



MINUTES CITY OF NORCO

CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY
REGULAR MEETING
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE
MARCH 16, 2011

CALL TO ORDER: Mayor Hanna called the meeting to order at 6:02 p.m.

ROLL CALL: Mayor Berwin Hanna, **Present**
Mayor Pro Tem Kevin Bash, **Present**
Council Member Kathy Azevedo, **Present**
Council Member Greg Newton, **Present**
Council Member Harvey C. Sullivan, **Present**

Staff Present: Carlson, Groves, Jacobs, King, Manning, Okoro, Petree, and Thompson

City Attorney Harper – **Present**

City Attorney Harper recommended that one (1) Existing Litigation Case under Section 54956.9 be added to Closed Session. The City Council unanimously approved the addition of this item to the Closed Session Agenda.

THE CITY COUNCIL/CRA RECESSED TO CLOSED SESSION (SECTION 54954) TO CONSIDER MATTERS:

Section 54956.9 – Conference with Legal Counsel – Existing Litigation

Case Name: Norco Redevelopment Agency vs. Jeffrey D. Wilhelm and Jeffrey D. Wilhelm, LLC
Case Number: RIC 10008244

Section 54956.9(b) – Conference with Legal Counsel - Anticipated Litigation

Number of Potential Cases: 1

Section 54957.6 – Conference with Labor Negotiator

Negotiating Parties: City Manager Groves and Deputy City Manager/Director of Finance Okoro

Employee Organizations: Management
Middle Management, Professional, and Confidential Service
Norco Battalion Chiefs Association
Norco Firefighters Association
Norco General Employees Association
Norco Public Works & Parks Maintenance Workers Association

REPORT FROM CLOSED SESSION: City Attorney Harper stated that there is nothing to report from Closed Session. He noted that one item was added to the agenda prior to the commencement of Closed Session.

RECONVENE PUBLIC SESSION: Mayor Hanna reconvened the meeting at 7:25 p.m.

PLEDGE OF ALLEGIANCE: Mayor Pro Tem Bash

INVOCATION: Assembly of God – Beacon Hill
Pastor Rene Parish

PRESENTATION: 2011 Keep America Beautiful Grant
Julie Reyes, Waste Management

Ms. Reyes presented information on the 2011 Keep America Beautiful Grant, noting that last year Waste Management received a grant in the amount of \$5,000 for a horse trail clean-up project. She stated that she is excited to report that in November she applied for another grant and recently found out that Waste Management received another \$5,000 grant for a trail clean-up project. She further stated that last year the City, in conjunction with the Norco Horsemen's Association, put on the event and requested direction from the Council regarding who Waste Management should work on the new trail clean-up project.

REGULAR COMMUNITY REDEVELOPMENT AGENCY (CRA) AGENDA AS FOLLOWS:

1. CRA CONSENT CALENDAR ITEMS:

M/S Sullivan/Bash to approve the item as recommended on the CRA Consent Calendar. The motion was carried by the following roll call vote:

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE**

- A. CRA Minutes:
Regular Meeting of March 2, 2011
Recommended Action: Approve the CRA Minutes (City Clerk)

2. OTHER CRA MATTERS: No other CRA matters

ADJOURNMENT OF CRA: 7:30 p.m.

REGULAR CITY COUNCIL AGENDA AS FOLLOWS:

3. CITY COUNCIL CONSENT CALENDAR ITEMS:

Council Member Newton pulled Item 3.D and Item 3.E. and a member of the public pulled Item 3.E. for discussion.

M/S Bash/Azevedo to approve the remaining items as recommended on the City Council Consent Calendar. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

- A. City Council Minutes:
Regular Meeting of March 2, 2011
Recommended Action: **Approve the City Council Minutes** (City Clerk)
- B. Recap of Actions Taken at the Planning Commission Regular Meeting of March 9, 2011. **Recommended Action: Receive and File** (Planning Director)
- C. Consideration of City Participation on the Four Corners Transportation Coalition. **Recommended Action: Approve the City's participation on the Four Corners Transportation Coalition and appoint Mayor Hanna to represent the City on the Coalition.** (City Manager)
- D. Approval of the Chino Basin Desalter Authority Amended and Restated Water Purchase Agreement. **Recommended Action: Approve the Amended and Restated Water Purchase Agreement between the Chino Basin Desalter Authority and the City of Norco, and authorize the City Manager to execute all necessary documents on behalf of the City.** (Director of Public Works)
- E. Amendment to the Western Riverside County Regional Wastewater Authority Fiscal Year 2010/2011 Budget. **Recommended Action: Approve an Amendment to the WRCRWA 2010/2011 budget in the amount of \$500,000 to fund the planning and engineering for the expansion of the treatment facility.** (Director of Public Works)
- F. Fourth Amended and Restated Joint Exercise of Powers Agreement Creating the Western Riverside County Regional Conservation Authority. **Recommended Action: Approve the Fourth Amended and Restated Joint Exercise of Powers Agreement.** (Planning Director)

- G. Dissolution of the Riverside-San Bernardino Housing and Finance Agency and Corporation. **Recommended Action: Adopt Resolution No. 2011-16, withdrawing from and terminating the Joint Exercise of Powers Agreement of the Riverside-San Bernardino Housing and Finance Agency.** (Housing Manager)
- H. Annual Resolution Making Findings and Continuing Existing Rates for Maintaining Flood control Channels within County Service Area CSA-152. **Recommended Action: Adopt Resolution 2011-17, making findings and continuing existing rates for maintaining flood control channels within County Service Area CSA-152.** (Deputy City Manager/Director of Finance)

4. ITEMS PULLED FROM CITY COUNCIL CONSENT CALENDAR:

- 3.D. Approval of the Chino Basin Desalter Authority Amended and Restated Water Purchase Agreement. **Recommended Action: Approve the Amended and Restated Water Purchase Agreement between the Chino Basin Desalter Authority and the City of Norco, and authorize the City Manager to execute all necessary documents on behalf of the City.** (Director of Public Works)

Council Member Newton asked Public Works Director Thompson about the agreement and wanted to make sure that this contract makes sure the City has the opportunity to negotiate the best price for purchased water. Director Thompson responded that yes it does and added that our base cost will actually be reduced some. Director Thompson also stated that this is the final phase of the expansion.

In response to Council questions, Director Thompson stated that an acre foot equals 325,851 gallons of water. He also stated through the reverse osmosis process, the water is run through pressurized filters to remove seed and anything else that would cause harm to humans.

M/S Newton/Bash to approve the Amended and Restated Water Purchase Agreement between the Chino Basin Desalter Authority and the City of Norco, and authorize the City Manager to execute all necessary documents on behalf of the City.. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

- 3.E. Amendment to the Western Riverside County Regional Wastewater Authority Fiscal Year 2010/2011 Budget. **Recommended Action: Approve an Amendment to the WRCRWA 2010/2011 budget in the amount of \$500,000 to fund the planning and engineering for the expansion of the treatment facility.** (Director of Public Works)

Bill Schwab. Mr. Schwab stated that a lot of effort has been put into explaining rate increases and noted that he does not understand why this amount is being requested. Public Works Director Thompson responded that a feasibility study was completed regarding the expansion of the plant which resulted in information noting that this will benefit the agency as a whole.

Mayor Pro Tem Bash asked Director Thompson to provide information on the Western Riverside County Regional Wastewater Authority. Director Thompson provided information on the City's collection system and waste stream and also the process of treatment and disposal into the Santa Ana River. He further commented on the recycled water.

Council Member Newton asked Director Thompson about the cost for an engineering study. Director Thompson responded that by obligation, a study needs to be completed when the capacity gets to 75%, noting that the amount requested is the City's contribution to that study.

Council Member Sullivan asked Director Thompson about the reclaimed water line. Director Thompson provided information on the amount Corona is requesting, adding that the reclaimed water line is still being negotiation and all options will be discussed. Director Thompson noted that two years were lost with the construction of the River Road Bridge. Council Member Sullivan stated that the Council has made the reclaimed water line a priority.

Mayor Hanna asked about the \$500,000 and how it would be paid for. Director Thompson responded that it is coming out of the capital costs, existing development impact fees, and not from user fees.

Council Member Azevedo asked how much money is in the Sewer Capital Improvement Fund. Deputy City Manager/Director of Finance Okoro responded that there is approximately \$6 – \$7 million, which included bonds and development impact money. Council Member Azevedo commented on the need to increase the current 75% sewer capacity. She further noted that this money cannot be transferred to other funds in the City.

M/S Bash/Sullivan to approve an Amendment to the WRCRWA 2010/2011 budget in the amount of \$500,000 to fund the planning and engineering for the expansion of the treatment facility. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, SULLIVAN
NOES: NEWTON
ABSENT: NONE
ABSTAIN: NONE

5. CITY COUNCIL PUBLIC HEARING:

A. Proposition 218 Public Hearing Approving Adjustments to Water and Sewer Rates

In Compliance with Article XIID of the State of California Constitution and the Proposition 218 Omnibus Implementation Act, the City of Norco has notified all affected property owners and rate payers of the proposed water and sewer rate adjustments. The proposed rates are being recommended pursuant to a rate analysis conducted to assess the adequacy of revenues to maintain the physical integrity of the water and sewer systems; comply with all required health standards; provide adequate quality of water and wastewater treatment; to meet outstanding bonds debt coverage ratios; to provide adequate levels of system maintenance and to provide adequate levels of maintenance, upgrade and expand sewer and sewer facilities as needed to serve the City residents and businesses. The proposed rates are necessary to bridge the gap between necessary operating expenses including debt service and revenues recovered through user charges. Staff is recommending that the City Council accept written and verbal comments on the proposed rates and to approve the proposed rates after closure of the public hearing.

Recommended Action: Open the Public Hearing, take comments and at the end of the Public Hearing, adopt Resolution No. 2011-___, adopting adjustments to water and sewer rates. (Deputy City Manager/Director of Finance)

City Manager Groves introduced the public hearing item, noting that the bulk of the information has been previously presented at a public City Council Study Session. **Deputy City Manager/Director of Finance Okoro** presented information on the reasons that the costs increased and additional information was presented regarding the need for rate adjustments through slides that included charts and graphs depicting Water and Sewer Fund expense trends, and current fiscal year estimated revenues and expenditures. Water and Sewer Funds' operations are business-type in nature and most recover all costs through user rates/fees. Under the current rates, the Water Fund is recovering only 82% of its total operating costs (excluding capital set aside) and the percentage of recovery is expected to fall to 80% by FY 2012-2013. Under the current rates, the Sewer Fund is recovering 88% of the operating costs (excluding set-aside for capital) and the percentage of recovery is expected to fall to 80% by FY 2012-2013.

Additional information was presented including the facts that the City is required, under existing Bond Provisions, to maintain a debt service coverage ratio of 1.25 for water and sewer operations combined; the City has existing obligations under various "Take or Pay" contracts to purchase a minimum of 4,400 acre feet of water currently valued at \$3.6 million; and the cost of employees performing essential services for the water and sewer systems are part of the necessary costs to keep the systems operating.

Council Member Newton commended staff on the professional presentation given. He inquired about the low/moderate income program available for qualifying senior citizens and asked how much that subsidy is. City Manager Groves responded that the subsidy today on the water provides for a \$10 savings and on the sewer there is a \$17 savings based on today's rates. She added that this is a part of the housing assistance program from low-moderate income set aside money, noting that at this point in time, there is a lot of discussion regarding the future of redevelopment funding. In response to Council Member Newton, City Manager Groves stated that the Council would need to determine any policy changes to the program. Council Member Newton asked why the City of Riverside rates are "skewed", referring to the rate comparison chart. Director Thompson responded that they are its own power utility. Council Member Newton commented that he had a difficulty with the non-connect fee when there is no impact to the capacity. Director Thompson responded that there are capital maintenance expenses, and that is where those costs come from. Director Thompson further stated that there are no longer permits available to put in septic tanks and if the home is sold and is not connected to sewer, a connection is required.

Mayor Pro Tem Bash asked again about cost allocation in terms of the General Fund. City Manager Groves responded and referred to the pie chart in the presentation. She added that these funds cannot be used for other costs. Mayor Pro Tem Bash commented on the newly installed automated meters and asked if, in time, residents will be able to see the usage on their computers. Director Thompson responded that the installation is complete and in July, a water conservation campaign will be launched and a password will be issued to each customer in order to review their usage. Mayor Pro Tem Bash asked why the City is not using its wells as much. Director Thompson responded that the arsenic levels and other requirements have changed, reducing the water that can be used. In response to Mayor Pro Tem Bash, Director Thompson noted that the water wholesale rates have gone up and have impacted us.

Council Member Azevedo stated that at the end of the day, the biggest problem is the purchased water. She asked if there is any way to negotiate these contracts. In response, Director Thompson stated that there is not.

Council Member Sullivan stated that a good job was done explaining this and added that he hopes that everyone will understand. He noted that he is on the Western Riverside County Regional Wastewater Authority Board, adding that the City of Norco has, since 1998, done more to protect our citizens and to get its water and sewer rates down, even though many are unhappy.

Recess: Mayor Hanna recessed the City Council Meeting at 8:50 p.m.

Reconvene: Mayor Hanna reconvened the City Council Meeting at 9:00 p.m.

Mayor Hanna OPENED the public hearing, indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Rose Eldridge. Ms. Eldridge spoke against the rate increases and urged the Council to not raise the rates and continue the SWAT Program.

Scott Simpson. Mr. Simpson spoke against the rate increases, further commenting on his views on rates, fees and charges.

Dave Henderson. Mr. Henderson spoke against the rate increases, noting that he is not connected to the sewer system and has already paid for this fee on a bond already in existence when he bought his property. He further commented on Proposition 218 and the difference between a fee and an assessment and the requirements for a ballot measure.

Warren Bacal Mr. Bacal commented on his two sewer lines and his problems with the SWAT program.

James Buehlman. Mr. Buehlman commented on the quality of the water, noting that he does not drink the City water. Director Thompson addressed his concerns noting the high quality of Norco's water.

Janet Jochen. Ms. Jochen commented on the large increase in rates in a very short time, noting the assessment district costs paid and the fact that this will impact many. Director Thompson addressed her concerns noting that in 1989, all properties paid through the assessment district for the collection system itself.

Linda Dixon. Ms. Dixon commented that these are hard times and because of the rising costs, there is no choice if we want the same standards we have today. She added that she trusts that the Council will do what is right for the City.

Martha Ramirez. Ms. Ramirez spoke against the rate increases and further stated that the agenda was too long and suspects that this is intentional so people will leave..

Leafy Wilson. Ms. Wilson stated that she did not appreciate the meeting starting late, adding that she is present to protest and oppose strongly the increase in the rates.

Bill Mallory. Mr. Mallory stated that he is opposed to the rate increase noting that they are extreme. He turned in 210 protest letters to the City Clerk.

James Herald. Mr. Herald spoke against the rate increases and commented on maintaining property values, which takes water, and the reimbursement to the General Fund for salaries and benefits.

Karen Leonard. Ms. Leonard commented on the emails going around regarding the mismanagement of the City's funds, noting that they are not true. She added that the City's rates are comparable to others.

Emmet McKune. Mr. McKune spoke against the rate increases and further commented on the graphs, numbers and charts noting that this is indicative to what is happening nationwide.

Julie Waltz. Ms. Waltz spoke against the rate increases and further asked the Council to reconsider what they are doing.

Glenn Hedges. Mr. Hedges commented on the cost of purchased bottled water, adding that conservation will help more than anything else.

Mayor Hanna CLOSED the public hearing.

Council Member Sullivan thanked everyone for coming and stating their opinions on this. He added that unfortunately, the Council has a job to do and the City needs to pay its bills and the water and sewer funds are used for that purpose. He stated that he supports this increase as this is the right thing to do.

Council Member Azevedo apologized to the audience for the meeting starting late, noting that the closed session portion went long. She further commented on the time and effort put in by staff to present the information and added that the City's proposed fees are comparable to other cities. She stated that this is not an easy time for anyone and asked that the residents trust the Council to do what is best for the City.

Mayor Pro Tem Bash also apologized to the audience that the closed session portion of the meeting went late. He commented on the difficulties that arose when water was transported from the Colorado River, noting that more impacts will be coming in the future. He further commented on the City's water system in the past, noting the improvements that were made. He stated that this is about the existence of the City of Norco keeping its large lots.

Council Member Newton commented on the improved quality of the water in the City. And questioned what level of service the residents would be happy with. Director Thompson responded that without these increases somebody else would need to be the provider, possibly a neighboring community that already has tiered rates. Council Member Newton made reference to tiered rates and the cost this would be and added that each individual needs to be responsible for their use. He commented on the sewer non-connect fee and noted that he does not support the increase in the non-connect fee.

Mayor Hanna commented on the cost of purchasing water noting an experience from his past. He stated that he believes that the charts and figures are correct, but worries about the low income and seniors. He further stated that he does not see how we could get by without this increase.

M/S Sullivan/Azevedo to adopt Resolution No. 2011-18, adopting adjustments to water and sewer rates.

Under discussion: Council Member Newton stated that he is not in favor of the increase to the non-connect fee.

City Attorney Harper commented on Proposition 218 noting that no fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property. The City has had this discussion since prior to Proposition 218 and it has been factually concluded each time that because of the availability of the sewer, that it is immediately available, so it meets the requirements of Proposition 218. He added that the non-connect portion is essentially for the maintenance of that line that is immediately available and not for capacity.

Council Member Sullivan stated that he has not connected to the sewer and has two septic tanks. He stated that he does not mind paying that fee, as the line is readily available for connection.

Council Member Azevedo noted that this is a very small increase for the non-connects and commented on the availability of sewer when they are ready to connect. She stated that she supports the resolution as recommended.

Substitute M/S Newton/Sullivan to adopt Resolution No. 2011-18, adopting adjustments to water and sewer rates, except for the increase to the non-connects.

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AYES: HANNA, NEWTON
NOES: AZEVEDO, BASH, SULLIVAN
ABSENT: NONE
ABSTAIN: NONE

M/S Sullivan/Azevedo to adopt Resolution No. 2011-18, adopting adjustments to water and sewer rates. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, NEWTON, SULLIVAN
NOES: HANNA
ABSENT: NONE
ABSTAIN: NONE

6. PUBLIC COMMENTS OR QUESTIONS:

Glenn Hedges. Mr. Hedges stated that the Norco trails clean-up day will be held on Saturday, March 19th on Fifth Street in preparation for the Best of America on Horseback event.

Karen Leonard. Ms. Leonard commented on the finger-pointing going on and stated that everyone should find the best way to help the City survive. She encouraged people to come to Council meetings and get involved! She stated that Casino Night will be held on April 9th. She further encouraged everyone to support redevelopment and go to myvotecounts.org and sign a petition.

Curtis Coombs. Mr. Coombs asked for information regarding costs associated with privatization of the maintenance of the City's water system. He added that this should be presented as a possibility and the citizens should be informed why this is not an option.

7. OTHER MATTERS – COUNCIL:

Council Member Newton:

- ✚ Thanked the City Manager and staff for putting together the Strategic outreach materials that have been put together. City Manager Groves stated that this is all a part of the City's efforts to market and promote economic development in the City. She added that the materials have been done in-house and are used to attract developers to Horsetown USA.

Mayor Pro Tem Bash:

- ✚ Stated that today he went to the 20th Anniversary celebration for Norco College. He added that he would like to recommend that the City Council present Dr. Davis with a plaque at a future Council meeting and invite its "One Note" chorus to perform at that same time.
- ✚ Commented that he cannot be at the clean-up on Saturday and noted that the Lake Norconian Club Foundation will be holding a clean-up event in May.

Council Member Azevedo:

- ✚ Stated that she attended the Norco Area Chamber of Commerce event and Contract Economic Development Specialist Roger Grody was present to speak about the Banner Program. City Manager Groves added that there will be a patriotic theme and the banners will stay up for 3 months at a cost of \$90 each.

Mayor Hanna:

- ✚ Asked Sgt. Manning to check on reports of speeding and accidents on North and Viceroy. Sgt. Manning responded that he would check on this and report back.

8. OTHER MATTERS – STAFF: Nothing to report from staff

9. ADJOURNMENT: There being no further business to come before the City Council, Mayor Hanna adjourned the meeting at 10:40 p.m.

BRENDA K. JACOBS, CMC
CITY CLERK