

**MINUTES
CITY COUNCIL REGULAR MEETING
FEBRUARY 27, 2018**

CALL TO ORDER

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

The invocation was given by Pastor Willie Hicks, Harvest Care Church, the Pledge of Allegiance was led by Councilwoman Solano and the National Anthem was sung by Maggie Wright.

ROLL CALL

Present: Lilburn, McCallon, Solano, Timmer
Absent: Chavez

REPORT FROM CLOSED SESSION

None

SPECIAL PRESENTATIONS

Captain Sam Fisk introduced Highland's newest deputies, Deputy Jesse Moon and Deputy Jon Ramstad to the City Council.

PUBLIC COMMENT

Mr. Frank Adomitis spoke of his concerns regarding the City of Highland's financials.

CITY COUNCIL CONSENT CALENDAR

A MOTION was made by Councilwoman Lilburn, seconded by Councilwoman Solano, to approve the consent calendar as submitted. Motion carried on a roll call vote, 4-0, with Mayor Pro Tem Chavez being absent.

1. Waive the Reading of All Ordinances
Waived the reading of all Ordinances in their entirety and read by title only.
2. Minutes – February 13, 2018 City Council Regular Meeting
Approved the Minutes as submitted.

3. Warrant Register
Approved Warrant Register No. 660 for February 27, 2018, in the amount of \$425,651.51 and Payroll of \$84,006.91.
4. Claim Consideration – Leurell Jacobs
Rejected claim.
5. Replacement of Playground Equipment and Rubber Surface at Highland Community Park and Aurantia Park/Miracle Recreation Company – PlayPower, Inc.
 1. Waived formal contract procedures per Municipal Code Section 2.40.100;
 2. Authorized the use of a “piggyback” contract with the NJPA Contract #030117-LTS relative to Parks and Recreation Playground Equipment; and
 3. Approved proposal in the amount of \$149,868.21 from Miracle Recreation Company – PlayPower, Inc., for purchase and installation of new playground equipment and rubber surface at Highland Community Park and Aurantia Park.
6. 24th Annual Highland Community Trails Day Event
Approved Saturday, April 7, 2018, as the date for the 24th Annual Highland Community Trails Day event, with a rain date of Saturday, April 14, 2018. The event will be staged at East Valley Water District.
7. Purchase of Demonstration Fire Engine and Equipment (Council Goal/Work Program Goal HP+)
 1. Approved the purchase of a 2017 Kovatch Mobile Equipment (KME) Predator Severe Service Pumper (KME Job GSO 10056) in the total amount of \$569,348.34 (including options, modifications and sales tax);
 2. Approved the following budget adjustments for fiscal year 2017-2018: Revenue of \$650,000 to 027-8490-9328 San Manuel Community Credit Funds; Expenditure of \$650,000 to 027-8490-6060 (Vehicles);
 3. Determined that a demonstration vehicle is considered a used vehicle; and
 4. Approved the purchase of associated equipment for outfitting the fire engine. Equipment cost for the fire engine falls within the total budgeted price (\$650,000.00 for fire engine and equipment):
 - a. Hand tools/Firefighting tools/saws/mounting brackets - \$13,000.00
 - b. Hose - \$16,875.00
 - c. Hose appliances/nozzles - \$13,000.00
 - d. Radios - \$12,000.00
 - e. Auto Extrication tools - \$25,000.00

8. Purchase of (4) Electrocardiogram (ECG)/Defibrillators, (4) AutoPulse and ResQPOD Devices (Council Goal/Work Program Goal HP+)
 1. Approved the purchase of four (4) Electrocardiogram (ECG)/Defibrillators and four (4) AutoPulse and ResQPOD devices. All equipment in the total amount of \$249,142.98 (including options, service/warranties contracts and sales tax);
 2. Approved the following budget adjustment for fiscal year 2017-2018: Revenue of \$250,000 to 027-8490-9328 San Manuel Community Credit Funds; Expenditure of \$250,000 to 027-8490-6040 (Equipment);
 3. Determined that Zoll is a sole source vendor of the following products: X Series Defibrillators, AutoPulse, and ResQPOD ITD-10 (see attachment A); and
 4. Approved the disposal of our current heart monitors:
 - a. Zoll will give us a trade-in value of \$1,500.00 per monitor (4) for a total of \$6,000.00.

9. Purchase of Self-Contained Breathing Apparatus (SCBA) and Associated Equipment (Council Goal/Work Program Goal HP+)
 1. Approved the purchase of Self-Contained Breathing Apparatus (SCBA) and associated equipment. This purchase also includes equipment upgrades to our current fixed air fill station and to our Incident Support Vehicle. Total amount of \$275,386.41 (including options, modifications and sales tax);
 2. Approved the following budget adjustment for fiscal year 2017-2018: Revenue of \$275,000 to 027-8490-9328 San Manuel Community Credit Funds; Expenditure of \$275,000 to 027-8490-6040 (Equipment);
 3. Purchase will be made under the current CAL FIRE (State) contract for Scott Breathing Apparatus (Contract # 1-17-42-04); and
 4. Declared the current 27 Scott Breathing Apparatus, spare bottles and face masks as surplus and authorized staff to dispose of them by any of the following methods:
 - a. Trade in the equipment for current market value; or
 - b. By donation to a governmental entity; or
 - c. By donation to a community non-profit organization.

CITY COUNCIL PUBLIC HEARING

10. Development Impact Fee Annual Adjustment for 2018

Mayor McCallon opened the public hearing.

Public Works Director/City Engineer Wong stated this is the annual adjustment of the City's development impact fee amount. The Finance Subcommittee discussed this and their recommendations are shown on page 1 under Fiscal Impact, but the easiest way for me to explain the background of this is on page 2. If you would look at the listing of the various development impact fees for the different infrastructure categories, you will see that in the first three categories which include regional circulation, local circulation, and flood control facilities, you can see that back in 2017, the City Council did not fully adopt the adjustment based on the index change and you had 12.76% that you didn't do last year and you would consider doing it this year. So those three amounts are listed in here and in addition, for the last 12 month period there has been an 18.9% increase based on the construction cost index relative to highway type of construction. So if you are going to kind of adopt what you deferred from last year, which is 12.7%, and then on the top of that add another almost 19% due to this year's cost increase, you have a 31% increase for this year. This is not what the Finance Subcommittee recommends; they recommend you actually not catch up from last year, don't do that 12.7% nor do the 19% increase this year but use the same index that has been used for the other categories, categories four through nine, which are more related to building type construction. So instead just use the 3.5% increase and apply that over all nine categories of improvements. With that, what you see is if you would go back to page 1, in the Fiscal Impact, if you apply that 3% to all these nine categories of infrastructure, then apply that to the various type of development. For each type of development, your development impact fee would evenly go up 3.5% for each of these different types of development projects. This recommendation is consistent with the request from the Building Industry Association which is also represented at this meeting. While we are doing this annual adjustment for 2018, staff would also like to draw to your attention that the existing city Ordinance No. 309 has an internal inconsistency; it's all relative to the timing of payment. We did not notice this until more recently when we were going through the documents and we found that internal inconsistency and we are asking that you also adopt an ordinance that would take care of this inconsistency. Staff and the Finance Subcommittee recommend that Council adopts the two resolutions and the ordinance.

City Manager Hughes stated part of the logic behind only going with the 3.5% increase is that in December the City would undertake a new fee analysis and completely restudy all of the fees at that time. We've been holding off because of Harmony. There is a referendum on that project, and depending on whether or not Harmony is approved or denied, that could have a dramatic impact on how the fees are calculated, so it was the Committee's logic to just use the 3.5% but do a thorough analysis in December of the fees.

Councilwoman Lilburn asked on page 1, we are only doing the proposed 3.5% increase?

Public Works Director/City Engineer Wong responded correct.

Councilwoman Lilburn asked and then on page 2, the infrastructure category, we're not doing anything there?

Public Works Director/City Engineer Wong responded well we're actually using 3.5% for all nine infrastructure categories.

Councilwoman Lilburn stated all nine okay. So it says the 12.76 up to the 18.99. We're not doing that?

Public Works Director/City Engineer Wong stated the subcommittee is not recommending that.

Mayor McCallon stated we thought as a committee that it would be better to wait until we do the actual fee study to see what it comes out rather than posing those kinds of increases at this time.

Mr. Carlos Rodriguez, CEO for the Building Industry Association Baldy View Chapter, stated he would like to first start off by saying we appreciate the recent workshop discussion. Really over the last 14 years that I've had the privilege of working for BIA, the City of Highland has always had a place at the table for the business community including new residential development. So we appreciate that and I think this recommendation, we support wholeheartedly as a prudent one, one that really puts Highland in kind of the 99 percentile. Most cities, frankly in our service area don't add a cost escalation factor annually. They stick with a development impact fee nexus study and wait for that study to come to a maturity or around five years and then look at another update. That's what is being proposed, it sounds like, in December, going to relook at the nexus study and see how things work out with that ballot initiative. In this case, we do support the 3.5% cost escalation factor using the construction cost index. We think that is a prudent way of keeping up with costs year to year so that when you have a 5 year update there's not such a pronounced spike. Potentially for all that we know, we actually could have a reduction in fees come this next update, but regardless we do support the recommendation. We do feel that 3.5% increase using this reputable construction cost index is a great way of keeping up with costs and ensuring we don't have an unnecessary spike in fees in this current market. So with that said, again we want to pay our fair share. I'm not sure if the community at large is aware that we would be paying roughly \$27,000 per home and that does not include school fees that we pay for the construction of new schools. So we want to make sure that when we are building new homes, new communities, that we are also building the infrastructure that is necessary to ensure keeping pace with quality of life enhancements. So whether its circulation, roads or law enforcement and fire suppression facilities, vehicles, we

heard a little bit today about a generous donation toward that end. We're doing that every time we're building a new home. Also, public libraries, parks as well, as you all know, we also want to make sure that the general public understands that we definitely, whenever we bring in a home into this great community, that we're paying our fair share and so again, we appreciate the opportunity to work with staff and Council on this. We would urge support of the recommendation and we look forward to working with you in the future, and working on that updated nexus study when the time comes.

Mr. Art Day stated I really intended to go to a prior meeting to discuss this and I just couldn't make it. I had a conflict so I was hoping to share some comments tonight. I have to take a position, yes or no, so I suppose we'll get that part out of the way first. I oppose it because I have a current project in town here, but that's self-serving and that's really not why I'm here. I wanted to in every part of life, I've never worked in the private sector but, I mean in the public sector, but in the private sector I've spent my adult life trying to manage income and expenses to hopefully a profit or a break even scenario. So nothing really survives if you're spending more than you're taking in. In the public sector I often observe that you've got a fixed source of revenue and I don't really understand how you manage all those expenses but you do it through budgeting. In private life you've got a couple of choices if you're in trouble and you need funds, you either have to increase sales or you have to reduce costs, and in the case of impact fees this is the city's calling card to people like me that want to come and build in the city. So the first thing a developer looks at when they come to the city, and I really want to separate myself, I'm on the commercial side, I don't do residential so it's a completely different concept. So the first thing a commercial developer looks at is the impact fees in the city, and I specialize in industrial buildings and industrial people don't need to be here in the city. They can go to San Bernardino or Redlands and they're going to make a decision based on cost and function of the real estate. The City of Highland's fees are on the extreme upper end of my experience so I'm in the process now of a project here in town and I'd like to submit for everyone to think about is does raising the cost of a product get you more velocity? I mean it's a fundamental business principle. So I'm asking everyone to look at the practice of are we really going to get, you have to get this money, you have to get people to commit to projects in the city in order to get DIF fees. So this is your calling card, you're presenting it to people, a lot of people that I know have seen it and left. So you're missing opportunities for development in the city because the fees are so high. I just ask that you take a moment to consider if this was my business and I was trying to generate more business, do I raise my prices or do I lower my prices and get more velocity? So that's the question I'd like to leave you with and I'm sure you'll do the right thing.

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

Councilwoman Lilburn stated our DIF fees are kind of, we need to follow a certain percentage and we've been behind the eight ball for a number of years and we're just trying to make sure that we stay within that amount that we need to. Is that correct?

Public Works Director/City Engineer Wong responded well if we strictly follow the construction index for the three categories, categories one through three, we are not exactly up to date yet. We did defer some of the percentage increase but for the other six categories I think we are in good shape.

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

1. Resolution No. 2018-002 amending Development Impact Fee for all developments;
2. Resolution No. 2018-003 amending Park and Recreation Fee applicable to residential development pursuant to the Quimby Act; and
3. Ordinance No. 422 clarifying timing and amount of Development Impact Fees payments. Motion carried, 4-0, with Mayor Pro Tem Chavez being absent.

RESOLUTION NO. 2018-002
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. 2018-003
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 Clerk Hughes introduced Ordinance No. 422:

ORDINANCE NO. 422
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HIGHLAND,
CALIFORNIA, AMENDING ORDINANCE NO. 309 TO CLARIFY THAT
DEVELOPMENT IMPACT FEES SHALL BE CALCULATED AND PAID AT THE
TIME BUILDING PERMITS ARE ISSUED, SUBJECT TO CERTAIN PERMITTED
DEFERRALS AND EXEMPTIONS

which title was read.

CITY COUNCIL LEGISLATIVE

11. Design Services Proposal/Engineering Resources of Southern California, Inc. – 5-Year Pavement Management Program

Public Works Director/City Engineer Wong gave a brief review of the staff report.

A MOTION was made by Councilwoman Lilburn, seconded by Councilwoman Solano, to:

1. Approve proposal from Engineering Resources of Southern California, Inc., to provide engineering design services for Sectors A, B, C, D & E in the City's Pavement Management Program; and
 2. Authorize the City Manager to approve contract amendments up to 10% of the contract amount. Motion carried, 4-0, with Mayor Pro Tem Chavez being absent.
12. City Manager Report and Comments (Work Program, Regional/Legislative/Development Issues, Subcommittees, etc.)

None

13. Council Member Comments (Agency/Committee/AB 1234 Reports, District Updates, etc.)

None

ANNOUNCEMENTS

None

CLOSED SESSION

None

ADJOURN

There being no further business, Mayor McCallon adjourned the meeting at 6:37 p.m. in memory of Reverend Billy Graham, Gerald Lemm, Robert Taylor and June Plessel.

Submitted By:

Approved By:

Betty Hughes, MMC
City Clerk

Larry McCallon
Mayor