

**MINUTES
CITY COUNCIL REGULAR MEETING
AUGUST 14, 2012 - 6:00 p.m.**

CALL TO ORDER

The regular meeting of the City Council was called to order at 6:05 p.m. by Mayor McCallon at the Donahue Council Chambers, 27215 Base Line, Highland, California.

The invocation was given by Paul Reed of Immanuel Baptist Church and the Pledge of Allegiance was led by Boy Scout Troop 45.

ROLL CALL

Present: Lilburn, McCallon, Racadio, Scott, Timmer
Absent: None

REPORT FROM CLOSED SESSION

No reportable action

SPECIAL PRESENTATIONS

Mayor McCallon presented Christopher and Johnny Shuris with a Community Spirit Award for their brave and heroic actions in assisting residents to safety from a burning home.

PUBLIC COMMENT

Mr. Emerald St. John stated his trash day is Wednesday morning and his neighborhood has been targeted for trash diggers to come sort through his trash. He has called the police and they have responded but of course the diggers are gone. He is asking Council for guidance on how to stop these trash diggers from coming into the neighborhoods. He would also like to see jaywalkers receive tickets as they are crossing in the middle of the streets causing traffic to stop.

Ms. Josie Burns stated she would like to thank you for the City's efforts during the 2010 flood. There are two corners of the property on Summertrail Place and those have been weedy and rocky. She was told this project was going out to bid and then nothing happened. Staff responded with the information that this project will go out to bid in the spring 2013 and will be tied to a Federal rehabilitation project. She feels this is too far away. She would like to see something done before 2013.

Mr. Ron Sellers stated UN Agenda 21 is something the United Nations has put out some time ago and it is a multiplicity of laws and suggestions. They have tried to get governmental agencies to pass laws to control and run things. He does not feel the EPA is a friend to this City. He thinks it important to make note of this because the larger the Government, the smaller the citizens. We ought to be careful how much is taken from the different agencies of the Federal Government because there always is a string attached.

CITY COUNCIL CONSENT CALENDAR

A MOTION was made by Councilman Racadio, seconded by Councilman Timmer, to approve the consent calendar as submitted with Mayor McCallon abstaining from Item #2. Motion carried on a roll call vote, 5-0.

1. Waive the Reading of All Ordinances
Waived the reading of all Ordinances in their entirety and read by title only.
2. Minutes – June 26, 2012 City Council Regular Meeting
Approved the Minutes as submitted.
3. Warrant Register
Approved Warrant Register No. 545 for August 14, 2012, in the amount of \$5,892,465.22 and Payroll of \$236,300.03.
4. Treasurer's Report for May
Received and filed the Treasurer's Report for May 2012.
5. Treasurer's Report for June
Received and filed the Treasurer's Report for June 2012.
6. Claim Consideration – Martha Barbosa
Rejected claim.
7. Resolution No. 2012-028 Adopting Amendments to the City of Highland Premium Only Plan
Approved Resolution No. 2012-028 adopting amendments to the City of Highland Premium Only Plan.
8. Semi-annual Report of the Processing of Applications per the City Council's "Come Home to Highland" Program and Policies for the Period of January 1, 2012, to June 30, 2012
Received and filed the report.
9. Declaration of Three (3) Seats Vacant on the Community Trails Committee
 1. Declared three (3) seats vacant on the Community Trails Committee; and
 2. Directed the City Clerk to advertise the vacancies pursuant to the Maddy Act.

- 10. Declaration of Two (2) Vacant Seats on the Public Nuisance Hearing Board
 - 1. Declared two (2) seats vacant on the Public Nuisance Hearing Board; and
 - 2. Directed the City Clerk to advertise the vacancies pursuant to the Maddy Act.

- 11. Acceptance of Grant Deed and Grant of Easement – Greenspot Road “S-Curve” Realignment Project (Project No. str06001)
 Accepted the Grant Deed for street right-of-way in fee interest and a drainage easement for Greenspot Road from San Bernardino Valley Municipal Water District.

- 12. Notice of Completion – Bid No. 2012-01, “Autumn Chase Temporary Slope Protection Removal” (Project No. sdr12001)
 - 1. Accepted Bid No. 2012-01, “Autumn Chase Temporary Slope Protection Removal” (Project No. sdr12001) as complete;
 - 2. Authorized the Mayor to sign the Notice of Completion; and
 - 3. Directed the City Clerk to file the Notice of Completion.

- 13. Easement Acceptance/Olive Street Sidewalk Project (Project str09003)
 - 1. Accepted the Grant of Easement for Road and Drainage purposes from Thuy Nguyen; and
 - 2. Directed the City Clerk to record the Grant of Easement.

- 14. Application of State-Local Partnership Program Competitive Grant
 - 1. Adopted Resolution No. 2012-029 authorizing application of State-Local Partnership Competitive Grant and committing local match funds for the construction of Greenspot Road Improvements from SR210 to Boulder Avenue;
 - 2. Adopted Resolution No. 2012-030 authorizing application of State-Local Partnership Competitive Grant and committing local match funds for construction of Greenspot Road Bridge across Santa Ana River.
 - 3. Adopted Resolution No. 2012-031 authorizing application of State-Local Partnership Competitive Grant and committing local match funds for construction of 5th Street Corridor Improvements from Victoria Avenue to Palm Avenue.

RESOLUTION NO. 2012-029
 A RESOLUTION OF THE CITY COUNCIL
 OF THE CITY OF HIGHLAND, STATE OF CALIFORNIA,
 AUTHORIZING APPLICATION TO CALIFORNIA TRANSPORTATION
 COMMISSION FOR STATE-LOCAL PARTNERSHIP PROGRAM
 COMPETITIVE GRANT AND COMMITTING LOCAL MATCH FUNDS FOR
 CONSTRUCTION OF GREENSPOT ROAD IMPROVEMENTS FROM SR 210
 TO BOULDER AVENUE

RESOLUTION NO. 2012-030
A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF HIGHLAND, CALIFORNIA,
AUTHORIZING APPLICATION TO CALIFORNIA TRANSPORTATION
COMMISSION FOR STATE-LOCAL PARTNERSHIP PROGRAM
COMPETITIVE GRANT AND COMMITTING LOCAL MATCH FUNDS
FOR CONSTRUCTION OF GREENSPOT ROAD BRIDGE
ACROSS SANTA ANA RIVER

RESOLUTION NO. 2012-031
A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF HIGHLAND, CALIFORNIA,
AUTHORIZING APPLICATION TO CALIFORNIA TRANSPORTATION
COMMISSION FOR STATE-LOCAL PARTNERSHIP PROGRAM
COMPETITIVE GRANT AND COMMITTING LOCAL MATCH FUNDS
FOR CONSTRUCTION OF 5TH STREET CORRIDOR IMPROVEMENTS
FROM VICTORIA AVENUE TO PALM AVENUE

15. Cooperative Agreement with San Bernardino County Transportation Authority Feasibility Study Related to the Victoria Avenue Interchange Project
Approved the Cooperative Agreement with San Bernardino County Transportation Authority for Feasibility Study for Improvement of the Existing SR-210/Highland Avenue Interchange and Construction of a Proposed SR-210/Victoria Avenue Interchange.

ONCE THE PUBLIC HEARING IS CLOSED NO FURTHER TESTIMONY IS TAKEN.

16. Consideration of Resolution No. 2012-032 to Adjust the Business Tax on the Extraction and/or Processing of Rock, Sand and Gravel (Aggregate) Pursuant to Section 5.17.040 (Rock, Sand and Gravel [Aggregate] Extraction and Processing Tax), Chapter 5.17 (Business License Tax on Extraction and/or Processing of Rock, Sand and Gravel [Aggregate]), Title 5 (Business Licenses and Regulations)

Mayor McCallon opened the public hearing.

Community Development Director Jaquess stated this is an annual hearing which is held to update the mining tax in the City consistent with the increase or decrease of the cost of living. This year there was a slight increase in the CPI and it has resulted in the mining tax increasing .00296 per ton, to a total of .1864 cents.

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

Councilwoman Scott asked if this is taking in consideration the wear and tear on our roads because we are obviously not getting Plan B through.

Community Development Director Jaquess stated the tax and, he frankly does not know the original history of the adoption, but this is just an adjustment that is provided for our ordinance on an annual basis.

City Manager Hughes stated that tax is allowed to be adjusted based upon CPI. It is not really a correlation of the wear and tear of the roads.

Councilwoman Scott stated this is CPI only, didn't we have one when we first went into the tax to include wear and tear.

Councilman Timmer stated this money goes into the General Fund so it is not earmarked for street repairs. We could spend it on street repairs if need be but it is General Fund money.

City Manager Hughes stated we are currently using this revenue source to pay for law enforcement.

A MOTION was made by Mayor Pro Tem Lilburn, seconded by Councilman Racadio, to adopt Resolution No. 2012-032 fixing the Highland Business License Tax on the extraction and/or processing of rock, sand and gravel (aggregate) for Fiscal Year 2012-13. Motion carried, 5-0.

RESOLUTION NO. 2012-032
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
HIGHLAND FIXING THE HIGHLAND BUSINESS LICENSE
TAX ON THE EXTRACTION AND/OR PROCESSING OF
ROCK SAND AND GRAVEL (AGGREGATE) FOR FISCAL
YEAR 2012-2013

17. Proposed Issuance of Tax-exempt Multi-family Housing Revenue Bonds (the "Bonds") to Provide Financing for the Acquisition and Rehabilitation of Mountain Breeze Villas Located at 25942 Base Line

Mayor McCallon opened the public hearing.

Community Development Director Jaquess stated this is a situation where actually there are two elements. One being the City was approached by Alliance Property as a potential buyer of this existing apartment project. They desire to convert the existing apartments from market rate to affordable apartment rentals and in doing so they are using a variety of funding sources. One of which involves a bond sale and the purpose of the hearing tonight is to address primarily the hearing on the proposed bond issuance for the purchase price. The whole concept is consistent with City Council goal to take existing apartment buildings that are market rate and accomplish affordable housing rents in those apartments. When we had a Redevelopment Agency there were expectations frequently that the Redevelopment Agency would be a participant in that. In fact, we actually had discussed that approach with this project with some prior

individuals. Those projects didn't occur and then in the meantime the Agency went away so the current applicant is facing a different choice. To make up that gap funding, they have approached the County to use Mental Health funds and the County is proposing to provide funding to help them acquire the property and upgrade the property. To do this they are also requiring that there be a minimum of 10% of the units to be made available for residents who would be subject to mental health issues. The applicant is present this evening to speak about the project over all. It is his understanding that there also is a representative from County Mental Health present tonight to explain their program as well.

Ms. Danielle Carls Bennett, President of Alliance Property Group, stated we have included in the materials before you information about the project which Community Development Director Jaquess gave an overview. Just to recap what they are proposing is an acquisition is an existing market rate development in the City of Highland and again, it's a 168 unit property consisting of one and two bedroom units. With our proposed financing of tax exempt bonds and low income housing tax credits among sources with the County of San Bernardino financing, we plan to operate after rehabilitation of the property. The development is in an affordable housing community that will provide housing for households at or below 60% of the area median income. Again, part of the sources of funds they have are funding from the County of San Bernardino through their Mental Health Services Act Housing program. Roughly \$3.9 million total is what we have requested from the County for which we need to include 17 units or 10% of the overall total available to be set aside for households that are eligible to participate or participants in the County's full service partnership program. It is a combination of services that would come in through the County of San Bernardino Department of Behavioral Health and a full service partnership. Again, we have representatives here this evening from the County if there are any specific questions about the housing program. We have a proposed scope of rehab which would include renovation of all the interior units again not just the MHSA but all 168 of the units getting new appliances, windows to increase energy efficiency and really provide modernization for the project. A renovation of the exterior elevation of which you can see on our elevations here which through use of color, texture, materials, is really planned to have a pretty dramatic transformation of the project and have it more modernized and brought into the current time so it can be taken into the next stage of its life. They also plan to have a complete renovation of the existing clubhouse for a focal community center. In this community center they plan to have a computer lab as well as social and supportive services that will be available to all residents including homework club, ESL classes, educational classes, other supportive services that can help provide beyond shelter for all of the residents. As well, that would be an area where specific tenants that are participants under the MHSA housing program can receive case management and supportive services. They also have a representative here from the John Steward Company who currently managed a property here in the City of Highland and also has experience managing properties that involve MHSA housing units combined with non MHSA housing units. They have really provided an excellent resource for our overall

development team to manage the aspects that are involved with managing a property of this type and also adhering to the tenant selection criteria and other standards that make sure they have a functioning and well-rounded community for our project.

Mayor McCallon asked this project when it is completed, will you keep it or do you sell it off?

Ms. Danielle Carls Bennett stated we will keep it. Alliance Property Group will not only be the developer for the project but also a General partner, having a long term interest. They will have an ownership interest for at least the term of the permanent financing which is 18 years and the conditions of affordability will stay on for an extended period of time.

Mayor McCallon stated what other projects have you done in the area?

Ms. Danielle Carls Bennett stated in San Bernardino County area, this would be their first. They have done several other housing projects throughout the State of California. They have also done projects outside of the state. This is a housing community that they have developed. It was new construction, 56 units, which is servicing grandparents raising their grandkids. Again, a multi-generational housing need that they have found that has been expanding and it has been really successful. They are actually in the first month of their lease up and they are about 30% occupied. They have also completed other senior housing and family housing as well throughout the State of California. In Inglewood is where we have a recent multi-family development and as well we have developed a senior housing community in the north Las Vegas area.

Mayor McCallon stated he noticed in their write-up proposal, it mentioned something about deferred developer fees. What is this?

Ms. Danielle Carls Bennett stated in your package you can see that there is a source and usage of funds. As the developer they will receive a fee for their services and the fees are prescribed and the calculations of the fees are prescribed by the tax credit allocation committee where it is 15% of the eligible basis. In order to make the overall sources of funds that allow for financial feasibility we have agreed to defer a portion of our fee.

Mayor McCallon stated we are not talking about development impact fees.

Ms. Danielle Carls Bennett stated no, we are not talking about development impact fees.

Councilman Timmer stated we had the same questions during the Finance Subcommittee meeting and we had the same concern.

Ms. Danielle Carls Bennett stated in the language on page one we did add that there is no financing requested from the City for this transaction.

Mayor McCallon stated one thing he did note in the reservation; it says that any credit or any tax income of the City will be pledged to the payment of the principal of the prime, if any, or interest in the bonds.

Ms. Danielle Carls Bennett stated that is correct. In this regard what they have requested is that the City will simply serve as the issuer or the conduit of the tax exempt bonds that are being provided to secure the financing that we as developer will obtain. There is no credit standing or credit pledged on behalf of the City that will benefit the project. It will simply serve as a conduit issuer authorized as the issuing agent.

Mayor McCallon stated we are very proud of the fact that the City of Highland has no debt and we certainly don't want to give an impression that we are incurring any debt by this action.

Ms. Danielle Carls Bennett, President of Alliance Property Group, stated absolutely.

Councilwoman Scott stated this project was a great concern to the Neighborhood Watch group that she belongs to. 168 units and 10% going to the mental health, we have state mandates on density and now we have mental health. We just had a workshop at 3:30 today about how we are going to upgrade Base Line and she doesn't see where having another Pinehurst Village, if you will, turning this location into a Pinehurst Village. When you've got 60% at below, that is your Section 8 and she marvels at how the community room is going to have computers and so forth, they won't last long.

Mayor McCallon stated at this point, do you have a question for the applicant. We will get back to discussion later.

Councilwoman Scott stated she needs to know if there is going to be a crime free addendum and how about security 24/7, 365?

Ms. Danielle Carls Bennett stated yes, there will be and there is existing security at the property. They have had several communities, affordable housing communities, which have had computer rooms, features and amenities that are perhaps consistent with market rate and they haven't had the same level of theft and damage. In fact, it has been quite the opposite. As part of creating an overall community that provides supportive services and the context of providing affordable housing. She would like to introduce Marjorie Anderson who is with the John Stewart Company who is the property manager.

Ms. Marjorie Anderson, John Stewart Company, stated they are a property management company located in Los Angeles. She resides in Riverside and she has the whole Inland Empire as her territory. She supervises 12 properties like this. They currently have one in Highland, Sterling Village, and they have a beautiful computer room there and there is after school programs and weekend programs. They have never had a computer stolen or theft. They are a gated community and they have 24 hours a day, seven days a week security there. Very minimal things such as car damage from people running through the properties to the vacant lots which are on both sides of the property. A question was asked about crime free housing, all their managers go through the multi crime free housing program with Sheriff Department. Every tenant who moves in signs a multi crime fee addendum which is part of the lease.

Councilman Timmer stated he thinks it would be appropriate. The Finance Subcommittee had two concerns when this was first heard. One was the waiver of developer fees which has been cleared up. The other one was the 10% criteria and we got some literature after the fact which was very helpful. Maybe the County representative could explain that and how it works. When he read that, it gave him some comfort.

Ms. Danielle Carls Bennett stated she wanted to add one other point in having to do with the affordability standards and section 8 and certain targeted populations. We have done an initial assessment of the existing tenants that are there and the property is currently about 93% occupied and of the 93% that are occupied approximately 90% are income eligible. Some of which, she thinks about 10, are current Section 8 voucher holders. So while we don't have project based Section 8 at the property, what they are envisioning is that we will provide housing for at least 90% of the existing tenant population with upgrades throughout their unit and the community room and quite frankly lower their rent payment not quite to a Section 8 30% level for the broader population but she just wanted to give you some feedback in terms of how that will transform, who will be living there now, and who will be living there afterwards.

Councilwoman Scott stated the mental health tenants, they are independent living mental health or is someone going to be living in the unit with them?

Ms. Danielle Carls Bennett stated they are independent living residents.

Mr. Anthony Perez, County of San Bernardino Community Development and Housing Department, stated a couple of points he would like to make on the MHSA program and in particular Councilwoman Scott's question. All the clients who will come into a development like the one being proposed will need to go through the normal screening that a regular tenant such as you or I would have to pass. So reference checks, background checks, criminal background checks, income qualification and credit qualification. It is designed to be a program that has tenants that are ready to come in to a traditional home setting and take over one of the units. It's not somebody who is placed there. With MHSA there is an

additional step because they also have to be referred through the County program. In other words they have met the criteria to begin to come into a development such as this. The County also requires all developments that they fund to be part of the crime free addendum whether its MHSA funds, home funding or NSP funding. Their CEO, Greg Devereaux, firmly believes in the success of the program and you will see it in every document or in every funding source that the County puts forward. If you are familiar with the MHSA program, all the Counties in California receive funding. San Bernardino County has had a very detailed process but they have existing developments in Counties for them to refer to. Neighboring Riverside County has a very successful development in Moreno Valley. San Diego County has done, he believes, 4 projects. Los Angeles County has done multiple projects. Los Angeles County got to a point where they wouldn't do a project unless it had MHSA funding because funding is so scarce. So we have developments we can look to so we can learn from and make sure that when they do present something they have a case to fall back on.

Mayor Pro Tem Lilburn stated Ms. Carls Bennett had stated it is different from the people living there now to the people that will be living there. What's the difference?

Ms. Danielle Carls Bennett stated what she was saying is that since we got roughly 90% of our existing tenants who would be income eligible to remain. We have existing tenants who would stay before the renovation and after. So, while the tenant population will remain the same, the property itself will change.

Mayor Pro Tem Lilburn asked have you evaluated your neighboring project.

Ms. Danielle Carls Bennett stated we have evaluated the neighboring multi-family properties in the area on multiple levels, both to get to know our potential neighbors and also from a market perspective and everything that goes along with that.

Mayor McCallon called for any speakers in favor or in opposition of this item.

Mr. Ron Sellers stated why does it take taxpayers money to help program this and set it up? Is it necessary for County taxpayers to be involved in this?

Mayor McCallon stated this is being promoted from the Federal government. There is no money coming from City funds.

Ms. Danielle Carls Bennett stated there is no money from the City of Highland. The primary source of funding is the tax exempt bonds which is debt which we will service through the operations of the property. It is income and expense that provides funds for debt service. There are also funding programs that have been instituted through the Federal government through the Internal Revenue code Section 42 that provides for a tax credit incentive that provides also another source of funds for the projects. As well, we got funding sources that come from the County and the primary reason why these sources are required is to fill up the multiple layers of financing needed to develop and acquire the property because the rents will be lower. In order to maintain the levels of affordability there are multi sources of funds that are required.

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

Councilman Racadio stated he had a lot of concerns about this project when he looked at it and then after the meeting he had all his concerns were dealt with. He is now comfortable with this project. He thinks one of Mr. Sellers questions might have been why isn't this done by the private sector, why does government have to be involved in any way? If not for the government, nothing will happen; it will just continue to deteriorate. That is why government, in these instances, gets involved to help fix up apartments because the communities don't want them to just continue to deteriorate. That's his opinion. One of the questions asked was about the development fees, which were the subcommittee's first concern. It has been explained the applicant was referring to their own fees, not our development impact fees. The revenue bond issue, we've done other revenue bond and they are bonded against the project itself. It just gives them the ability to get the tax exemption. Pinehurst Village, he thinks, is a whole different issue. Those were condos and a whole other problem. This is going to be strongly managed and he is confident they will do a good job. The people that qualify, it seems like virtually very little change in the population. He thinks we get an upgraded facility. From what he has seen he thinks it will be a major improvement. He helped a family move from there about 3-4 years ago, they bought a home, and he was actually amazed that it didn't look that bad to him, this particular apartment complex. He thinks this company has experience in doing this and it will be an enhancement to the community. One other question he raised at the subcommittee meeting is that the City gets reimbursed staff costs and expenses related to the issuance of this. So it is absolutely no cost to the City.

Community Development Director Jaquess stated this is included in the Resolution.

Councilman Racadio stated then he is totally satisfied.

Mayor Pro Tem Lilburn stated how many credits do we get for affordable housing?

Community Development Director Jaquess stated its 168 units and there are two units that will not be affordable, so it will be 166.

Mayor Pro Tem Lilburn stated because she knows it was talked about instead of building more affordable apartments and this is not a cost to us, so that is a double positive. The only concern she has is partially because she has done a little homework and she doesn't like out of City, out of State, property management. She did some research on the Sterling complex and she understands it is run very well and we really appreciate that. One of our goals is that sometimes we have projects and you don't really want to drive through there. She doesn't want to worry about this. We are putting in a new project and in fact she would like to see us go the other direction to help clean more of those up. So, people don't have to worry about driving through apartment complexes. The last thing we have to do is worry about where we are driving and she likes the fact that the developer is participating in the multi free, if you uphold that. It's only a piece of paper but you really need to uphold that. Is there something we can do to make sure this project is being upheld and we are not getting a lot of calls for service because we don't have the man power as it is. We don't want additional calls for affordable housing.

Community Development Director Jaquess stated City Attorney Steele drafted the Resolution that is before you and he wonders if one of those or both could be modified, if necessary, to include the reference to the crime free.

Mayor Pro Tem Lilburn stated we really have to hold their feet to the fire on these crimes free; they have to do what they say they are going to do. She thinks everyone should have to do this because if they did we wouldn't have the problems we are having in some of these affordable places.

City Attorney Steele stated he would be hesitant to include those items in the Resolutions that are before you right now which really relate to the issuance of the bonds and sort of not quite prescribed by statute but they have to contain certain content in order for the bond issue to go forward. He would prefer to have that direction given to staff and then we make sure that it is a condition of the project going forward because this isn't the last word that the City has on the project. This hearing is really related to the issuance of the bonds. He would be hesitant to start adding content to these documents because they are really financial documents.

Mayor McCallon stated we will have staff include this in further activity.

City Attorney Steele stated he does think Council has the assurance of the developer though on the record that this will be a condition of the development going forward. It is something now for staff to hold the developers feet to the fire because it has been made as a commitment in asking the City to issue these bonds. He thinks there is a connection; he just would rather not add the content to these documents.

Councilman Timmer stated the County has also stated they require the documentation when they authorize those funds.

Mayor Pro Tem Lilburn stated she wants Highland to understand these are not new projects. We are not building more; we are just enhancing what there is. So we don't have to build more. She thinks it is really important that people understand this because we would have to build more if we do not enhance the current ones. She thinks we are going the right way.

Mayor McCallon stated using our existing stock and rehabilitating.

Mayor Pro Tem Lilburn stated exactly, rather than building more. She just hopes they manage it as well. How long have you had the Sterling property?

Ms. Marjorie Anderson, John Stewart Company, stated they have managed the Sterling Village going on seven years.

Mayor Pro Tem Lilburn stated she didn't realize they had the property for so long.

Ms. Marjorie Anderson, John Stewart Company, stated it really is instrumental. They have to be a partnership with the Sheriff Department. There is no variance. That crime fee addendum is just as a part of the lease as any other part. She evicts on that on a monthly basis. If she gets the court system on her side and we have a judge that will do the documentation, we go in. There is no room on that crime free addendum for anything. There are no second chances. We are very, very strict.

Mayor Pro Tem Lilburn stated is there an on site manager that resides there.

Ms. Marjorie Anderson stated yes, we will have two on site. Two exempt, rent free units for staff to reside in.

Community Development Director Jaquess stated when we send out our inspection teams to look at the multi family units, we have inspected certain villas and actually Sterling Village is probably the best project that we have inspected. They had very, very few issues at all, compared to others who have a lot of problems.

Councilwoman Scott stated is this project subject to CUP?

Community Development Director Jaquess stated no.

Councilwoman Scott stated she wants to go to number 3, declaring the City's intent to reimburse capital expenditures from the proceeds of the bond. If we are not investing any money, why are we getting reimbursed? If you go to the fiscal impact below, second sentence, in connection with the bonds the City, the Alliance Property Group Inc. or one of its subsidiary or affiliate with the project developer will enter into a loan agreement. Now that says the City is going to enter into a loan agreement. She doesn't like that wording. She doesn't care what is being said about the City not getting involved. She wouldn't sign a contract like this for herself if it said this Alliance Group and Jody Scott would enter into this.

Mayor McCallon stated he thinks Councilwoman Scott should go to the actual verbiage of the Resolutions.

City Attorney Steele stated the reimbursement language is a language that is inserted to be consistent with Federal Tax law which says that the issuing entity has to approve the reimbursement of the project costs through the bond proceeds. Otherwise the bonds can't be issued. So, what is being said in this Resolution is that the developer can expend monies to upgrade this property and those monies will be reimbursed by the bond proceeds. We are not saying the City will take General Fund money or any other source of money and reimburse the developer costs. We are saying we are going to spend these bond proceeds on the developer's costs.

Councilwoman Scott stated so the \$3.9 million that they are getting from the County. The City is actually going to be responsible for paying for the things being done.

City Attorney Steele stated no, the bond proceeds are going to be responsible for paying for things.

Councilwoman Scott stated so why do they need the City?

City Attorney Steele stated because the Federal Tax law requires that a public entity be the conduit for issuing the bonds in order for those bonds to be tax exempt.

Councilwoman Scott stated since the County wants to give the money, why doesn't the County?

City Attorney Steele stated because the project is in the City of Highland.

Community Development Director Jaquess stated we as a City had a choice, we did not have to be the issuing entity but we did bring this question forward and discussed it and felt it was appropriate for the City to be in control or in charge of the process.

Councilman Racadio stated and we've done this before. We do not have liability in revenue bonds.

City Attorney Steele stated there is a certain stream of revenue that is pledged and that is the revenue coming from the leases in the property. The benefit to the City, he thinks, bears repeating and Mayor Pro Tem Lilburn has pointed this out, the benefit to the City is in taking a substantial step to meet housing element affordable housing goals without building a new affordable housing unit. There is a certain amount of trade off. There is consideration to the City for agreeing to be the conduit and that is the 166 affordable units that you don't have now.

Councilman Timmer stated at the Finance Subcommittee, his first question and Councilman Racadio's was do we get credits for doing this and the answer is yes. Those covenants will be in placed for 30 something years but it has long term benefits. Also it dovetails into the position we took a couple of years ago is we are not going to build new units but we wanted to upgrade existing housing stock to meet the requirement. This meets that requirement. The real benefit, to him, is that when we start talking about the approach, taking existing housing stock and upgrading it, we started some initial discussion with the Raintree Apartments. At that point the Redevelopment Agency was still in place and we were discussing at the committee level to give them a couple hundred thousand per unit to meet some of these State requirements. Now we are getting 166 units with no money of our own. We've all had discussions about the mandates of affordable housing that the State has and to him this seems the most palatable way of accomplishing that and not spending any money other than some staff time to put this together and that will be reimbursed. This is a benefit to the City as much as he hates the State telling us we have to do these things, this is the easiest road to get to meet that criteria. He supports going forward with this.

Mayor Pro Tem Lilburn stated she would like to make a comment and that is as this project goes forward, we pledge to look at their neighboring complex and help them move forward and move our City forward. Just continue down the road and be very diligent in cleaning that up as well. We have a new nice project and we start enforcing and go right next door and work our way around.

Community Development Director Jaquess stated we are definitely in the process of doing that. We are working with the owner, who is not all that cooperative, and we are actually getting a warrant to inspect the property.

Councilman Racadio stated in number one what we are doing now or are we going to do another Public Hearing?

City Attorney Steele stated one is what is being done now.

A MOTION was made by Councilman Timmer, seconded by Councilman Racadio, to:

1. Conduct a public hearing pursuant to Section 147(f) of the Internal Revenue Code, as amended (the "Code"), regarding the issuance of the Bonds;
2. Adopt Resolution No. 2012-033 approving the issuance of the Bonds for the purposes of Section 147(f) of the Code; and
3. Adopt Resolution No. 2012-034 declaring the City's intent to reimburse capital expenditures from proceeds of the Bonds and authorizing certain actions relating to the issuance of the Bonds. Motion carried, 4-1, with Councilwoman Scott dissenting.

RESOLUTION NO. 2012-033

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, PURSUANT TO SECTION 147(f) OF THE INTERNAL REVENUE CODE OF 1986 APPROVING THE ISSUANCE OF BONDS OR OTHER OBLIGATIONS TO PROVIDE FINANCING FOR THE ACQUISITION AND REHABILITATION OF MOUNTAIN BREEZE VILLAS

RESOLUTION NO. 2012-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HIGHLAND, CALIFORNIA, DECLARING ITS INTENTION TO MAKE CERTAIN REIMBURSEMENTS FROM PROCEEDS OF BONDS TO BE ISSUED TO FINANCE THE ACQUISITION AND REHABILITATION OF MOUNTAIN BREEZE VILLAS AND AUTHORIZING CERTAIN ACTIONS RELATING TO THE ISSUANCE OF SUCH BONDS

CITY COUNCIL LEGISLATIVE

18. Second Reading of Ordinance No. 368 Amending the City's Official Zoning Map (ZCO-012-001) to Incorporate a New "Civic Center" Zoning District within the Town Center Policy Area and Ordinance No. 369 Amending the City's Land Use and Development Code (Title 16) to Include New Civic Center Zoning District Development Standards (MCA-012-001)

A MOTION was made by Councilman Racadio, seconded by Councilman Timmer, to conduct a second reading of Ordinance No. 368 amending the City's Official Zoning Map (ZCO-012-001) to incorporate a new "Civic Center" Zoning District within the Town Center Policy Area and Ordinance No. 369 amending the City's Land Use and Development Code (Title 16) to include New Civic Center Zoning District Development Standards (MCA-0102-001). Motion carried, 5-0.

City Clerk Hughes introduced Ordinance No. 368:

ORDINANCE NO. 368
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND,
CALIFORNIA, AMENDING THE OFFICIAL ZONING MAP AS ADOPTED
BY THE CITY OF HIGHLAND (ZCO-012-001)

which title was read.

City Clerk Hughes introduced Ordinance No. 369:

ORDINANCE NO. 369
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND,
CALIFORNIA, AMENDING TITLE 16 (LAND USE AND DEVELOPMENT
CODE) OF THE HIGHLAND MUNICIPAL CODE, ALL RELATED TO THE
NEW CIVIC CENTER DISTRICT
[MUNICIPAL CODE AMENDMENT, MCA-012-001]

which title was read.

19. Second Reading of Ordinance No. 370 Amending the Highland Municipal Code Regarding Penalties for Code Violations and the Administrative Citation Process

A MOTION was made by Councilman Timmer, seconded by Councilman Racadio, to conduct the second reading of Ordinance No. 370 amending the Highland Municipal Code regarding penalties for code violations and the administrative citation process. Motion carried, 5-0.

City Clerk Hughes introduced Ordinance No. 370:

ORDINANCE NO. 370
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND,
CALIFORNIA, AMENDING THE HIGHLAND MUNICIPAL CODE REGARDING
PENALTIES FOR CODE VIOLATIONS AND THE
ADMINISTRATIVE CITATION PROCESS

which title was read.

20. Bid Award – Bid No. 2012-08, “Autumn Chase Slope Drainage/Hydroseed EWP Project” (Project No. sdr12002)

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

Councilwoman Scott stated do any of the homeowner’s insurance policies cover this? Half of the slope belongs to those above and half belongs to those below. Yet the City is paying for the whole cost.

City Engineer Wong stated the City actually has been trying to help this neighborhood starting from the time that we had half of the slope covered with plastic sheeting. That cost was eventually reimbursed by FEMA. However, the cost to remove the plastic sheeting was the entire City's cost. Council just approved a notice of completion for approximately \$25,000 contract. That is strictly City cost and then in addition the City for the permanent improvement of some drainage work, the City applied for a couple of Federal grants on behalf of the homeowners but the City has to be the agency to apply and implement the project. We were successful in getting the money, now we are doing the work. This will be done as a City service to the residents; they will not have to pay for this project.

Councilwoman Scott stated there are 13 properties.

City Engineer Wong stated actually 12 in one group and 11 in another group.

Councilwoman Scott stated she was wondering why the City couldn't get reimbursed a \$1,000 from each of the property insurance companies.

City Engineer Wong stated the City has been providing the service to help the residents to deal with this storm related issues. This is a continuation of this practice.

Councilman Racadio stated he wanted to express his appreciation for City Engineer Wong on getting 94% of this covered by other monies.

A MOTION was made by Councilman Racadio, seconded by Councilwoman Scott, to award the contract for Bid No. 2012-08, "Autumn Chase Slope Drainage/Hydroseed EWP Project," to Jeremy Harris Construction. Motion carried, 5-0.

21. Purchase of Environmental Mitigation Credits from SAWA for Greenspot Road Bridge Project

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

Mr. Ron Sellers stated it is about time City government, the sucker fish, isn't that part of the EPA problem. Why can't we push back on some of these people and say we don't need you because we already have a bridge there. Why do we need an environmental study for a bridge right next to a bridge that is already there? Let the sucker fish take care of themselves. It seems like we don't push back enough on our mandates.

A MOTION was made by Councilwoman Scott, seconded by Councilman Timmer, to authorize the purchase of mitigation credits from Santa Ana Watershed Association in the amount of \$33,000 to mitigate environmental impacts for the Greenspot Road Bridge Project, upon receipt of Caltrans' authorization for the project to proceed to construction. Motion carried, 5-0.

22. Sheriff's Department Schedule "A" Contract for FY 2012-2013

Director of Administrative Services Dantuono gave a brief review of the staff report.

City Manager Hughes stated the reason for the reduction from the \$380,000 to the \$291,000 is because the County has decided to increase the COWCAP. We did not get a whole lot of notification for the increase so the CAO office decided to charge the increase for half of the fiscal year. We will have it next year but only half of it this year.

A MOTION was made by Mayor Pro Tem Lilburn, seconded by Councilman Timmer, to authorize the Mayor to execute the Schedule "A" contract for Law Enforcement Services with the San Bernardino County Sheriff's Department. Motion carried, 5-0.

23. 2013 Las Vegas ICSC Convention

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

Mayor Pro Tem Lilburn stated she attended ICSC this year and there was not a whole lot of foot traffic where our booth was located but she did go over to the South hall and there was a lot more activity there.

City Manager Hughes stated staff can still be effective by making appointments and going to meet with developers.

Mayor McCallon stated he thinks where we have been getting a booth lately is not located in the traffic pattern and have not been getting much traffic. He thinks it is more cost effective to go where the potential developers are and make appointments.

City Manager Hughes stated we do the same thing at the San Diego ICSC. Staff makes appointments and networks and this works well. There is no overnight stay and we have never put a booth up there. He thinks this way will work at the Las Vegas ICSC as well.

Councilman Timmer stated do we want to spend General fund monies, whether staff goes or Council goes. Is the benefit offsetting whatever the costs are by doing this?

Councilwoman Scott stated she thinks \$2,500 is a bargain. They need to be promoting our City and if Council wants to go, we should pay our own way.

Councilman Timmer stated he is not disagreeing with this. He just wants to make point to Council to recognize this as General fund money being spent.

Councilman Racadio stated he feels \$2,500 would be worth it for staff to go and talk to people and walk the floor.

24. Memorial Plaque Commemorating the City's 25th Anniversary from the Native Sons of the Golden West

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

A MOTION was made by Mayor Pro Tem Lilburn, seconded by Councilman Racadio, recommends the City Council consider the Highland Police Station as the location for the plaque chronicling the different locations. Motion carried, 5-0.

25. League of California Cities (LOCC) Annual Conference Resolutions Packet

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

Mayor McCallon asked for Council's direction on the following:

Desert Protection Act Resolution – Yes on Opposition
Global Warning Resolution – Yes to Suspend
Fines and Forfeitures Resolution – Directed Mayor to Vote on Council's behalf
Internet Crimes against Children Resolution – Yes to Support
Emergency Management Mission for California Cities Resolution – Yes to Support

26. Form 806 (Agency Report of Public Official Appointments)

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

A MOTION was made by Councilwoman Scott, seconded by Councilman Racadio, adopted and direct the City Clerk to update as appropriate, FPPC Form 806, to be posted on the City's website relating to appointments of Council Members to outside committees, boards, commissions for which compensation is paid. Motion carried, 5-0.

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

Mayor Pro Tem Lilburn stated Omnitrans has redesigned their logo and will be hosting festivities tomorrow to debut the new logo.

28. San Bernardino International Airport Authority and IVDA

None

ANNOUNCEMENTS

October 5, 2012
November 17, 2012

Volunteer Dinner
25th Anniversary Silver Jubilee

CLOSED SESSION

None

ADJOURN

There being no further business, Mayor McCallon adjourned the meeting at 7:43 p.m. in memory of David Hamilton.

Submitted By:

Approved By:

Betty Hughes, MMC
City Clerk

Larry McCallon
Mayor