 6.3% and that would be applied to the law enforcement facilities, fire facilities, and general government facilities, library, community center and parks. So, these six items would be adjusted upwards 6.3%. The one category which is regional circulation system which actually has the highest number, the highest percentage in our impact fee is governed by SANBAG. That is item one of the table on page 1. The regional circulation system, that adjustment factor is based on SANBAG's adopted number. That number is also actually -12.7% but SANBAG has an additional policy that

says that if any year there is a negative adjustment then we all need to keep it at 0% instead of going down but use that negative factor and apply it to future increases. The idea is not to go up and down every year. If it goes down, keep it zero and next time it goes up then you use the method difference between the two adjustments so there is less of a change on a yearly basis. Because of this the regional circulation system only has a 0% otherwise it could have been a -12.7%. After all these adjustments the bottom line is for detached single family home there will be a 0.3% reduction and for commercial

3% reduction. So this is pretty much a direct application and a direct mathematic calculation of the numbers based on index adjustments. At the end of the resolution there is a special thing that Council did that will allow a one time exception for the developer to pay the impact fees instead of at the building permit issuance stage but postponed it until the building can be occupied. Council made a one time exception last year. If Council wants to continue this year, Council doesn't need to do anything as it is already included in the resolution assuming Council would continue the one year deferral of payment. If Council does not want to continue this and go back to the normal procedure, then we will need to make a change to the resolution.

Mayor McCallon called for any speakers in favor of this item. Hearing none, he called for the speakers in opposition.

Mr. Rod Rhoades stated he wanted to tell the Council thank you for taking this matter up. He hopes Council is taking it up to reduce fees and not keep them the same or increase them. He is a property owner in Highland. Four years ago, he submitted plans and went through plan check, paid architects, engineers, went through all that. When we started the process with planning the impact fee was just over $5,000 and by the time we were ready to submit and finish it had gone up to around $25,000. So it had gone up 400% and we had to pull the plug on our project. It was going to be a good project. Since then what we have done there is just weeded it for the last four years and it is still sitting. So, we appreciate the 25% reduction that Council gave last year and that sparked us again. What we have done is started the project again. We got another architect and we are ready to go but to be honest 25% really isn't enough for them. It went up to $25,000 and to keep it at that rate for 12 months isn't enough time to get another project going. It takes at least 12 months for the project to be drawn up. So, we request that, this is conservative town, the economy is in bad condition and it's trying to correct itself and in order to do so he feels we need to back off the fees and taxes and encourage people to do their building. He would like to thank City Planner Mainez and the Planning Department as they have been great to work with. On a sidebar they have already granted a horse trail easement that he didn't get any compensation for at all, 130 foot long. The reality is he is a homeowner; he and his wife are trying to make it. If the City raises the fees, they are going to have to pull the plug again. If the City reduces the fees that would be great for them, it would be great for developers again and people will be doing residential work in Highland again. As far as impacts go, his street has been finished for years, curbs and gutters have been done years ago. He doesn't know what impacts his single family home is going to bring but to pay $17,000, give or take, for that he just doesn't see where the money is. With that in mind he formally requests another extension of the deferment until occupancy. When we saw that they were gung ho again, ready to go, but they also request another deduction of at least 25% more at that would put it back down at half of what it was 4 years ago and that will help them proceed with their project. They have already submitted plans to planning for the new project. They are ready to go and waiting for Council's decision.

Mr. Lance Williams, President of Williams Homes, stated based on the records they reviewed it looks like about eight building permits got pulled in 2010. They pulled five of those eight permits. They have in process with the City of Highland plans to start another six homes to finish their project on the east side of town and also have plans in place including a model complex to build the 35 homes here on the west side. Included in the plans of Phase One is completion of the landscape median along Palm Avenue which was discussed earlier tonight and both sides of the right of way which is their obligation if they move forward with the project. As Council might imagine it's a difficult time to build homes anywhere in southern California. We have to get their construction lender on board, find a market to market the homes and one of the larger challenges they have had in the City of Highland and other municipalities is the issues of fees. They got pretty high during the boom market and of course prices are down 50% from where they were. A lot of their costs have gone down but their fees haven't so it's a real challenge to them. They take their deal to the construction lender and they have to get a loan. They think they can sell houses for $250,000 and the lender says the comps say you can only sell them for $200,000 meaning you make a profit at $250,000 and make a loss at $200,000. Then he looks at their fee line item and a couple of million dollars in fees. The combined fees here for a single family home and it's not just city fees, it's a lot of other agencies, roughly $45,000 a home. If you have a house selling for $250,000 it's a major hurdle as Council might imagine. It's a big deal for them. The project is at a tipping point and they have to decide whether or not they want to go forward or keep it on the shelf. They have been processing it now for at least a year with the city and had it brought before Design Review Board and it was approved. They are very close to breaking ground; they are talking about January having a model complex done. Probably impacts them more than any of their other builders because we have a project ready to go and it's a lot of units. They respectfully request that reduction of 25% is extended and they ask for a further 25% reduction of the fees. Recognizing that the larger fees are actually being touched, the $9,000 transportation fee isn't even in the calculation so the effective rate on the 25% is really more like 8% or 9% reduction. You don't actually get all of the pop; you're only getting a little bit of the pop because the big line items are passed the $9,000 transportation fee. We just need as much help as we can get to move on with the project.

Mr. Glenn Elssmann, Mission Development Company, stated he had a couple of questions if he could get some clarity. The regional circulation fee could have gone down 12% or was it just the local and Regional Flood Control?

City Engineer Wong stated if SANBAG does not have an additional policy that does not let any cost be adjusted downward then it could have go down 12.7%.

Mr. Glenn Elssmann, Mission Development Company, stated but the other ones were allowed to go down. He noticed the index is for San Francisco and Los Angeles and he is just wondering if there is a different index that could be more applicable to the Inland Empire given the fact that the Council has the local jurisdiction SANBAG and so forth that is showing a 12.7% reduction but yet San Francisco and Los Angeles is showing a 6.3% increase.

Mayor McCallon stated there are different indexes for transportation and other things.

Mr. Glenn Elssmann, Mission Development Company, stated granted but his guess is there is evidence which would suggest that their costs have not gone up 6.3% in the Inland Empire if anything they probably have come down versus Los Angeles and San Francisco as they have other cost structures that may not be subject to so maybe an alternative here is even though the number is down overall its only because two items are 12.7. He is just wondering if there could be consideration given to consider the 6.3 parts. He also is in favor of Williams' Builders thoughts as well.

Mayor McCallon asked what is the reason for using that particular index?

City Engineer Wong stated that index was picked several years ago when we started first to index all our costs and this is a pretty wide used index published by the State of California Department of General Services. They're usually not dealing with major construction items like highway, major storm drain items so we don't want to tie these to that kind of index. This index is more relevant to smaller type of work but sometimes buildings in this index fees so that's the general services that they were building construction and parks. This is considered more relevant to the use of several categories of impact fees. We choose to use it because we think we should not use the Highway Construction Index. This is an index that is published by the state general service department. It is well maintained and it is just something that we pay now. If you're talking about using another index to make changes then it's a different story. We don't know whether it would go up or go down.

Mr. Glenn Elssmann, Mission Development Company, stated it seems as is your experience because you are one of the few communities who is able to in this economic climate actually build public projects such as the Police Station and he sees the item for the design of a Fire Station. His understanding is the costs came down double digits, he doesn't know if it was 20% or 30% plus from what was anticipated in your study as to what are the costs for capital improvements would be. It seems there is a precedent to show that the general services sector of the payments are, in fact, significantly less than what was originally projected. All he is suggesting is that given the fact there is a nexus to what you're trying to do and he doesn't think anyone is trying to suggest that there is no connection to cover the costs. He thinks it's just recognition of the marketplace that has occurred and perhaps a different tool could be used to evaluate that situation, given the light that there has been some significant reductions in other areas.

Mayor McCallon called for any other speakers in favor or in opposition. Hearing none, the public hearing is now closed.

City Manager Hughes stated Council did receive letters from multiple parties from Treh, Williams, Century 21, EIA and Segal Construction. Those letters are in front of Council.

Councilman Racadio stated the index at CCI, you said we have used for many years, has it been since inception of the program?

City Engineer Wong stated no, we started to use it several years ago after the last major increase of index fees because there were like seven or eight years that we did not do any adjustment but that year we did make the adjustment and caught up. We said we would try to really keep up the amount by tying the amount to a published index so two indexes were proposed to the Council and it was adopted and it has been always been part of the fee resolution for annual adjustment in the last probably four years now. This California construction cost index is, as you can see in the footnotes on page 15, is tied to the building cost index for San Francisco and Los Angeles but then it just shows that there's no other area here by us that produce index. They just do it in California; they tie it from San Francisco to Los Angeles. There isn't one they do for the Inland Empire so this is the closest one we can use for building type of adjustments.

Councilman Racadio asked why do you guess that the Caltrans Highway construction item index went down so much?

City Engineer Wong stated in SANBAG's attached letter it talks about that it in fact went down 12.7%. That is the escalation factor from Caltran's index. That Caltrans Index is used to adjust the major construction items related to streets and storm drains.

Councilman Racadio asked does it relate to petroleum costs, a fluctuation there?

City Engineer Wong stated he cannot answer how exactly the index is put together. We just use it.

Councilwoman Scott stated a 1,800 square foot house, just the permits alone is how much; $45,000 before they even shovel a load of dirt, paying for permits and fees then you have to hire an engineer, you have all the different contractors and so forth, she thinks it is exuberant herself. She is troubled with Mr. Williams' statement about the 126 feet dedicated to a horse trail with no compensation. When we do street widening the residents are compensated for their land, for their trees and for their landscaping.

City Manager Hughes stated some are and some are not.

Councilman Timmer stated those people donate their property and then we sometimes have to realign their fence, realign a tree and so they are compensated. As far as they are compensated for their land, generally most people want their streets improved so they donate to the City.

Councilwoman Scott stated well there's a lot that don't and then of course you come in with the public domain thing but she is troubled by this dedication of this land.

Mayor McCallon stated that was his choice.

Councilwoman Scott stated basically well sure if somebody says if you want a permit you're going to dedicate some land. It seems to her that we should give a credit for this land. That's totally different than somebody asking for a reduced fee. We have taken something of value from this man.

Councilman Racadio stated he is assuming this was done during the entitlement process that was conditioning and in that case it is separate than if someone has an existing house and then we come along and say we want to take 2 feet in front of you then we have to compensate. When it is in the process of entitlement conditioning then it is a different scenario.

Councilwoman Scott stated that is true but it is still his land and if you said if he wants a permit then the condition is to give the land for a horse trail.

Councilman Timmer stated we do that all the time when a developer comes in and wants to build one house or ten or commercial, they have to dedicate to widen the streets, meet the project date, grade the land, put in sidewalks, curbs and gutters in, is the Highland process. If they want to go forward we have to make streets wider, put in storm drains sometimes, we have to do lots of things to make the project viable.

Mayor McCallon stated Council approved using this index four years ago. What was the basis it was brought forward to Council? Did you take a survey of other cities or why did we choose this index over something else? What are the other cities using?

City Engineer Wong stated he cannot speak for the other cities. He does not know whether they do annual adjustments and tie that to indexes or not but the discussion that the Council had at that time was that it is beneficial for every project to have some expectation as to, that the fees not go up too much at one time because what we had a problem with was we kept our fee for a long time without any adjustment at all. So there was a time that one gentleman was talking about when they started the project it was this low and then when they were ready it was a lot higher because we made many years of adjustments at one time. So after that the Council said okay, we will do that again and let's just look at our fees every year annually and incrementally in order to make adjustments without having to study the entire system again. A very common way is to tie it to some established indexes so the question became what index should we use. So for the Highway Construction type of category there are three categories; local circulation, regional circulation and the regional storm drains. We said we will use the one that ties to highway construction, so we use the Caltrans highway construction index. That is also the index SANBAG uses to make their adjustments. For the other six smaller fee categories that deals with building most because you have the library, the community center, fire department, police department, etc., these are more building related types of fees so we picked the one that is closest to the building and this one is the California Construction Cost Index derived from the building cost index. We felt that was the most appropriate index to use.

Mayor McCallon asked if it's an index which is published regularly and updated and we do not have anything for this region, is that correct?

City Engineer Wong stated we have some for southern California but not specifically for the Inland Empire.

City Attorney Steele stated in his experience many cities do not do an automatic index increase but those cities that do the California Construction Cost Index is a very widely used index because it's an average and it's not as volatile as for example if you look at Caltrans index the swing that has gone on for the last five or six years, Caltrans costs can be very volatile. Having a regional type of index tends to stabilize things a little bit and that's why many cities use this particular index because it just takes all the arbitrariness sort of off the table. Everyone knows where to find the index on a monthly basis and it is what it is and it is a little more stable than the road cost index.

Mayor Pro Tem Lilburn asked weren't some of these fees mandatory that we had to go a certain percentage from SANBAG?

Mayor McCallon stated SANBAG determines the escalation for the regional transportation. Their policy says it can't go lower than 0% and no higher than 15% and that if you have a negative it stays at 0% but the negative amount is used to off set any increase if it goes above 0 in future years. This was done to keep the fee sort of stable rather than going up every year.

Councilman Racadio stated as you can see they're trying to level it off because that one just fluctuates all over the place and that one tends to remain stable.

City Engineer Wong asked if further discussion is needed on the potential of further reduction of the standard fee. If not, we can conclude this agenda item and go to the next one.

Councilman Timmer stated he thinks that's the area where we need to address some issues. He suggests Council go ahead and adopt the fees as proposed, look at the next item and say this in addition. Council needs to address the economic times and when we do the next study which he thinks we need to do every couple of years to validate the numbers as there may be other indexes that may be more appropriate. He just doesn't want to throw out a whole report; we spent a lot of money on this study.

Mayor Pro Tem Lilburn stated she is willing to entertain what Councilman Timmer is saying if we go back and look at the next item, some savings or something.

Councilman Racadio stated he likes the idea of having an index that we had, that we can live with and if we start switching indexes, then we are really in trouble because we pick and choose. You can find one that is down but if we are experiencing reduced costs in facilities, when we do a comprehensive update, that should be reflected in the new fee. If it costs less, it should go down.

A MOTION was made by Councilman Timmer, seconded by Councilman Racadio, to approve Resolution No. 2010-042 amending amount of development impact fees pursuant to Government Code Section 66000 (AB 1600); and Resolution No. 2010-043 amending amount of park fee pursuant to Government Code Section 66477 (Quimby Act). Motion carried, 5-0.

RESOLUTION NO. 2010-042
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, AMENDING DEVELOPMENT IMPACT FEES FOR ALL DEVELOPMENTS WITHIN CITY OF HIGHLAND

RESOLUTION NO. 2010-043
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, AMENDING A FEE APPLICABLE TO RESIDENTIAL NEW DEVELOPMENT WITHIN THE CITY OF HIGHLAND ON PARK LAND ACQUISITION AND PARK FACILITIES DEVELOPMENT, PURSUANT TO SECTION 16.40.200 OF THE HIGHLAND MUNICIPAL CODE AND THE QUIMBY ACT (GOVERNMENT CODE SECTION 66477)

CITY COUNCIL/REDEVELOPMENT AGENCY LEGISLATIVE

24. Extension of Limited-Time Development Impact Fee Credit Policy

City Engineer Wong stated perhaps the easiest way is to look at page 4 of the staff report on that item. You can see there is a spreadsheet and on the top half of the spread sheet it deals with single family units. What Council did on the previous item is adopted the proposed DIF which is the third column on the spreadsheet and if Council does what they did last year which is Council provided a 25% of 8 of the 9 category of fees, then the other fee would become the numbers in the last column. Last year Council had a limited time policy which was adopted. Council provided 25% and that policy would expire at the end of this year. The question is does Council want to extend this policy and if so does Council want to keep the same percentage of reduction.

Mr. Lance Williams stated with regards to construction costs they have seen substantial reductions in construction costs for road construction, storm drains, sewer pipelines, horizontal improvements. He has also seen substantial construction costs reductions in vertical construction including framing, concrete, roofing materials, drywall and everything you need to build any kind of vertical structure. All those costs have come down substantially like 25% to 30% and that's for public works, private works, across the board. He doesn't think there is any big mystery there. He did notice that the Caltrans index is down 25% in the last three years and the other index is up 8% over that same period, so there is some disconnect there. Again, he doesn't really know anything about indexes. The second item is in regards to the discussion about the 25%, Mr. Wong what was the effective number?

City Engineer Wong stated the effective number is 14% for a single family home.

Mr. Lance Williams stated so the reduction isn't, if you do this 25% program it's not really 25%, its 14%. So, that's why they are asking for more. Give them some more; give them some help to get these houses started. Make it more reflective of today's market conditions.

Mr. Jeff Simonetti, Building Industry Association, stated as Council knows in late 2009 the City Council took a pro-business approach to revitalize the housing market by reducing the city's development impact fees. However, the Building Industry Association is concerned that the City Council Finance Subcommittee has not recommended an extension of the fee credit and they are urging the Council to extend the fee credit for one more year. Highland like many cities in southern California has seen a large drop in permit activity over the last few years. He wants to put in context how significant of this drop in permit activity has been. In 2005, the City issued 322 single family building permits; in 2006, 185 permits were issued; and 75 in 2007. In 2008, only 6 building permits were issued; in 2009 only 8 were issued; and through the first 10 months of this year only 8 have been issued. We have heard tonight from both builders and citizens in our City that have property in the City and are ready to begin construction if we can keep the development impact fees low and keep this extension in place. Councilmember Jones stated how Council's task going forward here is how we can bring both jobs and tax revenue into our City. Well we have builders here who are ready to do both of those because we will have construction jobs if they can begin their projects and we also hear the term that retail follows rooftops, well the new citizens will have to spend on groceries and items within the City, so we will be getting both of those points. That is why they are urging Council for one more year to continue the fee credit extension.

Mayor McCallon stated personally he might equate these to nationally; we are talking about continuation of the Bush Tax Cuts, making sure the economy moves forward. He certainly supports this approach. He thinks this reduction we had last year is akin to that. He would hope that this Council would not want to not continue that Bush Tax Cut kind of thing and maybe they should consider an appropriate adjustment of 25% or something higher is more appropriate with the idea of this last election campaign brought out a lot of people who were concerned about whether this city was business friendly or not. He knows we are and we have been. We have been proactive in trying to get development here. He thinks for us, we need to continue to try to get jobs started, if anyone listening and attended the SCAG Southern California Recovery Economic Seminar that was presented there, that if we do nothing as a State, we lost 950,000 jobs in the last 9 years in this State. If we do nothing as a State, we won't recover those jobs until 2016. So he thinks, at SCAG, were asking the State to do something to help bring those jobs earlier and he thinks we as a City ought to participate in helping this City's economy recover.

Mayor Pro Tem Lilburn stated she agrees with Mayor McCallon. We, as a Council as a whole try to walk the walk and talk the talk, and she thinks this is no exception. She doesn't have a problem sticking with the 25% and maybe even splitting the 12% and adding an additional 6% so it will be 31% for a year.

Councilman Racadio stated he would like to disagree on one part, the tax cut is for taxes that go into the general fund of the Federal Government and we don't know where that goes. This is not a tax, it's a fee, and we know exactly where it goes.

Mayor McCallon stated he understands, he was just using an analogy.

Councilman Racadio stated if we were to continue the reduction, he would like to see there is a limit. If the purpose is to induce development, last year we reduced it and it didn't do anything but we had 8 houses built. What Council did last year is a savings on each house of $2,877 so if 100 houses were built they get this credit. That is $287,700 that you, I and all the citizens are going to pay for because those things have to be built. The new people coming in with the new houses, we're paying for it because we are subsidizing it by reducing this. All he is saying is if the Council wants to do the reduction again, he thinks Council ought to cap it otherwise we could be and he thinks it ought to be a running cap so that when we get to whatever that number is whether it be 50, 75 or 100 then we stop. We then realize we have an absolute figure and we know what it is.

Mayor Pro Tem Lilburn stated cap it at the amount built?

Councilman Racadio stated no, the number of units. If you cap it, you're saving that unit $2,877 under the 25% even though it's only on our portion we can't control SANBAG's. So the net is in fact, instead of 25%, it's 14% of the total but whatever we pick we need to remember that's going to be picked up by somebody and it's going to be picked up by all us residents who are here now. Well you can argue we didn't pay our development impact fees, some of us who maybe have been here for a long time; most of us did because if we bought a house from the time the City had its development impact fees which went into effect in 1988, we all paid development impact fees. His point is we have a very accurate way to tell how much we are going to subsidize it and we ought to acknowledge we're going to subsidize it, if we're going to do that and have a dollar figure we're willing to say that we will use General Fund monies to pay the difference. If we believe this is an accurate analysis of what our impacts are going to be then we ought to be willing to understand what it is. He says we just put a cap saying once we get to "X" number of units then the 25% goes off.

Mayor McCallon stated he would be very happy and pleased if some developer wanted to build 50-75 units right now.

Councilman Racadio stated he would too.

Mayor Pro Tem Lilburn stated as part of the discussion last year when Council went through this motion and Councilman Racadio was there when the DIF fees were raised from a certain amount that we wanted to stimulate some development because Highland is a great place to live. We were willing, as a Council, to waive some of the fees and she thinks it was just to stimulate the developers.

Councilman Timmer asked if Councilman Racadio is stating we should pay for the difference from the General Fund which is paid into the DIF accounts.

Councilman Racadio stated he isn't necessarily saying that, he's saying that we just need to realize there is a cost that somebody has to pay for it. Whether that somebody is all of us who live in Highland, we're going to have to pick up the costs for the streets, the parks, the signals, the storm drain, future police facilities and fire facilities. He is just saying just do it and recognize it. It's accurate because it's based on the information.

Mayor McCallon stated do you have a number you're proposing.

Councilman Racadio stated he threw out the number 100 because it's easily calculated. If it's 100 or 50 we ought to stick to it. It's all future, so if we say next year we want to do it and we say 50, we give 40 this year then next year there's only 9 left.

Mayor Pro Tem Lilburn stated she agrees and she has no problem with the numbers. She thinks part of the analogy is that it builds excitement and it builds momentum in the community and when everyone is on board, it's our business to see that we're still a City that has development, we're one of the few cities that still is seeing commercial development.

Mayor McCallon stated he thinks a cap is a reasonable approach.

City Manager Hughes stated he would like clarification on the cap. Is Council talking about residential units, what about commercial?

Mr. Glenn Elssmann stated he would like to clarify something, it is his understanding if there is a million dollars worth of capital improvements that need to be built and if there is going to be a 100 units left to build it then the allocation for each unit would then be $10,000 because the cost is one million dollars.

Councilman Racadio stated if that's what the numbers were when they did the analysis.

Mr. Glenn Elssmann stated that is correct but if the cost drops 20% or 30% and you still have the same number of units then the fee would drop by $2,000 or $3,000. So if you guys were establishing your fee schedule today and you took all the long studies and all the capital projects that you said needed to be done for all the different facilities, the Master Plan which you've done and approved and you price that out today your costs should be at least 30% lower than they were when you calculated those costs. So, the notion that now the community or the City is going to subsidize the person that pulled the permit today, he doesn't know if that's an accurate representation of what would happen because if that facility was ready to be built today its costs, as been proven by the Police Station and other public works projects, the Caltrans numbers on this chart have dropped over 23%. This California Index, the only time they had a 1.1% reduction is one time over the last three years. So, we have a huge index problem and you guys will obviously tackle that at a different time. He thinks there is a nexus, there's a logic and connection to say let's drop it 30% because one he thinks Council is raising the 6% and he agrees there has to be a methodology. He's all of that but he thinks we have to look at the whole picture.

Councilman Racadio stated you're absolutely right. By the same token when prices were going up 15-20% a year except for this index, the fees weren't going up. AB 1600 allowed this and it doesn't require that you make your fee accurate for every month. You can go a period at a time and then adjust it. What will happen when we do our next analysis some of those fees will drop because of the costs of the facilities will go down. We're using this index to keep from having to do that study on an annual basis which is fairly comprehensive but if in fact the costs, say we do the study next year and the cost has dropped, these fees will go down irrespective of the cost of construction.

Mr. Glenn Elssmann stated he totally agrees but he thinks the public needs to be aware of is that the overall costs peaked out three or four years ago. Capital project costs have dropped but the fees have not dropped in line with the depression that we are in. Now, if you're going to maintain them and he thinks this is logical to do the reduction. He is just trying to establish it's not a subsidy that somebody now has to pay.

Councilman Racadio stated it's not if you do the analysis. If you don't do the analysis he sees it as a subsidy.

Mr. Glenn Elssmann stated he thinks there is a justifiable 30 plus percent that is derived from the reality of what has occurred in the marketplace. You've got your SCAG, you've got your SANBAG numbers and the numbers are pretty substantial.

Mayor McCallon stated what he is hearing if he might summarize is that the Council might entertain a reduction say of 30% for a year as long as we put a cap on and this cap will be determined.

Councilwoman Scott stated lets say 100 is the cap, how many of that 100 will the developer be mandated to provide low income housing because he's going to pay the same fee.

Councilman Racadio stated it won't affect that.

Councilwoman Scott asked why not?

Councilman Racadio stated if he builds in a project area where we're mandated by law to 15%.

Mayor McCallon stated or the in lieu fee. If the Council's pleasure is to reduce for another year, reduce the fee by 30% and direct staff to look at a reasonable cap and come back to Council with a recommendation.

Mayor Pro Tem Lilburn stated we talked about 25% but then it came back as it's really 14%.

Councilman Racadio stated because SANBAG isn't dropping theirs.

A MOTION was made by Councilman Timmer, seconded by Councilwoman Scott, to extend the Limited-Time Development Impact Fee Credit Policy which will include a 30% reduction for one year with a cap of 100 residential units and will begin on January 1, 2011, through December 31, 2011, and may continue if Council chooses to do so in the future. Motion carried, 5-0.

25. Appointments of the Two Vacancies on the Historic and Cultural Preservation Board (HCPB)

City Clerk Hughes opened the floor for nominations.

Councilwoman Scott nominated Pam Beachtel.

Pam Beachtel received five votes.

Councilwoman Scott nominated Karsten Polk.

Councilman Timmer nominated Tamara Zaman.

Karsten Polk received one vote.

Tamara Zaman received four votes.

26. Dissolution of the Riverside-San Bernardino Housing and Finance Agency formed in June 1999 for the Purposes of Participating in a Lease-to-Own Homeownership Program

Community Development Director Jaquess gave a brief review of the staff report.

Mayor Pro Tem Lilburn left the dais at 8:30 p.m.

A MOTION was made by Mayor Pro Tem Lilburn, seconded by Councilman Racadio, to adopt Resolution No. 2010-044 withdrawing from and terminating the Joint Exercise of Power Agreement of the Riverside-San Bernardino Housing and Finance Agency. Motion carried, 4-0.

RESOLUTION NO. 2010-044
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, WITHDRAWING FROM AND TERMINATING THE JOINT EXERCISE OF POWER AGREEMENT OF THE RIVERSIDE-SAN BERNARDINO HOUSING AND FINANCE AGENCY

Mayor Pro Tem Lilburn returned to the dais at 8:33 p.m.

27. Jurisdiction Master Agreement with SANBAG

City Engineer Wong gave a brief review of the staff report.

A MOTION was made by Councilman Timmer, seconded by Councilman Racadio, to approve Jurisdiction Master Agreement No. C10247 with SANBAG and authorize the Mayor to sign the agreement. Motion carried, 5-0.

28. Proposal from STK Architecture, Inc., for Architectural Services to Design a New Highland Fire Station No. 1 to be Located Next to City Hall on the Site of the Former Post Office, Library and Adjacent Vacant Parcel

City Manager Hughes stated the Finance Subcommittee is recommending that the Board of the Redevelopment Agency enter into an agreement with STK Architecture for the design of a new Fire Station to be located next to City Hall. The design would include the station itself as well as the footprint and skeletal design of a future headquarters building if it needed to be built in the future as well as a training tower if it needed to built in the future on the property next to City Hall which would include the former post office, library and the vacant land behind those two properties. The station itself would be a four base station. It would be designed to house a ladder truck. It would also include sleeping quarters, bathrooms, kitchen, meeting and training rooms, and gym and storage rooms. It would be designed to meet the essential services act as well as LEEDS certification.

Councilwoman Scott stated this is just the designing.

City Manager Hughes stated just the design. It would have to go through DRB and the design ultimately would have to come back to the City Council as well because the City Council reviews the design of public facilities.

Mayor Pro Tem Lilburn stated this is more than just a design; it's a buy-in because we're going to spend half a million to design. So, it's not just a design.

Councilwoman Scott stated just a design for half a million dollars is not just a design.

Mayor Pro Tem Lilburn stated she has so many mixed emotions on this. Once we design what would be maybe the tentative building date.

City Manager Hughes stated it would take approximately six to eight months to go through the design, get it through the committees, and get it before the Council for approval, so it would be sometime next year to go out to bid.

Mayor Pro Tem Lilburn stated the reason she is asking is because she wants to make sure if we're going to go forward and spend half a million dollars that because this is the taxpayers dollars, a capital improvement fund, that we have the money and she knows we had a great savings on the Police Department because of the construction and she knows this was never on a work program that all of sudden we need a new fire station to house a ladder truck.

City Manager Hughes stated it's included in the Fire Master Plan.

Mayor Pro Tem Lilburn stated Fire Master Plan but it was not included on our most recent Work Program.

City Manager Hughes stated the Council voted back in July to move this forward to try and take advantage of the lower construction rates. A new station has been talked about for quite some time because of the inadequacies of the current Station No. 1.

Mayor Pro Tem Lilburn stated right, she is just trying to make sure that the residents understand that is why it's important to move forward with this is because this is a time that we have the money and it's a process that we're going to have to see further on down the road. She thinks there might be a little heartburn because there's so much more money we could do with capital improvements but in the long run this is a project that should go forward.

City Manager Hughes stated this includes the complete design package as well as putting together the bid documents.

Mayor Pro Tem Lilburn stated we're doing this because in the future we're thinking we will need a ladder truck.

City Manager Hughes stated we will need a ladder truck when, particularly when Greenspot Road develops and as the commercial projects come into that area. It's not just the tall structures that you need a ladder truck for it's the large structure, it's the large buildings that they have to get up high and be able to shoot the water if one was to catch on fire. We already have Beaver Medical, we have the Hampton Inn and if we get one more large multi-story building we will start impacting the City's insurance for the citizens and businesses if we don't have a ladder truck to provide those services. Now we currently have an agreement with San Manuel they do provide a ladder truck into this City on a mutual aid basis and Redlands would also respond on a mutual aid basis but ultimately it's the City of Highland's responsibility if we're going to continue to build out and build these large commercial structures to provide for the safety of the community.

Administrative Analyst Rissmiller stated that is exactly correct. The insurance services have a standard that if you have three buildings either eight stories or 35 feet high in a single area then you will need to have a ladder truck. We don't have a ladder truck in the City.

Mayor Pro Tem Lilburn stated even though we have a mutual agreement, they still want us to have our own on site.

Administrative Analyst Rissmiller stated absolutely. Mutual aid really is mutual. We send to them what they send to us. We don't have anything to send them in return. Redlands and San Bernardino have sent their ladder trucks into Highland for several years. With the Hampton Inn project one of the conditions put on the development of the center was that the San Manuel Tribe must respond their ladder truck as the initial responding unit.

Mayor Pro Tem Lilburn stated we understand this because we have to deal with the ins and outs and we understand why we are doing it and the savings cost here and the monies here. She just wants to make sure the general public, the residents, the taxpayers, really understand why this project has come before us.

Administrative Analyst Rissmiller stated it's something that was first talked about ten years ago.

Councilman Racadio stated the San Manuel, is this in effect an automatic aid agreement with a condition because it's their building.

Administrative Analyst Rissmiller stated no, it's actually a condition based on development of those buildings only.

Councilman Racadio stated he supposes another option would be to enter into a long term automatic aid if we could with them and with Redlands, response time would be slower, but that would be another option but there may be a cost associated with that.

Administrative Analyst Rissmiller stated there may be a cost associated with either of them. The other risk is if there is a fire in Redlands and a fire here in Highland, the fire in Redlands would take precedence.

Councilwoman Scott asked how many times has the ladder truck from San Manuel come to Highland since we've had the agreement? Regarding the Greenspot development, when that development is completed, we're going to have to have a Fire Station out there.

City Manager Hughes stated he is not talking about the flood control property, he's talking about the commercial development, the Golden Triangle.

Councilwoman Scott stated she has a real problem. We paid a million dollars for the two buildings that we are going to tear down so there's another $150,000 at least to tear them down and go through all the environmental stuff so it's probably more and then $500,000 just for a design. We ask our developers or our people that are developing something, we ask them before they can pull their permits to have all these plans and environmental and engineering, we ask them to have every bit of that before they can even pull a permit. With that we also make sure to have financial statements, their backing, and their whole thing.

City Manager Hughes stated no we don't.

Councilwoman Scott stated well she just read one today and that is exactly what it was asking for from the City.

City Manager Hughes stated you might be confusing things. We don't ask a private developer if they are going to build homes or a tract home, what their financial statements are.

Councilwoman Scott asked if we did for commercial?

City Manager Hughes stated no, Lowe's didn't have to provide their financial. If they are going to receive some type of supplement from the City/RDA then we would ask for financials.

Mayor Pro Tem Lilburn stated San Manuel's mutual aid is only applicable to their hotel.

Administrative Analyst Rissmiller stated that is all they are required to do.

City Manager Hughes stated but through mutual aid they would also respond.

Councilman Racadio stated he would equate that as an automatic aid relationship versus a mutual aid.

Mayor Pro Tem Lilburn stated when we had the fire at Far West Meats she heard there were five ladder trucks that responded.

Administrative Analyst Rissmiller stated four responded.

Mayor Pro Tem Lilburn stated there were other cities who responded even without a mutual aid agreement.

City Manager Hughes stated we have mutual aid agreements with the surrounding jurisdictions.

Councilman Timmer stated this particular fire station and the ladder truck was indentified in the Master Plan years ago. We have always been collecting funds for these items because we have known we were always going to do them but because of the economic times. We have an opportunity to maximize the dollars we have to get this built. It's not like it was a secret project we just developed all of a sudden, we have been planning this project for a lot of years. As far as the design, we're not only designing the station but this is going to be engineered, it's going to be ready to go out to bid and it's going to have all the documentation so when we go out to bid we can get all the appropriate permits issued. We will have a complete package ready to go to construction if we have the money and we as a Council have always said we're not going to build a project unless we can pay for it and it's going to be completed and paid for upon completion and he doesn't see that changing at all. In fact, the DIF funds at some point will have to be paid back.

Councilman Racadio stated he thinks this looks like a positive for public safety and economic development. If we do this, it's going to enhance the building to have some development which we need and it's going to lower the development impact fees. That's all positive from what he is seeing. It's funded, there's plenty of money for it so we're not borrowing, and the money is there. By making the LEEDS certification, are we required by law, because it says the agency is requiring it but that's just adding costs? Why would we want to do that?

City Manager Hughes stated when you do the LEEDS certification you don't go to the extreme that we went with the library where it was a very costly project. When you do the certification you tend to do the things that make sense but it doesn't have the huge costs impacts. It's the lowest level of LEEDS.

Councilman Racadio asked is that in fact, in the long term, saving us money.

City Manager Hughes stated it will save you money because of the energy savings.

Councilwoman Scott asked if the design is $522,000 and our fire facilities and equipment development impact fee annual report as of today we have $101,386. Is that correct?

Director of Administrative Service Dantuono stated as of June 30, 2010.

Councilwoman Scott stated now that's not enough to pay for this fee.

City Manager Hughes stated we also have funding set aside in the fire department budget as well as the Redevelopment Agency.

Councilwoman Scott asked how much do we have.

Mayor McCallon stated we have the full amount.

City Manager Hughes stated we have enough funds to cover the construction of this facility.

Councilwoman Scott stated she is going right back to what Mayor Pro Tem Lilburn said do we have enough to cover the $522,000?

City Manager Hughes stated we have, he believes, $1.5 million in fire fund, the police station will probably have about $2.5 million savings by the time everything is said and done and we also have some additional capital funds in the Redevelopment Agency we can use for the construction of this facility.

Mayor McCallon stated so we have all the funds needed to build it.

Councilwoman Scott stated okay, so roughly $5 million is what we have.

City Manager Hughes stated yes.

Councilwoman Scott stated and so you think $5 million is going to do it?

City Manager Hughes stated we have to do a design to see what it entails.

Councilwoman Scott stated that is a lot of money to put out for hoping.

A MOTION was made by Councilman Racadio, seconded by Mayor Pro Tem Lilburn, to Authorize the Executive Director to enter into an agreement with STK Architecture, Inc., for architectural services to design a new Highland Fire Station No. 1 to be located next to City Hall on the site of the former Post Office, Library and adjacent vacant parcel; and to Approve a budget adjustment in the amount of $522,650 from 080.2560 (RDA Capital Projects-Unreserved, designated special capital projects) to 080.8000.4509 (RDA Capital Projects Contract Services-Architect). Motion carried, 5-0.

29. Update on SANBAG, SCAG, Omnitrans, Work Program and Regional/Legislative Issues/Development Issues/Subcommittees/AB 1234 Updates

Mayor McCallon stated he has supplied updates to the Council regarding SANBAG and SCAG.

Mayor Pro Tem Lilburn stated Omnitrans opened a new transit center at Chaffey College in Rancho Cucamonga and it will assist in the traffic flow.

City Manager Hughes stated Council will be receiving a Work Program packet which will include staff's proposed work items. Also included will be an update for the past two years as well as staff's on going hours for on going activities.

30. San Bernardino International Airport Authority and IVDA

None

ANNOUNCEMENTS

Councilman Racadio stated he wanted to publicly state his appreciation of Ross Jones for his service to the City of Highland and also to Penny Lilburn for her three years she served as Mayor and the way she represented our City in a very positive way.

December 28, 2010 City Council Meeting has been cancelled

CLOSED SESSION

At 9:04 p.m., the City Council and Redevelopment Agency convened into closed session regarding the following:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Pursuant to Government Code Section 54956.8 regarding the following properties:

Property:	APN 1192-431-04 & 05
Negotiating Parties:	Joseph Hughes, Highland Redevelopment Agency Alan M. Hull and Diane L. Hull
Under negotiation:	Instruction to City's negotiator concerning price and terms of payment.

Property:	APN 1201-331-01, 08, 09
Negotiating Parties:	Joseph Hughes, City of Highland Greenspot/Pacific LLC
Under negotiation:	Instruction to City's negotiator on exclusive right to negotiate on these parcels.

At 9:52 p.m., the City Council and Redevelopment Agency adjourned closed session making no announcements.

ADJOURN

There being no further business, Mayor McCallon adjourned the meeting at 9:54 p.m. in memory of Elizabeth Edwards, Jack Kayser and Mary Wallace.

Submitted by:

Betty Hughes, CMC
City Clerk

Approved by:

Penny Lilburn
Mayor