



MINUTES
CITY OF NORCO
AD-HOC COMMITTEE ON INFRASTRUCTURE NEEDS AND FUNDING OPTIONS

December 8, 2014
City Hall Conference Rooms A & B
2870 Clark Avenue, Norco, CA 92860



CALL TO ORDER: 6:30 p.m.

ROLL CALL: **Present:** Vice Chair Corinne Holder, Committee Members Kevin Bash, Linda Dixon, Patricia Hedges, Herb Higgins (left the meeting at 8:50 p.m.), John Padilla (left the meeting at 8:49 p.m.), Bill Schwab
Absent: Chair Webber, Committee Member Cathey Burt
Staff Present: City Manager Andy Okoro, Director of Parks, Recreation, and Community Services Brian Petree, Director of Public Works Lori Askew, City Clerk Cheryl Link

PLEDGE OF ALLEGIANCE: Committee Member Schwab

BUSINESS ITEMS:

1. Approval of November 17, 2014 Meeting Minutes (City Clerk)

Committee Member Dixon noted a correction on page 4 to comments she made regarding the Subcommittee report.

M/S SCHWAB/PADILLA to approve the November 17, 2014 regular meeting minutes as amended. The motion was carried by the following roll call vote:

Ayes: Bash, Dixon, Higgins, Holder, Padilla, Schwab
Noes: None
Absent: Burt, Webber
Abstain: None

2. Schedule of Meeting Dates for 2015 (Vice Chair Holder)

Vice Chair Holder commented on the need to continue meeting through March 2015. She presented a calendar of available dates. The Committee reached consensus to meet on the following dates for 2015: January 12 and 26; February 9 and 23; March 2, 16, and 30.

M/S DIXON/HEDGES to approve the following meeting dates for 2015: January 12 and 26; February 9 and 23; March 2, 16, and 30. The motion was carried by the following roll call vote:

Ayes: Bash, Dixon, Hedges, Higgins, Holder, Padilla, Schwab

Noes: None

Absent: Burt, Webber

Abstain: None

DISCUSSION ITEMS:

1. Subcommittee Report on Review of City's Operating Budget (Committee Members Dixon and Hedges)

Committee Member Dixon expressed her concern with the amount of time allotted for the completion of the report. Therefore, she said, the Subcommittee was not entirely pleased with the report presented. Committee Member Dixon read the report (Exhibit "A"). Committee Member Hedges added that she and Committee Member Dixon worked hard on the report and there were other areas they did not have an opportunity to explore. Committee Member Dixon commented that the Subcommittee would have preferred to have had enough time to go through each department as well as being able to present the report prior to actions taken by the Ad-Hoc Committee on the infrastructure plans. Vice Chair Holder stated that it was not the intent of the Committee to undermine the work of the Subcommittee. She stated that the recommendations made by the Ad-Hoc Committee thus far can be modified.

City Manager Okoro addressed some portions of the report. The General Fund reserve amount of \$5 million is for the end of Fiscal Year 2013. At the end of Fiscal Year 2014, the reserve amount is \$6.1 million. There is a City Council Resolution that requires that the City maintain emergency reserves of 25% of total General Fund expenditures. City Manager Okoro noted that prior to the recession, the City had approximately \$8 million in reserves. That reserve balance decreased when the recession hit, which is why the City should not consider setting aside just the minimum amount of 25%. The reserve acts as a cushion during economic cycles. Mr. Okoro also cautioned relying on the reserve, which is a one-time revenue, to fund infrastructure because infrastructure is an on-going expenditure.

Mr. Okoro discussed the portion of the report which addressed retiree medical benefits. The amount of \$750,000 listed in the report is on a pay-as-you-go basis. In addition, the City contributes approximately \$300,000 annually to the unfunded liability fund. The rules regarding how much retirees get for medical is governed by the CalPERS medical retirement system. Committee Member Dixon commented on the decision made by City Council in 1986 to allow lifetime benefits to employees after serving five years. In 2004, it was changed to ten years. Committee Member Dixon asked if the City Council now could change the requirement, for example, to twenty years. In response, City Manager Okoro indicated that there is a vesting schedule from CalPERS, which is a special provision. Public agency employers, such as the City of Norco, can elect to have their employees on a prospecting basis. For the City of Norco, employees hired after 2004 must have ten years in CalPERS, of which five years must be with the City in order to receive retirement benefits. Those employees that meet that criteria and retire, receive 50% of benefits. For each additional

year worked after ten years, the retiree receives 5% for each additional year until they reach twenty years of service at which point the employee is eligible for 100% retiree benefits.

Mr. Okoro briefly commented on the portion of the report which addressed the Information Technology Department. He indicated that the IT Department is not a help desk operation. The IT Department has deployed a significant amount of complex technologies and is a full-service department, similar to that of larger cities, with a much smaller budget.

Ed Dixon commented on policies implemented and contracts made when the economy was better. Mr. Dixon said that times have changed and policies need to change.

Lou Paltza commented on lifetime medical benefits and asked which employees are under that umbrella. City Manager Okoro indicated the benefits include full-time employees and their dependents. Mr. Paltza also commented on the IT Department and the suggestion made in the Subcommittee report to go out to bid. Mr. Paltza said that his experience is that it may not be cost effective to go out to bid.

Ted Hoffman commented that he is retired CalPERS and does not have lifetime medical. His wife is retired CalSTRS and receives lifetime medical for herself only. Mr. Hoffman also commented on the IT Department, his experience working for Riverside County Sheriff, and how the costs are allocated to each department. City Manager Okoro indicated that the City applies the same concept.

Committee Member Bash commented on the portion of the Subcommittee report that addressed parks. There was some discussion between Committee Member Bash and Director Petree about which parks would be returned. Director Petree stated it would include Shearer/Wayne Makin Sports Parks, Ted Brooks Park, and others that were acquired through incorporation, but that he would have to research it further. Committee Member Bash also spoke on the seventeen Norco parks versus the City of Corona's thirty parks and that the Subcommittee report states that Norco exceeds the norm for the number of parks by population. Director Petree said that Corona's parks have much more acreage than Norco. He added that the parks in Norco also include open space.

Director Petree commented on fees and that there is a special consideration resolution that puts certain groups under a different fee schedule. Traditionally, those groups are local groups. Committee Member Dixon asked what percentage of costs is recovered from youth groups. In response, Director Petree stated that utility costs and infield maintenance are recovered.

Committee Member Dixon asked how the City will pay for infrastructure if the voters do not approve an initiative. Ms. Dixon expressed that the City cannot sustain itself now and there is a sense of entitlement among residents as the City has accommodated them over the years. Committee Member Bash added that he does not think the voters will approve a tax therefore, the City must diversify its sales tax revenue sources.

There was some discussion between Committee Members regarding clarification of certain points of the Subcommittee report. Committee Member Dixon said the report was written

based off of the printed budget and two meetings with staff. Committee Member inquired as to why the Subcommittee did not ask for more time to complete the report. Vice Chair Holder commented that it was her understanding that the Committee was clear on the timeframe for the Subcommittee report.

Committee Member Higgins requested to include the Subcommittee report with the master report that will be given to the City Council. Mr. Higgins stated that there are some credible points in the report.

Committee Member Bash expressed his appreciation for the report and added that he would like to see more specifics.

M/S HEDGES/PADILLA to receive and file the Subcommittee report and include it in the master report to City Council. The motion was carried by the following roll call vote:

Ayes: Dixon, Hedges, Holder, Padilla, Schwab

Noes: None

Absent: Burt, Webber

Abstain: Bash, Higgins

2. Update on Trails Maintenance Plan (Director of Public Works)

Director Askew presented information on the pedestrian-equestrian trail system. Ms. Askew indicated that the purpose of trails is to delineate trails space, provide a barrier between the trail and adjacent street, and to provide a desired look for the community. The characteristics of trail fencing is that it has to be rigid enough to provide some measure of protection, flexible enough to minimize injury if a collision occurs, high enough to provide reasonable amount of safety for both horse and rider, and it has to be visible. Director Askew discussed the various types of trail fencing, including wood, vinyl, and HDPE, and the pros and cons associated with each. Ms. Askew also presented a cost comparison of the various fencing over a 40-year period.

Director Askew also presented information on trail material such as decomposed granite and wax coated aggregate. Decomposed granite is the City standard and the wax coated aggregate is currently a test product. The wax coated aggregate will go before the Streets, Trails, and Utilities Commission first for dissection and recommendations.

In response to Committee Member Dixon, Director Askew indicated that this information will be presented to the City Council for recommendations. Also in response to Committee Member Dixon, Director Askew said it would take approximately one year to replace all the fencing in the City if funding was available.

A member of the audience commented on homes on Fourth Street and Hillside that have encroached onto the trail. A trail does not exist even though there is a "No Parking on Horse Trail" sign.

In response to Committee Member Higgins, Director Askew stated that the cost listed for the decomposed granite is for material only because the Public Works staff installs it. She stated

that she would factor in labor costs to the final numbers.

Ted Hoffman commented that 8-10 feet is the true amount of decomposed granite needed for trails. Mr. Hoffman suggested the installation of vinyl fencing as it lasts longer and has higher visibility. He also commented that he is happy to see the wax coated trail material being tested.

Glenn Hedges asked if staff has looked at different colors for the vinyl fencing. In response, Director Askew indicated that an almond color was considered. Mr. Hedges said that almond could be an easier sell to residents but prefers white for visibility. Committee Member Padilla suggested reflectors be placed on posts for visibility.

City Manager Okoro suggested removing the "Year 31" column from the cost comparison chart. Mr. Okoro also stated that the Committee needs to consider the current wood trail fencing standard at a cost of \$6 million over thirty years. Another item to consider is whether or not to install backyard trail fencing. The third point to consider is whether or not to install fencing on trails that do not currently have fencing.

The annual cost for trail fencing replacement over thirty years is \$211,000. Director Askew stated she would add labor costs to the DG amount.

Vice Chair Holder indicated that what could be recommended is the \$211,000 annually to replace fencing under the current City standard with the stipulation that staff return to the Streets, Trails, and Utilities Commission and the City Council to consider changing the current standard.

Committee Member Dixon commented that the Committee moved forward with the streets plan without accurate numbers and suggested obtaining definite numbers for trails before making a recommendation.

Committee Member Higgins suggested making the trails plan a 20-year plan like streets and parks plans.

The Committee reached consensus in wanting more information from staff, such DG costs to include fencing and labor as well as reducing the plan from 30 years to 20 years. This information will be brought back before the Committee at the December 15th meeting.

COMMITTEE AND STAFF COMMENTS

None

PUBLIC COMMENTS

Ted Hoffman commented that he attended PRC in Las Vegas recently. It was an opportunity for networking with professionals throughout the nation and Canada. The networking involved discussions on how to bring funds to the arena. Mr. Hoffman suggested charging grounds and rental fees. He also spoke of the option of a venue operator handling ticket

sales for events. The City would receive a percentage of the service charge on the tickets.

Mike Thompson asked if the City could use prison labor for City labor. Committee Member Bash stated that it is not used because the history of prison labor is that the scheduling was erratic. Director Petree added that the cost was \$86,000 annually but there was no guarantee that the City would have the labor when needed due to factors such as weather, lockdowns, etc.

ADJOURNMENT

Vice Chair Holder adjourned the meeting at 9:04 p.m.

City of Norco Infrastructure Ad-Hoc Committee

General Fund Sub Committee

Linda Dixon and Pat Hedges, Committee Members

Ad Hoc Sub Committee Findings

City of Norco General Fund

The subcommittee met with the City Manager Andy Okoro and the Parks and Rec Director Brian Petree during the month of November. We were given a complete packet of the approved Budget FY 2014-2015. During the discussions with the City Manager, various areas of the budget were explained regarding how the bookkeeping system works and the history of some items in question.

Brian Petree provided the subcommittee with a detailed matrix of the George Ingalls Equestrian Center as a 'Cost Center', and a Budget Summary by Major Categories on the Building Maintenance Division #737.

This was in no way conducted as a Forensic Audit or Analysis of the General Fund. Therefore, the following findings and concerns are being submitted without possible solutions, which are and should be the responsibility of the City of Norco City Council.

General Fund;

The subcommittee found that the City of Norco is conducting business with a limited number of employees and these employees are dedicated to the City. It would harm the City and its residents to further cut personnel.

- **General Fund Medical** - The City of Norco spends \$750,000 per year in medical and lifetime medical. This dates back to 1986 when the City Council at that time voted to give life time medical to employees who worked for the City for five (5) years. That was changed in the early 2000's to lifetime medical for employees who have worked for the city for ten (10) years. For such a small city this is huge.
 - The current City Council has the authority to stop paying lifetime medical to those receiving both the five (5) and ten (10) year benefits and change it to a much higher 'years of service' or eliminate lifetime medical as most large cooperation's have. They also have the authority not to grandfather in any past benefits.

- **General Fund Surplus** – At this time there is approximately 5 million in this surplus account. Additional research as to why such a large amount should be held in a surplus account resulted in the following information;
 - In the late 1990's the City Council at that time determined that the City of Norco must keep 25% of all expenses in the General Fund in a Surplus account. The current approved budget is approximately 15 million which means we do have the mandatory balance in the Surplus Account.
 - We would suggest that any additional moneys designated for the Surplus Account be redirected to the areas of the city such as streets and law enforcement. This is a decision that the City Council should consider
- **General Fund Parks & Recreation** – The third largest budget in the city.
 - **Ingalls Equestrian Center**
 - Should have a separate set of books with separate sub costs for each of the areas under that umbrella i.e., Nellie Weaver, Moreno & Clark arenas and the Pole Barn area. This should be set up a separate cost center to get a more accurate understanding of percentage of return. Right now it is estimated to be 56%. The volunteers who groom the areas are certified on all equipment and save the City a great deal of money..This can be expanded into many areas. Ideas of additional revenue include;
 - No free riding days, all riders must pay to use the arena, by reservation only.
 - Night use for other than events that pay the normal rent will pay for electricity and needed personnel in addition to fee.
 - Eliminate all free use of any facility for both residents and City uses.
 - **Parks** – Currently the City has 17 parks. As an example, Corona which is more than six (6) times larger in population than Norco has 30 parks. Norco exceeds the norm for number of parks by population. This has been the wishes of the residents and City Council in the past. Some of these parks are rarely used but are still maintained. Some of these parks were donated by founding families of Norco and cannot be sold. Some are maintained by LMD's. Some recommendations are;
 - Return the least used parks to the original family trusts to save the maintenance and personnel costs.
 - Where possible, sell other parks that are rarely used.

- Makin Park which is the main park used by organized sports groups is costly; these groups should pay the full cost of their use of the parks.
- Groups outside of Norco who use the parks should pay a higher fee.
- The cost of 1.5 million to refurbish the 'Snack Shacks' should be paid back by rental to the various sports groups. Right now they use the 'snack shacks' for their own fundraising and are now only paying the City for the electricity used.
- If there are any recreation programs that are not self-sustaining, could be eliminated.
- **Buildings and Facilities –**
 - Currently the work needed that the City is unable to do is going out to bid as it should and this budget should not be cut. Our buildings are old and as they age, work is needed to keep them habitable.
 - The Fire Department buildings also fall under the Buildings and Facilities Department and they are currently working within the required guidelines and budget.
- **Information and Technology Division –**
 - This department is responsible for the purchase, maintenance and support of computer systems. Essentially a IT help desk who assists all users at the City with computer related problems including maintenance and support of the telephone system
 - The expenditures are \$391,944 for FY 2014-2015. That does seem high for a city the size of Norco. It was just approved by City Council for another year.
 - These employees are on the City's payroll, which includes benefits of health, retirement, sick leave and vacation days. Would it be more cost effective to go out for bid

In conclusion, the subcommittee found areas where savings can be made but not so significant as to offset the costs the Ad Hoc committee was assigned to find funding for. Some areas that have been mentioned such as lifetime medical could save the city up to \$500,000 with Council action. It was a Council action that caused these expenditures to become so outrageous.

Because of recent Ad Hoc action prior to this submittal, the subcommittee decided it would be a futile effort to delve further into the other departments whose funding requests have already been approved. We also feel that by approving these two areas prior to the submission of the subcommittees report, these actions have made any findings or suggestions submitted diminished in value.

If the Ad Hoc Committee had only waited and proceeded in the proper order for the subcommittee report to be presented, this report could have been presented, discussed and further recommendations could have been made. As it is now, we feel that this report is diminished in importance and our efforts were for naught.

Linda Dixon and Pat Hedges

Ad-Hoc Committee and Public Suggestions Log Sheet

Streets	Trails: Fencing	Trails: DG/Materials	Trails: Programs/Fees	Water	Storm Drains	Buildings	Parks	Public Education	Misc.
Curbs and gutters	Installation of one rail versus two – cost savings.	Fine, compacted woodchips	Trails maintenance volunteer program	Reclaim storm water		Selling of advertising space at City facilities	Creation of park foundations to help fund parks	Educating the public on maintenance and funding issues (PSAs)	Use of grant funds
	Trails fencing on major roadways only	Pea gravel	Community trail clean-up program	Funding water conservation projects		Use of grant funds for the Emergency Operations Center (EOC)	Selling of advertising space at City parks	Notice in water bills regarding trail maintenance responsibility	Structured fee for horse ownership
	Priority for trail fencing given to major roadways	Compactor for DG	A fee-based Adopt-A-Trail program	Use of reclaimed water for parks				Warnings for non-compliance of trail maintenance sent in water bills.	Recreation tax per unit per lot
	Installation of rolled curbs as opposed to trail fencing – cost savings.		Trail maintenance fee					“Straight Trail Talk” flyer in water bills, on City website, and City Facebook page	Motorcycle officer
	Intermittent versus continuous trail fencing		Issuing citations and penalties for non-compliance of trail maintenance						Modifying NMC clarifying that erosion caused by property owner is not the City’s responsibility
	Define street trails		Citizens Patrol issuing trail violation citations						Park Sheriff patrol vehicles throughout City rather than at City Hall to deter speeding and crime.
	Trail fence post in tube above grade to prevent rotting		City-wide assessments similar to LMDs						Endowments

Ad-Hoc Committee and Public Suggestions Log Sheet

	Different vinyl fence colors (versus white); more rural look								Venue operator to handle ticket sales for arena events
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