MINUTES of a regular meeting of the City Council, City of Redlands, held in the Council Chambers, 212 Brookside Avenue, on November 4, 1986, at 3:05 P.M.

PRESENT

Carole Beswick, Mayor
Richard N. Larsen, Mayor Pro Tem
Charles G. DeMirjyn, Councilmember
Tim Johnson, Councilmember
Barbara C. Wormser, Councilmember

John E. Holmes, City Manager
Dallas Holmes, City Attorney
Beatrice Sanchez, Deputy City Clerk
Kevin Chaffee, Redlands Daily Facts
Howard A. Ellis, The Sun

ABSENT None

The meeting was opened with an invocation by Councilmember Wormser followed by the pledge of allegiance.

Minutes of the regular meeting of October 21, 1986, were approved as submitted.

Bills and salaries were ordered paid as approved by the Finance Committee.

PLANNING AND COMMUNITY DEVELOPMENT

Tentative Tract No. 13434 - U.S.A. Properties, Inc.

Councilmember Johnson moved to approve the Environmental Review Committee's Negative Declaration for Tentative Tract No. 13434 for the subdivision of 19 acres of land into 80 lots located between Pennsylvania Avenue and San Bernardino Avenue approximately 220 feet east of Texas Street, and directed staff to file and post a "Notice of Determination" in accordance with the City's guidelines. Motion seconded by Councilmember Wormser and carried by the following vote:

AYES:	Councilmembers Larsen, Johnson, Wormser; Mayor Beswick
NOES:	Councilmember DeMirjyn
ABSENT:	None

Stating that Council finds that pursuant to Section 66473.5 of the California Government Code, Tentative Tract No. 13434 together with the provisions for its design and improvement is consistent with the City's Gneeral Plan and any applicable specific plans; that none of the conditions provided in California Government Code Section 66474 exist on this map; and that pursuant to California Government Code Section 66474.6, the discharge of waste from this subdivision apparently will not result in violation of existing requirements prescribed by the Santa Ana Regional Water Quality Control Board pursuant to Division 7 of the California Water Code, Councilmember Johnson moved to approve Tentative Tract No. 13434 based on the findings of the Planning Commission and subject to the recommendations of all departments as contained in Planning Commission minutes dated October 14, 1986. Motion seocnded by Councilmember Wormser and carried by the following vote:

AYES: Councilmembers Larsen, Johnson, Wormser; Mayor Beswick
NOES: Councilmember DeMirjyn
ABSENT: None

Minor Subdivision No. 166 - Rocco Construction

Stating that Council finds that pursuant to Section 66474.5 of the California Government Code, Minor Subdivision No. 166 together with the provisions for its design and improvement is consistent with the City's General Plan and any applicable specific plans; that none of the conditions provided in California Government Code Section 66474.6, the discharge of waste from this subdivision apparently will not result in violation of existing requirements prescribed by the Santa Ana Regional Water Quality Control Board pursuant to Division 7 of the California Water Code, Councilmember DeMirjyn moved to approve Minor Subdivision No. 166 based on the findings of the Planning Commission and subject to the recommendaitons of all departments as contained in Planning Commission minutes dated October 14, 1986. Motion seconded by Councilmember Wormsre and carried unanimously.

Minor Subdivision No. 115 - Al Nuno - Final Approval

All requirements as contained in Council minutes dated June 15, 1982, having been complied with, the Planning Division recommends that final approval be given MInor Subdivision No. 115. On moiton of Councilmember Larsen, seconded by Councilmember Wormser, this recommendaiton of the Planning Division was approved unanimously.

Mayor Beswick brought to Council's attention an "Open-Space Workshop" attended by several Commissioners and Councilmembers. From this workshop arise the idea of creating a "Quality of Life" or "Anti-Monotny" element into the General Plan. Following discussion of these, Council by unanimous consent directed staff to return with a report on these issues by conducting a survey of such implementing plans.

COMMUNICATIONS

School Board

Mayor Beswick announced a special meeting had been held the night before jointly with the Redlands Unified School District School Board. Various issues of mutual interest were discussed. The School Board and Council agreed to meet again in January, 1987.

Traffic

Councilmember DeMirjyn voiced to Council his observation of a widespread disregard of traffic regulations. He thought the City of Redlands should take a leadership role and place an emphasis on traffic control. City Manager Holmes will discuss this with Police Chief Brickley.

Litter

City-wide litter from fast-food establishments was another concern of Councilmember DeMirjyn. He then suggested developing a tax or fee to be applied towards cleanup of litter.

At this time, a petition from the Community Circus Arts Corporation regarding the Redlands Great "Y" Circus was scheduled but postponed until the 7:00 P.M. session.

Council recessed at 3:35 P.M. to a Redevelopment Agency meeting and reconvened at 3:36 P.M. to a closed session for the purpose of discussing personnel matters, matters covered by attorney/client privilege, and pending litigation. In accordance with State law, the City Attorney prepared a confidential memo to Council providing justification for the closed session. Council reconvened at 7:00 P.M.

ORAL PETITIONS FROM THE FLOOR

Great "Y" Circus

Mr. John Biddick, Community Circus Arts Corporation, at this time addressed Council regarding a petition for assistance with liability insurance problems facing the Redlands Great "Y" Circus. Mr. Biddick explained the urgency of not being able to locate insurance at an economically feasible rate. Even though the safety record of the Circus is superb, the difficulties arise form the number of performers and the ages of the performers (many under ten years of age). Council expressed their appreciation of this particular financial situation which is also affecting numerous other non-profit groups. By unanimous consent, Council then directed Community Services Director Rodriguez to utilize every City resource, including assistance from the League of California Cities, to assess what can be done to assist in locating available liability insurance.

PUBLIC HEARING

Annexation No. 60-A

On September 16, 1986, a public hearing was continued to this time and place for further testimony regarding Annexation No. 60-A, approximately 839 acres generally located south and east of the City limit line, south of the I-10 Freeway, west of Knoll Drive and Goldhill Lane, and generally north of Live Oak Canyon Road. Following the conclusion of the public hearing, the City Clerk will finalize the value determinaiton of the registered voters' petition and, if necessary, proceed with plans for a special election and present a resolution for this purpose at the December 2, 1986, Council meeting.

Mayor Beswick declared the meeting open for any questions or comments concerning Annexation No. 60-A. Theresa Kwappenburg, 31265 Freya Drive, stated to Council that she is in favor of annexation mainly for the ease of having input to local government rather than the County, however, she did stress the importance of completing the specific plan before any potential election and implementing an appropriate developer fee structure for assisting with the future burden of growth. Next Mr. Donald Henley, Jr., 12861 Club Drive, indicated he too is in favor of the annexation and wanted Council to know what a good job City Manager Holmes is doing in answering any questions residents have concerning this issue. There being no further comments, Councilmember Wormser moved to close the public hearing on Annexation No. 60-A and directed the City Clerk to finalize the vlaue Determinaiton of the registered voters' petition. Motion seconded by Councilmember DeMirjyn and carried unanimously.

Resolution No. 4202

Resoluiton of Necessity

Public hearing was advertised for this time and place for Resolution No. 4202, a resolution of the City Council of the City of Redlands declaring that the acquisition of certain easements by eminent domain is necessary for the installation of a storm drain improvement in conjunction with an apartment complex. City Attorney Holmes informed Council that it seems staff was successful in securing the easement from the property owners. He then advised Council should proceed with the public hearing and continue it because it apepars the property will not have to be condemned. Mayor Beswick then declared the meeting open for any quesitons or comments concerning Resolution No. 4202. There being none, Councilmember Johnson moved to continue the public hearing to December 2, 1986. Motion seconded by Councilmember DeMirjyn and carried unanimously.

UNFINISHED BUSINESS

Ordinance No. 1970

Cultural Arts Commission

Ordinance No. 1970, an ordinance of the City Council of the City of Redlands amending Chapter 18 of the Redlands Ordinance Code establishing the Cultural Arts Commisison, was given its seocnd reading of the title by Deputy City Clerk Sanchez, and on motion of Councilmember DeMirjyn seconded by Councilmember Johnson, further reading of the ordinance text was unanimoulsy waived. Oridnance No. 1970 was adopted on motion of Councilmember DeMirjyn, seconded by Councilmember Johnson, by the following vote:

AYES:	Councilmembers Larsen, DeMirjyn, Johnson, Wormser; Mayor Beswick
NOES:	None
ABSENT:	None

Mayor Beswick added that applications for the newly-formed Cultural ARts Commission will be accepted through Devember 5, 1986. She invited residents with various experiences to apply because the membership will be made up of diversified backgrounds. It was also agreed that applications will be screened and selections made for an interview prior to appointments being made at a later meeting.

Ordinance No. 1971

Public Works Commission

Ordinance No. 1971, an ordinance of the City Council of the City of Redlands amending the REdlands Oridnance Code pertaining to the establishment of the Public Works Commission, was given its second reading of the title by Deputy City Clerk Sanchez, and on motion of Councilmember Johnson, seconded by Councilmember Wormser, further reading of the ordinance text was unanimously waived. Ordinance No. 1971 was adopted on motion of Councilmember Johnson, seconded by Councilmember Wormser, by the following vote:

AYES:	Councilmembers Larsen, DeMirjyn, Johnson, Wormser; Mayor Beswick
NOES:	None
ABSENT:	None

Joint Powers Agreement

School District

A Joint Powers Agreement between Redlands Unified School District and the City of Redlands has been reached which would overall benefit both the District and the City. The Recreation Commisison unanimously supported execution of this agreement. On motion of Councilmember Johnson, seconded by Councilmember DeMirjyn, Council unanimously authorized the Mayor and Deputy City Clerk to sign on behalf of the City a Joint Poiwers Agreement with the Redlands Unified School District for the joint usage of tennis courts, runing tract and infield located at Redlands High School.

NEW BUSINESS

Appointments

Public Works Commission

On motion of Councilmember Larsen, seconded by Councilmember Wormser, Mr. Richard Feenstra was unanimously reappointed to a three-year term on the Public Works Commission commencing November 16, 1986.

On motion of Councilmember Larsen, seconded by Councilmember Wormser, Mr. Ralph J. Solis, was unanmously appointed to the Public Works Commission to complete a term which will expire November 16, 1987.

On motion of Councilmember Larsen, seconded by Councilmember Wormser, Mr. Max Gonzales was unanimously appointed to the Public Works Commission to complete a term which will expire November 16, 1988.

Water/Sewer Fees

In December 1985 the City Council approved the preparation of a detailed water rate study by James M. Montgomery Engineers and sewer rate study by Camp, Dresser and McKee. The purpose of the studies was to perform a detailed analysis of the revenue requirements for each utility and to develop a rate and fee structure that equitably charges all classes of customers the cost of service for each customer class. Staff assisted the consultant in developing the recommended fees by direct input and detailed review of the analyses. The final draft copies were distributed to Council, the Public Works Commisison and were available for public review since September 27, 1986 for the Sewer Rate Study and October 2, 1986 for the Water Rate Study. Additionally, the Public Works Commission held two regular meetings on October 1, 1986, and October 8, 1986, and a formally advertised public hearing on October 13, 1986, on the rate studies.

Sewer Service Charges

Discussion of the Sewer Rate Study was held first. Oral and visual presentations of future projections and surveys of surrounding cities by Utilities Director Corneille, Doug Ayres of Management Services Institue, and representatives of Camp, Dresser & McKee. IN December 1984, Council adopted the Management Services Institue study which determined that tax revenues were subsidizing sewer and other services and recommended increases in City internal service charges. These charges have impacted the sewer utility by increasing overhead costs. Two alternative approaches for increasing rates were proposed:

Alternative A, pay as you go, as recommended by Camp, Dresser & McKee, requires nearly doubling the sewer rate in 1987 to the appropriate level to fully cover all operating costs, but more moderate increases in future years. Commercial, industrial, and school rates represent a greater percentage increase than residential rates because the current rate is not reflective of the quantity of wastewater these user categories actually discharge.

Alternate B, Bonding, is an approach that capitalizes the interest earnings on the bonds for the treatment plant and collection system and utilizes this interest to offset operating expenses for the first three years. The approach results in a lowering of the required rate increases each year and a ramping of the required increase over the next three years.

Sewer capital improvement charges or development connection fee increaes are required to pay for future developments' share of the wastewater treatment plant expansions. These fees are increased substantially over the current fees which were not developed to fund major new facilities.

Mayor Beswick commented she felt Council must delay any increases to the Redlands School District until the beginning of their next fiscal year because such increases are not budgeted. Councilmember Larsen concurred but stressed the increase must be based on a study. At this time, Mayor Beswick opened the meeting for comments from the audience. Mr. Gaspare Giacalone, 1315 Fern Avenue, inquired if the sewer system was physically inspected by engineers or a computer check? Utilities Director Corneille responded that the sewer system was inspected in 1985 during the Master Plan Study which was supplemented by a computer check. Mr. Bill Cunningham, 421 San Timotel Canyon Road, inquired why the budget amount requested by staff, $1.69 million, was increased to $1.74 million when actually adopted? Councilmember Johnson acknowledged $1.69 million was requested plus supplements for the department totaling $1.74 million. Mr. Cunningham, now speaking as a School Board Member, thanked Council for thier appreciation of the School District's budget with regard to any increases in the middle of their already budgeted fiscal year. Lastly, Mr. Louis Fletcher, 1910 Country Club Lane, requested Council form an ad hoc committee to determine if there are any ways to reduce (not increase) rates. There are many studies to tell you how to increase rates but not how to reduce rates.

Councilmember Larsen expressed he would like to have a study conducted on outside the City connections and continue the study on monthly billing. Following a short discussion, Councilmember Johnson recommended the following amendments to the upcoming motion:
(1) Councilmember Johnson moved to reduce outside the City water/sewer charges to 1.2 times the City rate. Motion failed for the lack of a second. (2) Councilmember Johnson moved to delete the in lieu tax and franchise fee from the internal service charges for the water and sewer rates. Motion seconded by Councilmember DeMirjyn but failed by the following vote:
AYES: Councilmembers Johnson, DeMirjyn
NOES: Councilmembers Larsen, Wormser; Mayor Beswick

Alternative "A"

Sewer Service Charges

Councilmember Beswick moved to adopt Alternative A, pay as you go, for Sewer Service Charges with the understanding School District charges will be implemented no sooner than July 1, 1987. Motion seconded by Councilmember Larsen and carried by the following vote:
AYES: Councilmembers Beswick, Larsen, DeMirjyn, Wormser
NOES: Councilmember Johnson

Mayor Beswick recessed the meeting at 9:55 P.M. and reconvened at 10:00 P.M.

Present for this portion of the meeting were representatives from James M. Montgomery Engineers, Utilities Engineer Corneille, and Mr. Doug Ayres of Management Services Institute. Mr. Corneille reported the City last adopted a water rate increase in February 1982. Since then, there have been inflationary cost increases in energy due to system growth. Similar to the sewer utility, Council adopted the Management Services Institute study which established internal services charges to prevent any general fund subsidy of the water utility. These charges have impacted the water operating fund by increasing overhead costs. Furthermore, the State Health Department has required increased testing, particularly for potentially hazardous and toxic compounds in the water. If water rates are not increased, the water utility can expect a deficit of approximately $830,000 this fiscal year with insufficient reserves to accommodate such a deficit. In addition to ongoing operating costs, significant major capital improvements, such as the Hinckley Water Treatment Plant and pipeline are being constructed to serve future development fees are proposed which will cover the debt service costs of these facilities. Cost for all capital facilities are carefully allocated so that existing users do not subsidize future users. The costs of the major cpaital improvement is estimated to be $18,500,000 from fiscal year 1986-87 to fiscal year 1989-90.

Two alternatives were recommended by James M. Montgomery Engineers for increasing rates. Alternative A, pay as you go, funds both ongoing operating costs and capital facilities other than Hinckley Water Treatment Plant related costs from water rate and water capital improvement charge revenues. Alternative B, the Bonding approach, reduces the rate increase by a new debt issue that would be used to refund existing debt and also enlarge to fund projected capital projects from fiscal year 1986-87 to fiscal year 1989-90. IN addition, the bonding approach assumes that debt obligation payments are deferred until fiscal year 1988. Both alternatives include increased development fees for water to cover system expansion.

Mayor Beswick again opened the meeting for public comments. Mr. Robert Beck, 221 Edgemont Drive, stated to Council that he personally has a good feeling about cost accounting and recommended the "pay as you go" alternative as the way to go. Next Mr. Bill Cunningham, 421 San Timoteo Canyon Road, expressed that monthly billing would be a burden to the City and would involve added costs to the public. To go to monthly billing would be inappropriate. Mayor Beswick commented that the comments she has received are in favor of monthly billing; however, Councilmember Larsen voiced that monthly billing should be delayed because the equipment is not working correctly and the costs benefit payback is not there.

Outside City Rate Study

Councilmember Johnson stated he thought there was a problem with the rate charged outside the City and felt a rate study is needed of what the actual cost is for water and sewer outside the City. He strongly feels the 1.5 rate is too high. Councilmember Larsen concurred that a study is warranted for outside the City rate charges. On motion of Councilmember Johnson, seconded by Councilmember Larsen, Council authorized an appropriate rate study to identify what actual costs of water and sewer services outside the City limits and then what the rate differential should be. Motion carried by the following vote:
AYES: Councilmembers Larsen, Johnson, Wormser; Mayor Beswick
NOES: Councilmember DeMirjyn

Alternate"B" Water Service

On motion of Councilmember Johnson, seconded by Councilmember Wormser, Council unanimously adopted Alternate B, Bonding, for Water Service Rates.

Water Billing

Councilmember Larsen then moved to delete monthly billing at this time, re-examine the procedure with a possible July 1987 implementaiton. Motion seconded by Councilmember Johnson and carried unanimously.

Ordinance No. 1973

Sewer and Water Charges

Ordinance No. 1973, an ordinance of the City Council of the City of Redlands amending Article 144 of the Redlands Oridnance Code establishing percentage of costs reasonably borne, to be recovered, and review schedule for sewer and water charges, was read by title only by Deputy City Clerk Sanchez, and on motion of Councilmember DeMirjyn, seconded by Councilmember Johnson, further reading of the ordinance text was unanimously waived, including the following changes to the text: Section Three effective date to be January 5, 1987; Section Five to be titled "Severability and Compliance with Government Code §54991"; and add to Seciton five "This Council finds that the fees in this ordinance do not exceed the estimated reasonable cost of providing the service for which the fees are charged."

Executive Order

On motion of Councilmember Wormse,r seconded by Councilmember Larsen, Council unanimously directed the City Manager to prepare an Executive Order implementing the water and sewer rate increases beginning on January 5, 1987, and as follows:

(a) Sewer Service Charges (Service No. S-81) and Sewer Capital Improvement Charges (Service No. S-80.50) for Alternative A, pay as you go, shown on Table S-3 in the Camp, Dresser & McKee report on Sewer Utility Rates and Charges.

(b) Water Service rates (Service No. S-75) for Alternative B, Bonding, shown in Table 5-4 and Water Capital Improvement Charges (Service No. S-75.50) for Alternative B, Bonding, shown on Page 5-5, in the J. M. Montgomery report on Water System Financial Review and Rates.

(c) Fire protection charge (Service No. S-75.20) shown on Table 4-8, Frontage Charge per Foot - Water Main (Service No. S-75.60) shown on Page 4-22, Water Source Acquisition Fee (Service No. 75.70) shown on Page 4-22, and Water Meter Installation Charge (Service No. S-76) shown on Page 4-24, in the report by J. M. Montgomer, Water Turn-On Pre-Payment (Deposit) (Service No. S-77), and Frontage Charge Per Foot - Sewer Main (Service No. S-80.60) as shown in the Council Report.

Scheduled on the agenda at this time was an extension of the cutstone curb contract. Item was removed from the agenda by staff.

Claim

On motion of Councilmember Larsen, seconded by Councilmember Wormser, the claim of Mark Markhut in the amount of $11,012.000 was unanimously found not to be a proper charge against the CIty and therefore rejected.

Claim	On motion of Councilmember Larsen, seconded by Councilmember Wormser, the amended claim for the Estate of Maude E. Browning in the approximate amount of $17,500 was unanimously found not to be a proper charge against the City and therefore rejected.
Claim	On moiton of Councilmember Larsen, seconded by Councilmember Wormser, the late claim filed by Fred B. Seigle in the amount yet to be determined was unanimously found not to be a proper charge against the City and therefore rejected.
Funds Water	Council unanimously approved an additional $60,000 be appropriated in the Water Fund to cover legal expenses on motion of Councilmember Larsen, seconded by Councilmember Wormser.
Funds Water Stock	Council unanimously approved that $100,000 be appropriated in the Water Source Acquisition Fund for the purchase of water stock on motion of Councilmember Larsen, seconded by Councilmember Wormser.
	Removed from the agenda at this time was the consideration of a lease of property with Mr. Joe Buoye.
	There being no further business at this time, the meeting adjourned at 10:35 P.M.

Carole Beswick
Mayor of the City of Redlands

Attest:

Beatrice Sanchez
Deputy City Clerk

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