

MINUTES

of a regular meeting of the City Council of the City of Redlands held in the Council Chambers, Civic Center, 35 Cajon Street, on May 1, 2007, at 3:00 P.M.

PRESENT

Jon Harrison, Mayor
Pat Gilbreath, Mayor Pro Tem
Gilberto Gil, Councilmember
Mick Gallagher, Councilmember
Pete Aguilar, Councilmember

ABSENT

None

STAFF

N. Enrique Martinez, City Manager; Daniel J. McHugh, City Attorney; Lorrie Poyzer, City Clerk; Michael Reynolds, City Treasurer; Tom Fitzmaurice, Police Captain; Jim Drabinski, Fire Chief; Steven H. Dukett, Interim Redevelopment Agency Director; Tina Kundig, Finance Director; Ronald C. Mutter, Public Works Director; Gary G. Phelps, Municipal Utilities Director; and Jeffrey L. Shaw, Community Development Director

The meeting was opened with an invocation by Mayor Pro Tem Gilbreath. Mayor Pro Tem Gilbreath asked for His blessings on Mayor Emeritus Swen Larson as he was in his final phase of life with us; she asked for strength and courage for the Larson family to face the issues and to know that Swen will be in a better place when he concludes this fight. She asked the City Council to close this meeting in Mr. Larson's honor for all the public service he has provided our City and she expressed the hope that he could have the TV on and was listening to this as he sheltered through this last threshold. The meeting continued with the pledge of allegiance.

PRESENTATION

Proclamation - Teacher Appreciation Week - By consensus, the City Council unanimously authorized issuance of a proclamation declaring May 6-12, 2007, as *Teacher Appreciation Week* and honoring Dr. H. Fred Heisner and Mrs. Elma Vines. Members of the Human Relations Commission were present. Mayor Harrison presented the proclamation to Dr. Patrick Smith, Redlands Unified School District Coordinator of Special Services, and Ann Davis-Schultz, Redlands Unified School District Coordinator of Student Services, who accepted the proclamation on behalf of Bob Hodges, Superintendent of the Redlands Unified School District.

DEPARTMENTAL INFORMATION REPORT

Municipal Utilities Department - Municipal Utilities Director Phelps introduced Chris Diggs, who started working for the City on Monday (April 30, 2007), as

the new Water Resources Manager, and Woody Hynes, Water Conservation Coordinator, who presented important information about wise water usage.

Proclamation - Water Awareness Month - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously authorized issuance of a proclamation declaring May 2007 as *Water Awareness Month* acknowledging the involvement of those citizens who already practice water conservation techniques, and urging all citizens to learn more about water conservation and about how they can, as individuals, help future generations to "Use Water Wisely - It's a Way of Life." The proclamation was presented to Municipal Utilities Director Phelps for use in his department's public information goals.

CONSENT CALENDAR

Minutes - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the minutes of the regular meeting of April 17, 2007, were approved as submitted.

Bills and Salaries - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, payment of salaries and bills was acknowledged.

Planning Commission Actions - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the report of the Planning Commission meeting held on April 24, 2007, was acknowledged as received.

Time Extension - Love Rock Ministries International, Inc. - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved an agreement with Love Rock Ministries International, Inc. for a 90-day extension and waiver and release of claims relating to the California Environmental Quality Act for Conditional Use Permit No. 894 and Minor Subdivision No. 305 for property located at 1205 West Crescent Avenue (Burrage Mansion Estate) and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Time Extension - Express Container/Gilles Roy - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved an agreement with Gilles Roy, Express Container, for a time extension and waiver and release of claims relating to the California Environmental Quality Act for Commission Review and Approval No. 670 to develop an 18,480 square foot addition to the existing Express Container facilities for a combined total building area of 44,000 square feet with a 7,800 square foot covered parking canopy on approximately 2.60 acres located at 560 Iowa Street and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Fee Waiver - Eagle Scout Project - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved the request for a minor exception permit fee waiver by Community Presbyterian Church and Aaron Opdyke for an Eagle Scout project to replace an existing fence at the church located at 320 West Union Street.

Re-Appointment - Street Tree Committee - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously reappointed James Rock to a four-year term ending February 16, 2011, on the Street Tree Committee as recommended by Mayor Harrison.

Re-Appointment - Airport Advisory Board - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously reappointed John Caton to a four-year term ending May 1, 2011, on the Airport Advisory Board as recommended by Mayor Harrison.

Proclamation - World AIDS Orphans' Day - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously authorized issuance of a proclamation declaring May 7, 2007, as *World AIDS Orphans' Day*.

Proclamation - Blue Ribbon Week - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously authorized issuance of a proclamation declaring May 13-29, 2007, as *Blue Ribbon Week*.

Proclamation - ALS Awareness Month - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously authorized issuance of a proclamation declaring the month of May 2007 as *Amyotrophic Lateral Sclerosis (ALS) Month*.

Funds - Agreement - Water Quality Management Plans - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously authorized an appropriation from the General Fund in the amount of \$53,000.00, to be offset by fee revenue, and approved a consultant services agreement with AEI-CASC, Inc. to provide Water Quality Management Plan review services and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Local Emergency Report - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council acknowledged receipt of the report from the Municipal Utilities Department regarding the status of the declared local emergency at the Hinckley Water Treatment Plant and North Orange Well Field.

Contract - South Coast Air Quality Management District - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved a grant contract with the South Coast Air Quality Management District for the purchase of alternative fuel vehicles, authorized the Municipal Utilities Director to act as the responsible party for all the operations, fiscal management and reporting under the grant contract and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

License Agreement - SANBAG - On motion of Councilmember Gilbreath, seconded by Councilmember Gil, the City Council unanimously approved a license agreement with SANBAG for crossing of railroad right-of-way in Alabama Street for the Capital Improvement Program Water Master Plan and Replacement Project and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

COMMUNICATIONS

Meeting Attendance - No reports forthcoming.

Finance Management Plan - City Manager Martinez reported that in recent months, the City Council, City Manager and staff have focused on the financial challenges that the City has faced over the last few years and will continue to face if immediate action is not taken to overcome these challenges. City Manager Martinez expressed his appreciation to the Management team, City Treasurer Mike Reynolds, Finance Director Tina Kundig, Assistant Finance Director Tom Steele, the employee unions and the rank and file for pulling together to address these challenges. His staff report explained that over the last five years the City's audited expenditures and financial uses have exceeded its revenues and financial sources, resulting in a reduction in unreserved fund balance from a high of \$10.5 million to a low of \$2.9 million at the end of June 2006. Based on the fiscal year 2006-2007 adjusted budget, at mid-year, the \$2.9 million beginning unreserved fund balance was expected to be reduced to \$250,040.00 by June 30, 2007. Based on preliminary budget submittals by City departments for the fiscal year 2007-2008 proposed budget, including revised estimates for revenues and expenditures through June 30, 2007, the ending unreserved fund balance at June 30, 2007 is estimated at \$1.3 million as of April 16, 2007 when City staff, department heads and union members met at A. K. Smiley Public Library to discuss the City's financial challenges. A series of meetings with department heads, staff and union members have been held during the two weeks since that initial meeting, to continue the discussion of the City's financial situation and the potential for productivity improvements and cost-cutting ideas. A "Budget 101 Workshop" for union representatives was also held during this time to help the unions have a better understanding of the budgeting process. One outcome of these meetings has been that the City

Manager discovered that the skill level of the management team, together with staff, was sufficiently strong enough to have the team perform an analysis and review of efficiencies, cost-cutting ideas, and revenue enhancements before hiring a consultant to perform a Management Study. The work by the team could reduce the required scope and cost of the study. Over the last two weeks the City's fund balance for fiscal year-end and for fiscal year 2007-2008 has been moving up and down as departments have found additional cuts, but at the same time, have added expenditures to account for increases to on-going service contracts. This number will continue to change as the City Manager and staff continue to analyze department budget submissions, department and City needs, and potential revenues. Although employee furloughs sufficient to provide approximately \$200,000.00 by June 30, 2007 were considered as a manner to improve the City's fund balance, the City Council and City Manager instructed department heads and staff to identify additional cuts of at least \$300,000.00 by the end of June 2007, in-lieu of requiring furloughs. However, department heads and staff are looking beyond the \$300,000.00 in cuts and have been working with the City Manager to find additional cost-cutting recommendations for fiscal year 2007-2008. The goal is for the City to tighten its own belt before considering asking for additional revenue from residents and business owners in the community and to reach the goal of a balanced budget. A financial plan has been developed to address these and other goals for the remainder of fiscal year 2006-2007 and for fiscal year 2007-2008. Finance Director Kundig reviewed the financial plan recommended by the City Manager as follows:

PHASE I (Timeline: Present - June 30, 2007): inform the organization, management team and unions that the City is facing a financial challenge and discuss the challenge with them so it is understood; gather input from department management and from the unions in order to reduce expenditures, identify productivity improvements and increase revenues; form teams, consisting of management and union members, to address expenditure reductions of \$300,000.00 or more; develop performance measures for the fiscal year 2007-2008 budget; develop a reserve policy that requires the City to annually fund a minimum level of reserves and to adopt a balanced budget based on recurring revenues; develop a policy to limit the waiving of fees for City events; develop a policy for annual goal setting by the City Council; tasks and assignments must be presented by the majority of the City Council through the City Manager to the departments; recommend consolidation of commissions; recommend formation of a budget committee comprised of two Councilmembers and the City Treasurer; hold Council workshops to discuss the fiscal year 2007-2008 budget; hold community meetings to brief the public and business community on the City's budget and reserves; increase the fiscal year 2007-2008 General Fund Public Works Department, Street Division, budget to provide for street infrastructure maintenance; develop a Request for Proposal for a Management Study consultant; and meet and confer with unions to open employee contracts to negotiate for the fiscal year beginning July 1, 2007.

PHASE II (Timeline: July – October, 2007): management study begins with selection of consultant to perform the study; teams established in Phase I continue to address productivity improvements, cost reduction alternatives and enhanced revenue options; vacancies remain open to provide for a balanced budget except that upon review and recommendation by a management team ad-hoc committee and upon recommendation of the City Manager, a position may be filled; develop an information technology management plan that provides for coordination and compatibility of information technology resources; develop a deferred maintenance plan for buildings/structures/facilities; develop a street infrastructure maintenance plan; develop a policy that takes maintenance and staffing into consideration prior to the City accepting new buildings or parks; submit proposal to establish business license tax for warehouses based on square footage and take to voters for approval in November 2007; and submit proposal to establish an increase in the Transient Occupancy Tax (TOT) and take to voters for approval in November 2007.

PHASE III (Timeline: November, 2007 – June, 2008): implement results of management study which may include: reorganization, additional expenditure reductions, enhanced revenue options and other; teams established in Phase I continue to address productivity improvements, expenditure reductions and enhanced revenue options; include Management Study findings in the planning of the fiscal year 2008-2009 budget; preliminary funding for vehicle replacement policy; preliminary funding for an information technology management plan that provides coordination and compatibility of information technology resources; preliminary funding for a deferred maintenance plan for buildings/structures/facilities; preliminary funding for a street infrastructure maintenance plan; submit proposal to establish Citywide street lighting and landscape assessment districts and submit to electorate for mail ballot vote Spring of 2008; and recommend establishing an exploratory resident committee to explore the feasibility of bond sales for: police/public safety facility and street/infrastructure maintenance and improvements. (Councilmembers concurred to add to this list bond sales for open space and a downtown parking structure).

Financial Management Plan - Following discussion, Councilmember Gilbreath moved to approve the Financial Management Plan for May 2007 through June 2008. Motion seconded by Councilmember Gallagher and carried unanimously.

Ordinance No. 2660 - General Fund Reserve Policy - During the discussion, Councilmembers concurred to include an additional cost cutting measure relating to adjustments in compensation packages in the proposed Ordinance No. 2660. Ordinance No. 2660, an ordinance of the City of Redlands adding Chapter 3.06 to the Redlands Municipal Code to establish a General Fund Reserve Policy, was read by title only by City Clerk Poyzer, and on motion of Councilmember Gilbreath, seconded by Councilmember

Gallagher, further reading of the ordinance text was unanimously waived, and Ordinance No. 2660 was introduced, as adjusted, with unanimous Council approval and laid over under the rules with adoption scheduled for May 15, 2007.

Budget Committee - Councilmember Gilbreath moved to appoint the City Treasurer to the Budget Committee. Motion seconded by Councilmember Gallagher and carried unanimously.

CLOSED SESSION

The City Council meeting recessed at 3:54 P.M. to a closed session to discuss the following:

1. Conference with legal counsel: Existing Litigation - Government Code Section 54956.9(a)
 - a. USAA Casualty Insurance Company v. City of Redlands et al - Superior Court Case No. SCVSS 131589
2. Conference with legal counsel: Anticipated Litigation - Government Code Section 54956.9(c) - One case - Possible initiation of litigation
3. Conference with labor negotiator - Government Code Section 54957.6
Agency Negotiator: N. Enrique Martinez
Employee Organizations: Redlands Association of Management Employees, Redlands Association of Mid-Management Employees, General Employees Association of Redlands, Redlands Association of Safety Management Employees, Redlands Police Officers Association, Civilian Safety Employees Association, Redlands Association of Fire Management, and Redlands Professional Fire Fighters Association

The meeting reconvened at 7:00 P.M.

PRESENT

Jon Harrison, Mayor
Pat Gilbreath, Mayor Pro Tem
Gilberto Gil, Councilmember
Mick Gallagher, Councilmember
Pete Aguilar, Councilmember

ABSENT

None

STAFF

N. Enrique Martinez, City Manager; Daniel J. McHugh, City Attorney; Lorrie Poyzer, City Clerk; Teresa Ballinger, Assistant City Clerk; Michael Reynolds, City Treasurer; Tom Fitzmaurice, Police Captain; Jim Drabinski, Fire Chief; Tina Kundig, Finance Director; Ronald C. Mutter, Public Works Director; Marjie Pettus, Administrative Services Director; Gary G. Phelps, Municipal Utilities Director; and Jeffrey L. Shaw, Community Development Director

CLOSED SESSION REPORT

None forthcoming.

PRESENTATIONS

City-Wide Clean-Up Day - Police Captain Fitzmaurice reported the City-Wide Clean-Up day was a great success with over 400 volunteers picking up tons of trash at 17 locations on April 14, 2007. Mayor Harrison presented certificates of appreciation to participants of the April 14, 2007, City-Wide Clean-Up Day.

Skate Park Update - Members of the SK8Park Kids and the SK8Park Mom, Susan Boberick, provided an update on their efforts to build a skateboard park including their fund raising drive. Mayor Harrison pledged that for every \$100,000.00 raised, he would dye his hair the color of the SK8Park Kids' choice for the next City Council meeting.

LAND USE AND PUBLIC HEARINGS

Standard Pacific Homes, Applicant - Public notice was advertised for this time and place to consider a Draft Mitigated Negative Declaration as well as a public hearing for a Socio-Economic Analysis and Cost/Benefit Study and

1. A public hearing to consider Resolution No. 6595 - Williamson Act Removal No. 8 - Consideration of a Williamson Act contract removal on 9.75 acres (APN: 0168-161-05) located on the north side of Lugonia Avenue, approximately 960 feet east of Judson Street, in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District;
2. A public hearing to consider Resolution No. 6596 - Williamson Act Removal No. 9 - Consideration of a Williamson Act contract removal on 9.75 acres (APN: 0168-161-03) located on the north side of Lugonia Avenue, approximately 330 feet west of Dearborn Street, in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District;
3. A public hearing to consider Resolution No. 6597 - Williamson Act Removal No. 10 - Consideration of a Williamson Act contract removal on 9.75 acres (APN: 0168-161-02) located on the north side of Lugonia Avenue and west side of Dearborn Street in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District;
4. A public hearing to consider Resolution No. 6598 - Williamson Act Removal No. 11 - Consideration of a Williamson Act contract removal on 9.75 acres (APN: 0168-121-10) located on the south side of San Bernardino Avenue, approximately 330 feet west of Dearborn Street, in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District;
5. A public hearing to consider Resolution No. 6599 - Williamson Act Removal No. 12 - Consideration of Williamson Act contract removals on two noncontiguous parcels; one (1) with an area of 1.8 acres (APN: 0168-121-08) located on the south side of San Bernardino Avenue, approximately

660 feet west of Dearborn Street, and another parcel with an area of 11.7 acres (APN: 0168-121-06) located on the south side of San Bernardino Avenue, approximately 930 feet west of Dearborn Street. Both parcels are located in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District;

6. A public hearing to consider Resolution No. 6600 - Agricultural Preserve Removal No. 107 - Consideration of the removal from the Agricultural Preserve nine (9) parcels with a cumulative area of approximately 79.3 acres generally located on the north side of Lugonia Avenue, south side of San Bernardino Avenue, west of Dearborn Street, approximately 960 feet east of Judson Street in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District;
7. A public hearing to consider introduction and reading of the title of Ordinance No. 2659 - A change of zone from A-1 (Agricultural) District to a proposed zoning of R-E (Residential Estate) District on nine (9) contiguous properties with a cumulative area of approximately 79.3 acres generally located on the north side of Lugonia Avenue, south side of San Bernardino Avenue, west of Dearborn Street, approximately 960 feet east of Judson Street;
8. Consideration of Conditional Use Permit No. 840 - A Conditional Use Permit for 209 single family lots within a planned residential development on approximately 76.3 net acres generally located on the north side of Lugonia Avenue, south side of San Bernardino Avenue, west of Dearborn Street, approximately 960 feet east of Judson Street, in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District; and
9. Consideration of Tentative Tract Map No. 16689 - To subdivide approximately 76.3 net acres into 209 residential lots and seven (7) common area lots for property generally located on the north side of Lugonia Avenue, south side of San Bernardino Avenue, west of Dearborn Street, approximately 960 feet east of Judson Street, in the A-1 (Agricultural) District. Proposed R-E (Residential Estate) District.

Mayor Harrison declared the meeting open as a public hearing. Community Development Director Shaw reviewed the project in detail. On behalf of the applicant, Pat Meyer said they supported the Planning Commission's unanimous recommendations and concurred with all the conditions. He reviewed the history of the project over the past four years having had to work with Fish and Wildlife to provide a kangaroo rat habitation conservation plan. Amanda Frye expressed concerns about the density and suggested we develop something unique for this land such as five acre zoning. There being no further comments, the public hearing was closed.

Mitigated Negative Declaration - Councilmember Gilbreath moved to approve the Mitigated Negative Declaration for Williamson Act Contract Removals Nos. 8 through 12, Agricultural Preserve Removal No. 107, Zone Change No. 409, Tentative Tract No. 16689 and Conditional Use Permit No. 802 based on the finding that the project will not have a significant

effect on the environment, determining this project will not individually or cumulatively have an adverse impact on wildlife resources as defined in Section 711.2 of the California Fish and Game Code and directed staff to file and post a Notice of Determination in accordance with the City's guidelines within five days after the approval of the second reading of Ordinance No. 2659. Motion seconded by Councilmember Gallagher and carried unanimously.

Socio-Economic Analysis and Cost/Benefit Study- Councilmember Gilbreath moved to approve the Socio-Economic Analysis and Cost/Benefit Study for Williamson Act Contract Removals Nos. 8 through 12, Agricultural Preserve Removal No. 107, Zone Change No. 409, Tentative Tract No. 16689 and Conditional Use Permit No. 802 as it has been determined that this project will not create unmitigable physical blight or overburden public services in the community and no additional information or evaluation is needed. Motion seconded by Councilmember Gallagher and carried unanimously.

Williamson Act Contract Removals:

Resolution No. 6595 - Councilmember Gilbreath moved to adopt Resolution No. 6595, a resolution of the City Council of the City of Redlands approving tentative cancellation of Land Conservation Contract No. 74-R015 (Williamson Act Contract Removal No. 8). Motion seconded by Councilmember Gallagher and carried unanimously.

Resolution No. 6596 - Councilmember Gilbreath moved to adopt Resolution No. 6596, a resolution of the City Council of the City of Redlands approving tentative cancellation of Land Conservation Contract No. 83-R001 (Williamson Act Contract Removal No. 9). Motion seconded by Councilmember Gallagher and carried unanimously.

Resolution No. 6597 - Councilmember Gilbreath moved to adopt Resolution No. 6597, a resolution of the City Council of the City of Redlands approving tentative cancellation of Land Conservation Contract No. 77-R023 (Williamson Act Contract Removal No. 10). Motion seconded by Councilmember Gallagher and carried unanimously.

Resolution No. 6598 - Councilmember Gilbreath moved to adopt Resolution No. 6598, a resolution of the City Council of the City of Redlands approving tentative cancellation of Land Conservation Contract No. 70-R002 (Williamson Act Contract Removal No. 11). Motion seconded by Councilmember Gallagher and carried unanimously.

Resolution No. 6599 - Councilmember Gilbreath moved to adopt Resolution No. 6599, a resolution of the City Council of the City of Redlands approving tentative cancellation of Land Conservation Contract No. 72-R010 (Williamson Act Contract Removal No. 12).

Motion seconded by Councilmember Gallagher and carried unanimously.

Resolution No. 6600 - Agricultural Preserve Removal No. 107 - Councilmember Gilbreath moved to adopt Resolution No. 6600, a resolution of the City Council of the City of Redlands removing property from the City's Agricultural Preserve and amending Resolution No. 6557. Motion seconded by Councilmember Gallagher and carried unanimously.

Ordinance No. 2659 - Zone Change No. 409 - Ordinance No. 2659, an ordinance of the City of Redlands amending Title 18 of the Redlands Municipal Code revising the City's Land Use Zoning Map and approving Zone Change No. 409, was read by title only by City Clerk Poyzer, and on motion of Councilmember Gilbreath, seconded by Councilmember Gallagher, further reading of the ordinance text was unanimously waived, and Ordinance No. 2659 was introduced with unanimous Council approval and laid over under the rules with adoption scheduled for May 15, 2007.

Conditional Use Permit No. 840 - Councilmember Gilbreath moved to approve Conditional Use Permit No. 840 subject to the conditions of approval and based upon the findings contained in the staff report. Motion seconded by Councilmember Gallagher and carried unanimously.

Tentative Tract No. 16689 - Councilmember Gilbreath moved to approve Tentative Tract No. 16689 subject to the conditions of approval and based upon the findings contained in the staff report. Motion seconded by Councilmember Gallagher and carried unanimously.

PUBLIC HEARINGS

Resolution No. 6601 - New York Street Vacation - Due to a potential conflict of interest, Mayor Harrison retired from the Council Chambers and did not participate in this matter; a Public Disclosure of Potential Conflict of Interest form is on file in the City Clerk's Office. Public hearing was advertised for this time and place to consider Resolution No. 6601, Street Vacation No. 127, Amendment No. 1, for the vacation of an additional 81 feet of New York Street for an overall distance of 550± feet located north of the intersection of State Street and New York Street (ESRI, Applicant). Mayor Pro Tem Gilbreath declared the meeting open as a public hearing for any questions or comments concerning this street vacation. Community Development Director Shaw explained that Resolution No. 6380, approved by the City Council on June 21, 2005, gave conditional approval to Street Vacation No. 127 which proposed to vacate a portion of New York Street located north of the intersection of State Street and New York Street. That street vacation, which has not yet been recorded, proposed to vacate approximately 405 feet of New York Street right-of-way north of State Street in order to make way for the future expansion of facilities for ESRI. Since the time of the conditional approval of Resolution No. 6380, specific plans for this expansion have been developed for the construction of an 81,635 square foot office building. However the new

development will require an additional 81 feet of right-of-way to be vacated from what was originally proposed. On April 24, 2007, the Planning Commission determined that Street Vacation No. 127, Amendment No. 1, was in conformity with the Redlands General Plan pursuant to Section 65402 of the State Planning and Zoning laws. On behalf of ESRI, Don Berry was present to answer any questions. Mario Saucedo, North Redlands Vision Committee, asked about a continuation of sidewalks north of ESRI. Public Works Director Mutter responded that no off-site sidewalks were required of the applicant but that ESRI would provide full, ADA compliant sidewalks through their property. He suggested CDBG funds could be used for additional sidewalks. City Clerk Poyzer reported an e-mail was received Monday opposing the street closure, and another one received this morning suggesting the City ask ESRI for something of equal value in exchange for this street closure. Mr. Berry noted that the connection of New York Street to Stuart Avenue north of Redlands Boulevard was donated to the City by ESRI which was an approximate 2-1 exchange. There being no further comments, the public hearing was declared closed. Councilmember Aguilar moved to find that the adoption of Resolution No. 6601 does not require further environmental processing, pursuant to Section 15162 of the California Environmental Quality Act Guidelines based on the findings contained in the staff report. Motion seconded by Councilmember Gallagher and carried by AYE votes of all present with Councilmember Harrison having abstained. Councilmember Aguilar moved to adopt Resolution No. 6601, a resolution of the City Council of the City of Redlands amending Resolution No. 6380 finding that a portion of New York Street is unnecessary for present or prospective street purposes and ordering the vacation of said portion (Street Vacation No. 127, Amendment No. 1). Motion seconded by Councilmember Gallagher and carried by AYE votes of all present with Councilmember Harrison having abstained.

Development Impact Fees - Public hearing was advertised for this time and place to consider Ordinance No. 2661 to amend the Redlands Municipal Code to establish new comprehensive park and open space fees, to establish new comprehensive storm drain fees and to establish new comprehensive public facility fees; Resolution No. 6602 to establish specific amounts of new comprehensive park and open space, storm drainage and public facilities fees; and Resolution No. 6603 to establish amounts of transportation facilities fees. Mayor Harrison declared the meeting open as a public hearing. Public Works Director Mutter reported the City of Redlands Public Works Department has established a development impact fee program pursuant to California Government Code Sections 66000 through 66025. The fees included in the program relate to street construction, traffic signal construction, storm drainage facility construction, parks and open space, and public facilities which include police, fire, library, city yard and civic center. State law requires that development impact fees be based on certain nexus findings that relate directly to those impacts caused by new development. These findings were determined,

analyzed and presented in a detailed report. The improvements to be installed or constructed with development impact fees must relate directly to impacts caused by development. In many cases, needed infrastructure and facilities relate more to existing residential and non-residential development and not to future growth. Funding for the existing development's share of these improvements must come from other funding sources such as Measure I for transportation, and grant, bond measures and State propositions for drainage, transportation and public facilities. Public facility fees must also be updated on a periodic basis to assure compliance with law. Staff recommends that such fees be updated bi-annually. The transportation fees were last updated in 1997. Ordinance No. 2652 was adopted on December 19, 2006, updating the transportation fee program. Storm Drain fees were last updated in 1994 and public facility fees last updated in 1996. The park and open space fees were last updated in 1988. This program schedule is to review all development impact fees (improvements, project schedules, etc.) on at least a bi-annual basis. Inflation adjustments to the fees will be made annually under the program. The City Council has held a series of workshops to provide for the public review and comments on the proposed fee program update. Ordinance No. 2661 provides that the new fees will be established by resolution of the City Council. This provides flexibility to update and amend the fees as needed due to inflation and construction cost increases without the need to adopt a new ordinance. Resolution No. 6602 has been prepared to establish the specific amounts of the fees and is recommended for adoption. On April 3, 2007, the City Council directed staff to set the public hearing for the introduction of the fee ordinance and associated implementing resolution. Since the date of the last workshop on this matter, SANBAG has contacted the City and informed staff that the portion of the City's transportation facilities fees relating to SANBAG regional traffic improvements must be revised upward. Accordingly, staff contacted the City's fee consultant to make those upward revisions to the Public Facilities Fee Study to reflect this new information from SANBAG. Staff expects the revised study to be available for the May 15, 2007, City Council meeting, and the fee resolutions to be presented at that time will reflect the increased transportation fee. Therefore, staff recommended continuance of the public hearing until that date in order to comply with State law notice requirements. The City Council may then introduce Ordinance No. 2661 on May 15, 2007, and consider adoption of the ordinance on June 5, 2007.

The City Council may also recall that in December 2006, an ordinance was adopted establishing a new transportation fee. With that ordinance, the City Council also adopted Resolution No. 6561 establishing the specific amount of that fee. Then, subsequent to the adoption of the ordinance and resolution, City staff recommended that certain refinements should be made to the transportation fee study. Accordingly, Resolution No. 6573 was adopted by the City Council to suspend collection of the new fees until such refinements could be made. Those refinements are reflected in the new fee study. In addition, City staff is

recommending that reserve sub-accounts be established by the City Council for the transportation facilities fee. These sub-accounts would ensure that monies are available in the event that SANBAG calls upon the City to fund its fair share of regular improvements in the future. Staff recommends the sub-accounts be set in the percentages of 60 percent for the arterial systems, 30 percent for freeway improvements and 10 percent for traffic signals. A detailed analysis of the proposed transportation fee structure was included in the reports to the City Council during the scheduled workshops. Fees collected are based on the amount of development that may occur at any given time. This development activity is largely based on the general economic conditions of the area and is not subject to City control. The development impact fee report defined public improvement needs directly related to and caused by development. It is estimated that approximately \$3.30 million in fees will be collected during the current fiscal year. Estimates for FY 2007-08 under the new program equal \$4.65 million if development remains at the same level. This total could be higher under the transportation section with the per trip fee calculations, depending on the type of commercial and industrial development that occurs within the next year. Staff has also developed an administrative fee as a part of this program. Two percent of the fee charged to development is for administrative costs that include the processing and accounting of development impact fee payments and funds, clerical costs and legal costs. The administrative fee is attributable to the General Fund and will equal \$20,000.00 for every \$1.0 million collected. This revenue is anticipated to be approximately \$93,000.00 for FY 2007-08. No administrative fees have been assessed to the development impact fee programs up to this point in time.

Mayor Harrison called for any public comments. Representing The Redlands Association, Bill Cunningham expressed concerns about compliance of Measure U and what he felt was a disproportionate cost to the taxpayers. There were no further public comments. Councilmember Gilbreath moved to continue the public hearing for Ordinance No. 2661 and consideration of Resolution Nos. 6602 and 6603 to the 3:00 P.M. session of the City Council meeting of May 15, 2007. Motion seconded by Councilmember Gallagher and carried unanimously.

PUBLIC COMMENTS

Joe Lanspa had several questions about the budget, what could be done to put in another business at the proposed Super Wal-Mart location, and suggested making Redlands a smoke-free town. He was referred to the City Manager for assistance.

ADJOURNMENT

There being no further business, the City Council meeting adjourned at 8:31 P.M. in honor of Mayor Emeritus Swen Larson for all the public service he has provided our City. (Unbeknownst to Councilmembers at the time of adjournment of this meeting, Mr. Larson died at approximately 7:30 P.M. on May 1, 2007.) The next regular meeting will be held on May 15, 2007.