

**CITY OF ONTARIO**  
**CITY COUNCIL, REDEVELOPMENT AGENCY,**  
**AND HOUSING AUTHORITY**  
**AGENDA**  
**NOVEMBER 15, 2011**

**Paul S. Leon**  
Mayor

**Debra Dorst-Porada**  
Mayor pro Tem

**Alan D. Wapner**  
Council Member

**Sheila Mautz**  
Council Member

**Jim W. Bowman**  
Council Member



**Chris Hughes**  
City Manager

**John E. Brown**  
City Attorney

**Mary E. Wirtes, MMC**  
City Clerk

**James R. Milhiser**  
Treasurer

**WELCOME to a meeting of the Ontario City Council.**

- All documents for public review are on file with the Records Management/City Clerk's Department located at 303 East B Street, Ontario, CA 91764.
- Anyone wishing to speak during public comment or on a particular item will be required to fill out a blue slip. Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Clerk will not accept blue slips after that time.
- Comments will be limited to 3 minutes. Speakers will be alerted when they have 1 minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.
- In accordance with State Law, remarks during public comment are to be limited to subjects within Council's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Council and Staff need to be recognized by the Chair before speaking.

**ORDER OF BUSINESS:** The regular City Council, Redevelopment Agency, and Housing Authority meeting begins with Closed Session and Closed Session Comment at 6:00 p.m., Public Comment at 6:30 p.m. immediately followed by the Regular Meeting and Public Hearings. No agenda item will be introduced for consideration after 10:00 p.m. except by majority vote of the City Council.

**(EQUIPMENT FOR THE HEARING IMPAIRED AVAILABLE IN THE RECORDS MANAGEMENT OFFICE)**

**CALL TO ORDER (*OPEN SESSION*)**

**6:00 p.m.**

***ROLL CALL***

Dorst-Porada, Wapner, Mautz, Bowman, Mayor/Chairman Leon

**CLOSED SESSION PUBLIC COMMENT** The Closed Session Public Comment portion of the Council/Redevelopment Agency/Housing Authority meeting is limited to a maximum of 3 minutes for each speaker and comments will be limited to matters appearing on the Closed Session. Additional opportunities for further Public Comment will be given during and at the end of the meeting.

***CLOSED SESSION***

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: 2525 East Riverside Drive (portions of); City/Agency/Authority Negotiator: Chris Hughes or his designee; Negotiating parties: Stephen Dunn, City of Upland; Under negotiation: Price and terms of payment.
- GC 54957, PUBLIC EMPLOYEE APPOINTMENT: *Fire Chief*

In attendance: Dorst-Porada, Wapner, Mautz, Bowman, Mayor/Chairman Leon

***PLEDGE OF ALLEGIANCE***

Council Member Wapner

***INVOCATION***

Pastor David Horn, BCC Life Changing Ministries

**REPORT ON CLOSED SESSION**

City Attorney

**PUBLIC COMMENTS**

**6:30 p.m.**

The Public Comment portion of the Council/Redevelopment Agency/Housing Authority meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment may be given at the end of the meeting. Under provisions of the Brown Act, Council is prohibited from taking action on oral requests.

As previously noted -- if you wish to address the Council, fill out one of the blue slips at the rear of the chambers and give it to the City Clerk.

**AGENDA REVIEW/ANNOUNCEMENTS:** The City Manager will go over all updated materials and correspondence received after the agenda was distributed to ensure Council Members have received them. He will also make any necessary recommendations regarding Agenda modifications or announcements regarding Agenda items to be considered.

**SPECIAL CEREMONIES**

**RECOGNITION OF USO PLANE PULL PARTICIPANTS**

**CONSENT CALENDAR**

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below – there will be no separate discussion on these items prior to the time Council votes on them, unless a member of the Council requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the City Council on items listed on the Consent Calendar will be given a total of 3 minutes.

**I. APPROVAL OF MINUTES**

Minutes for the regular meeting of the City Council, Redevelopment Agency and Housing Authority of October 18, 2011, and approving same as on file in the Records Management Department.

**2. *BILLS/PAYROLL***

**Bills** September 11, 2011 through September 24, 2011 and **Payroll** September 11, 2011 through September 24, 2011, when audited by the Finance Committee.

**3. *FISCAL YEAR 2011-12 FIRST QUARTER BUDGET REPORT***

That the City Council approve the budget adjustments and recommendations as listed in the Fiscal Year 2011-12 First Quarter Budget Report.

**4. *UPDATE OF THE CITYWIDE RECORDS RETENTION SCHEDULE***

That the City Council adopt a resolution approving revisions and updates to the Citywide Retention Schedule.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, MAKING REVISIONS AND UPDATING CITY RECORDS RETENTION SCHEDULES AND AMENDING RESOLUTION NO. 2010-048.

**5. *A PROFESSIONAL SERVICES AGREEMENT FOR THE DEVELOPMENT AND ADMINISTRATION OF EMPLOYMENT SELECTION PROCESSES/JACK CLANCY ASSOCIATES***

That the City Council authorize the City Manager to execute a Professional Services Agreement (on file in the Records Management Department) with Jack Clancy Associates, of Sacramento, California, to design and administer employment selection processes for selected position classifications on an as-needed basis at established billing rates for a period of three years with the option of extending the agreement for up to an additional two years, subject to City Council approved budget appropriations.

**6. *A RESOLUTION ESTABLISHING ALTERNATIVE DATES AND TIMES WHEN GARAGE OR YARD SALES MAY BE CONDUCTED AS A RESULT OF RAINY WEATHER***

That the City Council adopt a resolution rescinding portions of Resolution 2010-034 and amending the alternative dates and times when garage or yard sales may be conducted by residents as a result of rainy weather.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, RESCINDING PORTIONS OF RESOLUTION 2010-034 AND ESTABLISHING ALTERNATIVE DATES AND TIMES WHEN GARAGE OR YARD SALES MAY BE CONDUCTED AS A RESULT OF RAINY WEATHER.

**7. A RESOLUTION EXTENDING DEVELOPMENT IMPACT FEE DEFERRAL PROGRAMS**

That the City Council adopt a resolution to extend the Residential and Non-Residential Development Impact Fee Deferral Programs through December 31, 2012.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, TO EXTEND THE DIF DEFERRAL-ECONOMIC STIMULUS PROGRAMS FOR AN ADDITIONAL ONE YEAR PERIOD ENDING DECEMBER 31, 2012.

**8. PROFESSIONAL SERVICES AGREEMENT WITH STAR WAY PRODUCTIONS, INC. FOR EVENT PRODUCTION SERVICES ASSOCIATED WITH THE 2012 ECONOMIC LEADERSHIP CONFERENCE/STAR WAY PRODUCTIONS, INC.**

That the Redevelopment Agency Board authorize the Executive Director to execute a Professional Services Agreement with Star Way Productions, Inc. of Murrieta, California, for the design, implementation, installation, and production of the 2012 Economic Leadership Conference (ELC) in the amount of \$125,000, with the option to extend for up to an additional two years.

**9. APPLICATION FOR A STATE OF CALIFORNIA CALHOME GRANT FOR FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE FOR LOW INCOME HOMEBUYERS**

That the City Council adopt a resolution authorizing staff to prepare and submit an application to the California State Department of Housing and Community Development ("HCD") for up to \$1 million under the CalHome Program; and authorize the City Manager to execute any and all documents necessary or desirable for the submission of the grant application and implementation of the proposed programs if CalHome funds are awarded.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT FOR FUNDING UNDER THE CALHOME PROGRAM; THE EXECUTION OF A STANDARD AGREEMENT IF SELECTED FOR SUCH FUNDING AND ANY AMENDMENTS THERETO; AND ANY RELATED DOCUMENTS NECESSARY TO PARTICIPATE IN THE CALHOME PROGRAM.

**10. AWARD A CONTRACT FOR ROOF REPAIRS AT WESTWIND COMMUNITY CENTER/SYLVESTER ROOFING**

That the City Council award Contract No. MS 1112-3 to Sylvester Roofing of Escondido, California, for roof repairs at Westwind Community Center in the amount of \$453,391 plus a 15% contingency (\$68,009) for a total of \$521,400; authorize the City Manager to execute said contract (on file in the Records Management Department); and authorize the filing of the notice of completion at the conclusion of all construction activities related to the project.

**11. MEMORANDUM OF UNDERSTANDING TO ESTABLISH A REGIONAL ALLIANCE TO COMPLY WITH THE WATER CONSERVATION ACT OF 2009**

That the City Council authorize the City Manager or his designee to enter into a Memorandum of Understanding (MOU) with the Cities of Chino, Chino Hills, and Upland, Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District establishing a Regional Alliance to Comply with the Water Conservation Act of 2009.

**12. MILLS ACT MONITORING PROGRAM REPORT FOR 2011**

That the City Council receive and review the Mills Act Monitoring Program Report (PADV11-004) findings for 2011.

**13. CONSIDER FILE NO. PHP11-015, A HISTORIC PROPERTY PRESERVATION AGREEMENT FOR A DESIGNATED HISTORIC LANDMARK**

That the City Council adopt a resolution and authorize the City to enter into a Historic Preservation Agreement (Mills Act contract) with property owners Sean and Kristine McMillin for the single family residence at 1232 North Euclid Avenue (APN: 1047-531-05).

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PHP11-015, AND AUTHORIZING THE CITY OF ONTARIO TO ENTER INTO A HISTORIC PROPERTY PRESERVATION AGREEMENT WITH SEAN MCMILLIN AND KRISTINE MCMILLIN REGARDING THE PROPERTY LOCATED AT 1232 NORTH EUCLID AVENUE (APN: 1047-531-05).

**14. ADOPTION OF AMENDED CITY OF ONTARIO LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT ("CEQA")**

That the City Council adopt a resolution approving the 2011 revisions to the "City of Ontario Local Guidelines for Implementing the California Environmental Quality Act".

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING AND ADOPTING LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (PUBLIC RESOURCES CODE §21000 ET. SEQ.).

## **PUBLIC HEARINGS**

### **15. CONSIDERATION OF AN ORDINANCE GRANTING A ONE-YEAR TIME EXTENSION TO ALL DEVELOPMENT PLAN, CONDITIONAL USE PERMIT AND VARIANCE APPROVALS**

That the City Council introduce and waive further reading of an ordinance granting a one year time extension to all Development Plan, Conditional Use Permit and Variance approvals which are due to expire on or before March 1, 2013.

Notice of public hearing has been duly given and affidavits of compliance are on file in the Records Management Department.

Written communication.

Oral presentation.

Public hearing closed.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, GRANTING A ONE-YEAR TIME EXTENSION TO ALL DEVELOPMENT PLAN, CONDITIONAL USE PERMIT AND VARIANCE APPROVALS WHICH ARE ACTIVE AND DUE TO EXPIRE ON OR BEFORE MARCH 1, 2013, AND MAKING FINDINGS IN SUPPORT THEREOF.

### **16. A SPECIFIC PLAN AMENDMENT (FILE NO. PSPA11-003) TO THE CALIFORNIA COMMERCE CENTER NORTH/ONTARIO GATEWAY PLAZA WAGNER PROPERTIES (ONTARIO MILLS) SPECIFIC PLAN**

That the City Council adopt a resolution approving File No. PSPA11-003, amending the California Commerce Center North/Gateway Plaza Wagner Properties (Ontario Mills) Specific Plan, establishing standards and regulations for Temporary Uses at the Ontario Mills Mall.

Notice of public hearing has been duly given and affidavits of compliance are on file in the Records Management Department.

Written communication.

Oral presentation.

Public hearing closed.



RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, APPROVING FILE NO. PSPA11-003, AN AMENDMENT TO THE CALIFORNIA COMMERCE CENTER NORTH/ONTARIO GATEWAY PLAZA WAGNER PROPERTIES (ONTARIO MILLS) SPECIFIC PLAN, ESTABLISHING STANDARDS AND REGULATIONS FOR TEMPORARY USES AT THE ONTARIO MILLS MALL, AND MAKING FINDINGS IN SUPPORT THEREOF – APN: 238-014-36.

**17. INTRODUCTION OF ORDINANCES AMENDING CHAPTERS 3, 7 AND 8B OF TITLE 6 OF THE ONTARIO MUNICIPAL CODE RELATING TO SOLID WASTE, SEWER AND WATER SERVICES AND FEES**

That the City Council conduct a public hearing to:

- (A) Consider all written protests against the proposed increases in the rates for water and sewer services in accordance with California Constitution, Article XIII D, Section 6(a); and
- (B) Introduce and waive further reading of an ordinance amending Chapter 3, of Title 6 of the Ontario Municipal Code related to solid waste services and fees; and
- (C) Introduce and waive further reading of an ordinance amending Chapter 7, of Title 6 of the Ontario Municipal Code related to sewer services and fees, and authorizing increases to the rates for sewer service charges; and
- (D) Introduce and waive further reading of an ordinance amending Chapter 8B, of Title 6 of the Ontario Municipal Code relating to water services and fees, and authorizing increases to the rates for water service charges.

Notice of public hearing has been duly given and affidavits of compliance are on file in the Records Management Department.

Written communication.

Oral presentation.

Public hearing closed.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING CHAPTER 3, OF TITLE 6 OF THE ONTARIO MUNICIPAL CODE RELATED TO SOLID WASTE SERVICES AND FEES.

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING CHAPTER 7 OF TITLE 6 OF THE ONTARIO MUNICIPAL CODE RELATED TO SEWER SERVICES AND CHARGES, AND AUTHORIZING INCREASES TO THE RATES FOR ITS SEWER SERVICE CHARGES



ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ONTARIO, CALIFORNIA, AMENDING CHAPTER 8B OF TITLE 6 OF THE ONTARIO MUNICIPAL CODE RELATED TO WATER SERVICES AND FEES, AND AUTHORIZING INCREASES TO THE RATES FOR ITS WATER SERVICE FEES AND CHARGES AND OTHER MISCELLANEOUS ONE TIME WATER SERVICE FEES.

## **ADMINISTRATIVE REPORTS/DISCUSSION/ACTION**

### **18. FIRE CHIEF APPOINTMENT**

City Manager will submit his appointment to the City Council for consideration of confirmation.

## **COUNCIL MATTERS**

Mayor Leon  
Mayor pro Tem Dorst-Porada  
Council Member Wapner  
Council Member Mautz  
Council Member Bowman

## **STAFF MATTERS**

City Manager Hughes

## **ADJOURNMENT**

# CITY OF ONTARIO

## CLOSED SESSION REPORT

City Council / / Housing Authority / / Redevelopment Agency / /  
Redevelopment Financing Agency / / Other / / (GC 54957.1)

**November 15, 2011**

**ROLL CALL:** Dorst-Porada \_\_, Wapner \_\_, Mautz \_\_, Bowman \_\_,  
Mayor / Chairman Leon \_\_.

**STAFF:** City Manager / Executive Director \_\_, City Attorney \_\_

In attendance: Dorst-Porada \_\_, Wapner \_\_, Mautz \_\_, Bowman \_\_, Mayor / Chairman Leon \_\_

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: 2525 East Riverside Drive (portions of); City/Agency/Authority Negotiator:  
Chris Hughes or his designee; Negotiating parties: Stephen Dunn, City of Upland;  
Under negotiation: Price and terms of payment.

No Reportable Action	Continue	Approved
----------------------	----------	----------

/ /	/ /	/ /
-----	-----	-----

Disposition: \_\_\_\_\_

In attendance: Dorst-Porada \_\_, Wapner \_\_, Mautz \_\_, Bowman \_\_, Mayor / Chairman Leon \_\_

- GC 54957, PUBLIC EMPLOYEE APPOINTMENT: *Fire Chief*

No Reportable Action	Continue	Approved
----------------------	----------	----------

/ /	/ /	/ /
-----	-----	-----

Disposition: \_\_\_\_\_

Reported by: \_\_\_\_\_  
City Attorney / City Manager / Executive Director

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

## SECTION: CONSENT CALENDAR

**SUBJECT: FISCAL YEAR 2011-12 FIRST QUARTER BUDGET REPORT**

**RECOMMENDATION:** That the City Council approve the budget adjustments and recommendations as listed in the Fiscal Year 2011-12 First Quarter Budget Report.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health

**FISCAL IMPACT:** The recommended actions will affect several fund budgets as outlined in the FY 2011-12 First Quarter Budget Report and supporting schedules.

**BACKGROUND:** This first quarterly budget report for Fiscal Year 2011-12 reflects the Administrative Services Agency's continued efforts to provide timely, accurate, and understandable financial information to assist the City Council with decision making and achieve their core goals. All funds have been reviewed in preparing this report. The emphasis of this report is on the General Fund which funds most of the government services such as public safety, recreation, library, museum, parks, building, planning, etc. This report also discusses prior year results, budget trends, and the economic outlook that may impact the City's resources.

The primary purposes of this report are to:

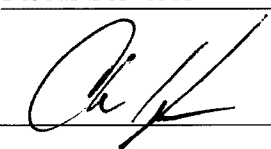
- Provide a reconciliation of budgeted-to-actual financial data from the prior fiscal year;
- Address annual carryforward appropriations across all funds;
- Recognize budgetary carryforward amounts for prior year approved Capital Improvement Projects which are ongoing;
- Revise the City's budget to reflect the City Council's actions taken since the beginning of the current fiscal year;
- Recommend personnel and organizational changes to enhance program operations and efficiency;
- Recommend budget changes to align the budget with projected year-end results;
- Recommend budget adjustments that are consistent with City Council goals and objectives; and
- Comment on significant budget trends which may impact next fiscal year's budget development.

**STAFF MEMBER PRESENTING:** Grant D. Yee, Administrative Services/Finance Director

Prepared by: Doreen M. Nunes

Department: Fiscal Services

City Manager

Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

3

### **Fiscal Year 2010-11 Results**

The General Fund activity for the year resulted in a deficit of (\$2,091,219). This amount is less than the deficit projected in the Adopted Budget for Fiscal Year 2010-11. The structural deficit, however, is expected to continue and increase over the next several fiscal years. The remaining balance of the Economic Uncertainty Reserve (\$22.1 million) will allow the City additional time for revenues to grow in future periods, and eventually eliminate the structural deficit. An update on the City's Five-Year Budget Action Plan will be provided along with the Mid-Year Budget Report after the City receives more economic data for the year, including the calendar year fourth quarter results, in order to better analyze the City's economic condition.

### **First Quarter Budget Recommendations**

First Quarter Budget recommendations are routine in nature and are comprised predominately by City Council actions taken since the beginning of the fiscal year, encumbrance carryforward items to rollover purchase orders that have not yet been expended, and Capital Improvement Program (CIP) carryforward items to rollover budget from approved projects that have not yet been completed. For the General Fund, these actions will bring the General Fund estimated ending unreserved fund balance to \$32,128,031 or 20.1 percent of the General Fund operating budget. This amount achieves the 18 percent goal set by City Council. Major items contributing to this net reduction of \$127,292 (excluding the carryforward encumbrances from FY 2010-11 of \$4.27 million) are: elimination of \$500,000 Motor Vehicle In-Lieu revenue as a result of SB89; revenue increase of \$400,000 related to the abandoned and distressed properties program; expenditure of \$106,500 for the removal and replacement of diseased trees citywide; and a reduction in the budgeted expense for police booking fees of \$118,155.

Noteworthy budget adjustments in Other Funds, in addition to the encumbrance carryforward items and CIP carryforward items, include: appropriation of Project Area No. 1 tax increment of \$18.23 million for participation in the State's Voluntary Alternative Redevelopment Program in order to continue the existence and operation of the Ontario Redevelopment Agency; establishment of a \$7.5 million noise insulation grant in the Quiet Home Program; \$2.5 million for the sewer diversion project at Boulder Avenue and Holt Boulevard (offset by the deletion of the Brooks Street sewer replacement project at \$3.6 million); appropriation of \$600,000 for drilling and construction of monitoring at various City well sites; additional budget of \$435,000 for the Whispering Lakes Golf Course renovation project; and addition of \$250,000 to the South Milliken Avenue Grade Separation project for architect and engineering services.

Quarterly budget reports also present recommendations for current personnel and organizational changes necessary to enhance program operations and efficiency. Current recommendations include organizational changes for the Library. The net change is the reduction of one position and annual General Fund savings of approximately \$60,000.

### **Economic Outlook**

Aside from the decrease in the unemployment rate and the second quarter gain in sales tax revenue, all other economic indicators are showing negative signs. The Consumer Confidence Index has endured a significant decrease from 72.0 in February 2011 to 39.8 percent in October 2011. The Gross Domestic Product (GDP) increased at an annual rate of 1.3 percent in the second quarter of 2011 from the first quarter, but this was less than the increase in first quarter. The Federal Reserve also downgraded its forecast of 2011 GDP from 2.80 percent to 1.65 percent, due to ongoing concerns about the fiscal issues relating to Europe which are placing additional strains on the global financial markets. On the positive side, the unemployment rate in the City of Ontario has decreased from 15.1 percent in 2010 to 13.7 percent in September 2011. The private sector nationwide added 110,000 jobs in October, after adding 116,000 in September. However, for the Inland Empire, construction related jobs continue to be low at

60,500; this number is comparable to the number of jobs back in 1997 and 1998. The Ontario International Airport's passenger and freight traffic for the first eight months in 2011 averaged 393,000 passengers and 31,000 tons, respectively. This is a continued decrease from the lows of 2010 which were 400,000 passengers and 32,000 tons, and represents a one-third reduction in passenger traffic from the highs experienced in 2007.

The real estate market continues to decline, as the homebuyer tax credit has expired and more foreclosed homes are released to the market. The median price of existing single-family homes for September 2011 was \$170,650, which was 1.7 percent lower than the prior month, and 6.1 percent lower than the prior year. Home prices are expected to further decline over the next year. Although the market for industrial property remains strong, the commercial real estate market for retail and office space continues to be soft with vacancy rates at higher than desired levels. Consequently, significant new construction activities for office and retail commercial properties are not expected for several years.

Although the current economic data indicates that the economy is growing at a slow rate, the economy faces serious headwinds and challenges ahead. Due to inflationary pressures, weak job growth, reduced government stimulus and spending, and the ongoing fiscal crisis in Europe, the economic recovery over the past year may be unsustainable and stall in the forthcoming months. The continuation of the economic recovery will be dependent upon increased jobs in the private sector and higher wages.

### **CalPERS**

The California State Public Employees Retirement System (CalPERS) is considerably underfunded, primarily due to unrealistic projected earning rates combined with significant investment losses. All of this has contributed to dramatic increases to the City's CalPERS contribution rates. Currently, CalPERS is estimating rates for Safety Police, Safety Fire, and Miscellaneous Plans to increase to 33.3, 27.4, and 13.9 percent respectively by Fiscal Year 2016-17. Although these rates are less than what was estimated last year by CalPERS, these rates are dependent upon CalPERS earning 7.75 percent return on their investments in the future.

To address increasing retirement costs, Governor Brown recently proposed a 12-point pension reform plan that will apply to all California state, local, school, and other public entities. If approved, the plan will result in reduced benefits and require employees to pay a greater share of their pension benefits.

### **Redevelopment Agency**

The passing of AB x1 26 and AB x1 27 resulted in the City's obligation to pay \$18.23 million to the State in order to continue the existence and operation of the Ontario Redevelopment Agency. The California Redevelopment Association and the League of California Cities have filed a lawsuit against the State in regards to the validity of AB x1 26 and AB x1 27. The court has indicated that a decision will be made before January 15, 2011 when the first obligation payment is due. If the court decides in favor of the State, the City will be making a ransom payment of an estimated \$4.3 million annually to the State, in addition to the \$18.23 million for this fiscal year.

### **Conclusion**

In summary, while the City is experiencing some stabilization and slow recovery in the economy, serious challenges still remain. The economy will struggle over the next few years due to a continued weak job market, expiration of the Federal stimulus program, and increased energy and commodity prices. In addition, strains in the global financial markets have placed concerns regarding the economic recovery.

Although the City is currently on schedule with its Five-Year Budget Action Plan, there still remains a General Fund structural deficit. This deficit is expected to continue to grow into the next fiscal year due to higher CalPERS costs, lower property tax revenues, and slower economic recovery than originally anticipated. Therefore, it is recommended that the City maintain its conservative fiscal approach with the budget and consider the need to take further actions in the future to reduce costs should economic growth slow or decline beyond current expectations.

The Adopted Operating Budget for FY 2011-12 as modified through the First Quarter Budget Report continues to reflect the City Council's commitment to foster steady, controlled growth and to provide the highest level of service to the community within the City's fiscal constraints. With the City Council's leadership and their prudent fiscal policies, the City's longer-term fiscal health will further solidify its standing as the economic leader in the Inland Empire and a formidable player in California and the nation.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

SECTION:  
CONSENT CALENDAR

**SUBJECT: UPDATE OF THE CITYWIDE RECORDS RETENTION SCHEDULE**

**RECOMMENDATION:** That the City Council adopt a resolution approving revisions and updates to the Citywide Retention Schedule.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Operate in a Businesslike Manner


**FISCAL IMPACT:** Nominal operational savings will result through reductions in the purchasing of file storage equipment and off-site storage costs, increasing usable office and storage space by shortening retention periods in the various departments and in the City's Records Center; and there is potential loss avoidance by protecting City records in the event of a disaster.

**BACKGROUND:** On June 15, 2010, the City Council adopted a fully revised Records Retention Schedule to meet operational, administrative, legal and historical requirements. The City's Records Management Program provides guidelines and authority for the disposition of records through adopted Retention Schedules. Periodically it is necessary to review record retention periods to assure that they meet the operational requirements of the City and comply with state and federal law.

Following the adoption of the new Schedule, the Records Management Department assisted other departments citywide in cleaning out and destroying obsolete records. Approximately 28.7 tons of paper were recycled which equates to saving 286.5 trees. In that process, a number of revisions were identified that will make future records purges more efficient, functional and reflective of current City practices. The recommended changes are identified in the attached Retention Schedule pages.

All departments have reviewed and approved their revised schedules which are now presented for Council confirmation.

**STAFF MEMBER PRESENTING:** Al C. Boling, Deputy City Manager

Prepared by: Vicki Kasad  
Department: Records Management  
City Manager Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

4



# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

SECTION:  
CONSENT CALENDAR

**SUBJECT: A PROFESSIONAL SERVICES AGREEMENT FOR THE DEVELOPMENT AND ADMINISTRATION OF EMPLOYMENT SELECTION PROCESSES**

**RECOMMENDATION:** That the City Council authorize the City Manager to execute a Professional Services Agreement (on file in the Records Management Department) with Jack Clancy Associates, of Sacramento, California, to design and administer employment selection processes for selected position classifications on an as-needed basis at established billing rates for a period of three years with the option of extending the agreement for up to an additional two years, subject to City Council approved budget appropriations.

**COUNCIL GOALS: Develop Strategies and Take Action to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health**  
**Operate in a Businesslike Manner**

**FISCAL IMPACT:** The Fiscal Year 2011-12 Adopted Operating Budget includes appropriations for routine employee testing and assessments. The estimated cost for the current fiscal year is \$35,000; and preliminary projections for future fiscal years would result in a three-year estimate of \$105,000. However, the actual costs to be incurred for any given year will be dependent upon the number of public safety recruitments and the specific position classifications. During the initial three-year term, billing rates for assessments and support effort are fixed; and a one-time five percent escalation on indirect costs only would be applied if the City exercises its option to extend the agreement.

**BACKGROUND:** Jack Clancy and Associates has developed and administered the Police Department's promotional examination process since 2008. The California-based company has over 30 years of experience related to the design, development, and administration of assessment procedures for law enforcement and is familiar with the policing philosophies prevalent on the west coast. They are thoroughly trained in the professional and regulatory standards that govern employee testing and have extensive experience in fair employment and the Uniform Guidelines on Employee Selection Procedures.

**STAFF MEMBER PRESENTING:** Al C. Boling, Deputy City Manager

Prepared by: Reed Sigler  
Department: Human Resources

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

5

Having worked with the Human Resources and Police Departments for the last eight years, the company has unique knowledge and a positive working relationship with the Ontario Police Department that translates well into customized promotional examination processes that incorporate the City and Department's mission and values as well as the Police Department rules, policies, and procedures. The firm's overall familiarity with City of Ontario employment policies and procedures also allows for their use in developing and administering employment examination processes for other City departments.

Based on staff's evaluation of contract terms, conditions and pricing the recommended agreement is consistent with industry standards and is competitively priced. At the City's discretion, up to two additional one-year extensions may be exercised. Future contracting actions will be commensurate with the City Council authorized work programs and budgets. Contracting for a multi-year period allows the City to: limit the potential for yearly increases to the contract/bid amounts; avoid the costs of re-bidding contracts annually; provide service continuity; and project future costs.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

## SECTION: CONSENT CALENDAR

**SUBJECT: A RESOLUTION ESTABLISHING ALTERNATIVE DATES AND TIMES WHEN GARAGE OR YARD SALES MAY BE CONDUCTED AS A RESULT OF RAINY WEATHER**

**RECOMMENDATION:** That the City Council adopt a resolution rescinding portions of Resolution 2010-034 and amending the alternative dates and times when garage or yard sales may be conducted by residents as a result of rainy weather.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Operate in a Businesslike Manner

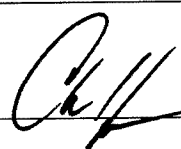
**FISCAL IMPACT:** None.

**BACKGROUND:** In May 2010, the City Council adopted Resolution 2010-034 establishing dates and times when garage or yard sales may be conducted in accordance with Ontario Municipal Code Section 5-15.03. The resolution states in part that in the case that rainy weather conditions exist on the Friday or Saturday of the weekend established for garage or yard sales, then a garage or yard sale may be conducted on the following consecutive Saturday and Sunday. In the event that rainy conditions exist on both the normally scheduled weekend and the following consecutive Saturday or Sunday, an alternative Saturday or Sunday may be designated by the City Council.

The recommended action addresses the rare but unfortunate circumstance of two consecutive designated garage or yard sale weekends being rained-out. Currently, formal action of the City Council is required to designate an alternative Saturday or Sunday. Due to the timing of regularly scheduled City Council meetings, this may present residents with an unnecessarily prolonged period before a new date is established. Authorizing the City Manager to designate alternative dates and times for rainy weather or other extraordinary circumstances will minimize the impact to the City's residents and allow for a more efficient and timely scheduling of alternative and permissible garage or yard sale weekends.

**STAFF MEMBER PRESENTING:** Brent Schultz, Housing & Neighborhood Revitalization Director

Prepared by: Willis A. Wingert  
Department: Code Enforcement

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

**SECTION:**  
**CONSENT CALENDAR**

**SUBJECT: A RESOLUTION EXTENDING DEVELOPMENT IMPACT FEE DEFERRAL PROGRAMS**

**RECOMMENDATION:** That the City Council adopt a resolution to extend the Residential and Non-Residential Development Impact Fee Deferral Programs through December 31, 2012.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn in Ontario's Economy and the City's Fiscal Health  
Invest in Growth and Evolution of the City's Economy  
Operate in a Businesslike Manner  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

**FISCAL IMPACT:** The extension of the DIF deferral programs will continue the deferral of the payment of Development Impact Fees (DIF) from the time of building permit issuance to the time of final inspection for residential and non-residential projects that enter into a DIF Deferral Agreement with the City. This will impact the potential earnings the City would have received during the period of fee deferral (up to one year). The loss of earnings does not impact General Fund revenues as interest earnings on Development Impact fees must be segregated from other City revenues and remain in the Development Impact Fee program accounts.

**BACKGROUND:** On May 6, 2008, the City Council approved a temporary DIF Deferral Program for residential development. The initial period for the program was 8 months through December 31, 2008. The DIF Deferral Program for residential development was extended in August 2008 for an additional 12 months through December 31, 2009. In May 2009, the DIF Deferral Program was expanded to include non-residential development and the DIF Deferral Programs were extended through December 31, 2010. In December 2010 both programs were extended through December 31, 2011.

The DIF Deferral Programs for residential and non-residential development allow developers to enter into an agreement with City to defer the payment of DIF from the time of building permit issuance until

**STAFF MEMBER PRESENTING:** Otto Kroutil, Development Director

Prepared by: Bob Chandler  
Department: Management Services

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

7

final inspection. If the DIF Deferral Programs are not extended by Council action, they will end effective December 31, 2011. The proposed resolution extends the DIF Deferral Programs for both residential and non-residential developers for an additional one-year period under the terms and conditions previously established by the City Council.

Staff has notified the Building Industry Association (BIA) of the proposed extension of the DIF Deferral Programs. The resolution extending the DIF Deferral Programs is proposed to be effective upon adoption.

# CITY OF ONTARIO

*Agenda Report*

November 15, 2011

SECTION:  
CONSENT CALENDAR

**SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH STAR WAY PRODUCTIONS, INC. FOR EVENT PRODUCTION SERVICES ASSOCIATED WITH THE 2012 ECONOMIC LEADERSHIP CONFERENCE**

**RECOMMENDATION:** That the Redevelopment Agency Board authorize the Executive Director to execute a Professional Services Agreement with Star Way Productions, Inc. of Murrieta, California, for the design, implementation, installation, and production of the 2012 Economic Leadership Conference (ELC) in the amount of \$125,000, with the option to extend for up to an additional two years.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Invest in the Growth and Evolution of the City's Economy

**FISCAL IMPACT:** The Fiscal Year 2011-12 Adopted Operating Budget includes appropriations for this effort. The recommended contract amount is \$125,000.

**BACKGROUND:** Each year the City of Ontario hosts the Economic Leadership Conference (ELC), to bring businesses and key industry leadership together. This "State of the City" event consists of an economic update followed by business networking. Costs for the event are largely offset by sponsorships which may vary slightly each year.

In October of 2011, proposals were solicited for design, implementation, installation and production services for the 2012 ELC. Three companies submitted proposals and were evaluated by Agency staff. Based upon the evaluation results, Star Way Productions is recommended based on favorable design, implementation, and cost. Star Way Productions has, in the past, played a key role in the production of prior State of the City events, and has demonstrated the high standards and professionalism necessary for the success of an event of this magnitude.

**STAFF MEMBER PRESENTING:** John Andrews, Economic Development Director

Prepared by: Megan Hebdon  
Department: Economic Development

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

**SECTION:**  
**CONSENT CALENDAR**

**SUBJECT: APPLICATION FOR A STATE OF CALIFORNIA CALHOME GRANT FOR FIRST-TIME HOMEBUYER MORTGAGE ASSISTANCE FOR LOW INCOME HOMEBUYERS**

**RECOMMENDATION:** That the City Council adopt a resolution authorizing staff to prepare and submit an application to the California State Department of Housing and Community Development ("HCD") for up to \$1 million under the CalHome Program; and authorize the City Manager to execute any and all documents necessary or desirable for the submission of the grant application and implementation of the proposed programs if CalHome funds are awarded.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Pursue City's Goals and Objectives by Working with Other Governmental Agencies  
Focus Resources in Ontario's Commercial and Residential Neighborhoods

**FISCAL IMPACT:** The application requests from HCD up to \$1 million in CalHome funds to finance a first-time homebuyer mortgage assistance program for low income households in the City of Ontario within Qualified Census Tracts 14, 15, and 16 (as shown on Exhibit A). If selected by HCD, the City would receive the funds as a grant with no local match requirement and no impact to the City's General Fund.

**BACKGROUND:** On October 3, 2011, HCD issued a Notice of Funding Availability for the CalHome Program. The State of California is making approximately \$53 million available to local public agencies and nonprofit corporations for eligible CalHome Program activities.

The following provides a summary of the proposed CalHome Program:

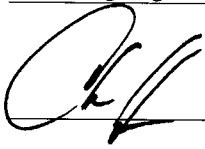
- **Project:** CalHome funds will be utilized within the City of Ontario to provide first-time homebuyer mortgage assistance loans to low income homebuyers. The current income limit for a family of four to qualify as a low income household is \$53,350.

**STAFF MEMBER PRESENTING:** Brent Schultz, Housing & Neighborhood Revitalization Director

Prepared by: Karen Sue Thompson

Department: Housing Agency

City Manager

Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

9



The proposed CalHome Program has been designed to address the need to provide affordable housing, increase homeownership and improve the quality of life for Ontario residents. This program would provide down-payment assistance to qualified low income first-time homebuyers in the form of a low interest, deferred loan up to \$60,000 per dwelling unit. Staff anticipates that approximately 16 first-time homebuyers will be assisted through this program.

In addition, if CalHome funds were awarded to the City, these funds would be used in conjunction with the City's OPEN House Program that provides up to 6% of the purchase price of \$10,000, whichever is greater, to qualified low income homebuyers.

- **Terms:** The loans provided to qualified homeowners will be structured as a 30-year loan with a 1% deferred simple interest per annum. Loans shall be repayable upon sale, change in title, when the property ceases to be owner-occupied, or at the end of the 30-year term.
- **Homebuyer Education:** All participants must complete a homebuyer education class. The City will enter into Memorandums of Understanding with Neighborhood Partnership Housing Services (NPHS) and Inland Fair Housing and Mediation Board (IFHMB) to provide homebuyer education classes at no cost to the homebuyer. If the potential homebuyer successfully purchases a home utilizing CalHome funds, the City will reimburse NPHS or IFHMB in the amount of \$175 for their costs. If the homebuyer does not purchase a home utilizing CalHome funds, there will be no reimbursement of costs incurred by NPHS or IFHMB.

The CalHome application deadline is December 7, 2011. It is anticipated that the award announcements would be made after 90 days from the application deadline. If selected, the City of Ontario will have 36 months to expend all funds.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

## SECTION: CONSENT CALENDAR

**SUBJECT: AWARD A CONTRACT FOR ROOF REPAIRS AT WESTWIND COMMUNITY CENTER**

**RECOMMENDATION:** That the City Council award Contract No. MS 1112-3 to Sylvester Roofing of Escondido, California, for roof repairs at Westwind Community Center in the amount of \$453,391 plus a 15% contingency (\$68,009) for a total of \$521,400; authorize the City Manager to execute said contract (on file in the Records Management Department); and authorize the filing of the notice of completion at the conclusion of all construction activities related to the project.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

**FISCAL IMPACT:** The Fiscal Year 2011-12 Capital Improvement Project budget includes appropriations in the amount of \$650,000 for roof repairs at Westwind Community Center. The recommended contract authorization is \$453,391 plus a fifteen percent (15%) contingency of \$68,009 for a total of \$521,400.

**BACKGROUND:** The roof at Westwind Community Center is approximately 21 years old and has experienced numerous leaks throughout the facility during winter rains. There are two failing roof system types used on this building: steep slope metal standing rib batten cover roofs; and low slope built-up asphalt roofs. The metal roofs will be removed and re-installed after the deteriorating roof underlayment is replaced with a new heavy duty Tremco watertight roof underlayment. The low slope built-up asphalt roofs will be replaced with new Tremco Power Ply Standard FR Modified Bitumen system roof that is an energy-efficient "Cool Roof" that meets California Title 24 specifications. The new roof systems will provide better drainage, faster evaporation and lower roof-top temperatures thus increasing life expectancy. In addition, by reducing roof-top temperatures this roof system decreases the

**STAFF MEMBER PRESENTING:** Mohamed El-Amamy, Utilities General Manager

Prepared by: Robert Gluck  
Department: Municipal Utilities

City Manager  
Approval:



Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

10

interior building temperatures thereby reducing the building's air conditioning and energy needs. The total area to be re-roofed is approximately 26,200 square feet.

On October 18, 2011, four (4) construction bids were received for Bid No. MS 1112-3. Sylvester Roofing submitted the lowest bid. A bid summary table is shown below.

<b><u>Bidder (Location)</u></b>	<b><u>Bid No.</u></b> <b><u>MS 1112-3</u></b>
<b>Sylvester Roofing (Escondido)</b>	<b>\$ 453,391</b>
Best Contracting Services, Inc. (Gardena)	\$ 501,995
Letner Roofing (Orange)	\$ 509,799
Roy O. Huffman (Riverside)	\$ 656,963

Staff recommends award to Sylvester Roofing based on their bid amount and the ability to perform the work in a timely matter. It is anticipated that construction work will begin in December 2011 and will be completed in February 2012. Staff does not anticipate any program cancellations or prolonged facility closures as a result of construction.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

SECTION:  
CONSENT CALENDAR

**SUBJECT: MEMORANDUM OF UNDERSTANDING TO ESTABLISH A REGIONAL ALLIANCE TO COMPLY WITH THE WATER CONSERVATION ACT OF 2009**

**RECOMMENDATION:** That the City Council authorize the City Manager or his designee to enter into a Memorandum of Understanding (MOU) with the Cities of Chino, Chino Hills, and Upland, Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District establishing a Regional Alliance to Comply with the Water Conservation Act of 2009.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Pursue City's Goals and Objectives by Working with Other Governmental Agencies

**FISCAL IMPACT:** There is no direct fiscal impact by taking this action; however, representation and participation in the Regional Alliance will assist in the City's SB x7-7 compliance efforts.

**BACKGROUND:** The Water Conservation Act of 2009 (SB x7-7) set a goal of achieving a 20% reduction in statewide urban per capita water use by the year 2020. SB x7-7 provides that urban water retailers may plan, comply and report on a regional basis, individual basis, or both. The parties to this Memorandum of Understanding (Cities of Chino, Chino Hills, Ontario, and Upland, Cucamonga Valley Water District, Fontana Water Company, and Monte Vista Water District) are eligible to establish and carry out a Regional Alliance pursuant to California Water Code because the parties receive water from a common wholesale supplier, the Inland Empire Utilities Agency.

As outlined in the California Water Code, Section 10608.56: "If a Regional Alliance meets its regional target, all suppliers in the alliance will be deemed compliant. If a Regional Alliance fails to meet its regional target, water suppliers in the Alliance that meet their individual targets will be deemed compliant." Although Ontario is currently in compliance with SBx7-7 requirements, establishing a Regional Alliance will provide an additional method of maintaining and achieving future compliance, without affecting Ontario's individual compliance status.

**STAFF MEMBER PRESENTING:** Mohamed El-Amamy, Utilities General Manager

Prepared by: Michael Sigsbee  
Department: MU/Administration

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

SECTION:  
CONSENT CALENDAR

**SUBJECT: MILLS ACT MONITORING PROGRAM REPORT FOR 2011**

**RECOMMENDATION:** That the City Council receive and review the Mills Act Monitoring Program Report (PADV11-004) findings for 2011.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Focus Resources in Ontario's Commercial and Residential Neighborhoods

**FISCAL IMPACT:** There is no direct fiscal impact by taking this action. The Mills Act Monitoring Program Report findings provide details of the significant private investment in the community and the nominal property tax revenues forfeited.

**BACKGROUND:** The City of Ontario established the Mills Act Contract Program in 1997 to provide an economic incentive, in the form of a reduction in property taxes, for the preservation of Designated Historic Landmarks and/or Contributing structures within a Designated Historic District. Since the Program inception, 58 Mills Act Contracts have been approved and recorded with a total private investment value of approximately \$2,153,522; resulting in a ratio of \$14.85 in private funds spent for every tax \$1 forfeited by the City.

The Program requires periodic inspections of participating properties to ensure compliance. As such, in 2008, the Mills Act Monitoring Program was established to provide oversight of each Mills Act Contract. Fifteen contracts were scheduled for monitoring earlier this year. The following represents results of the Mills Act Contracts monitoring program for 2011:

- 6 contracts were on schedule with improvements
- 8 properties were making progress on completion of the scheduled work but were behind schedule by an average of 2 years
- 1 property with ongoing Code Enforcement violations (Dietz Garage)

**STAFF MEMBER PRESENTING:** Jerry L. Blum, Planning Director

Prepared by: Diane Ayala  
Department: Planning Department

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

12

- 2 property owners did not responded to two standard mail delivered written requests and one certified mail written request for self evaluation monitoring

More than half of the contracts were found to be behind in their work program schedules or non-compliant due to the economic downturn. It should be noted, however, that the majority of the contracts included in the 2011 Monitoring Report have multiple years to complete the remaining improvements. Staff will continue to monitor contracts in groups according to work program schedules and those found out of compliance will be continuously monitored.

The Planning Commission reviewed the report at the meeting of October 26, 2011, and directed staff to forward the report to the City Council.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

**SECTION:**  
**CONSENT CALENDAR**

**SUBJECT: CONSIDER FILE NO. PHP11-015, A HISTORIC PROPERTY PRESERVATION AGREEMENT FOR A DESIGNATED HISTORIC LANDMARK**

**RECOMMENDATION:** That the City Council adopt a resolution and authorize the City to enter into a Historic Preservation Agreement (Mills Act contract) with property owners Sean and Kristine McMillin for the single family residence at 1232 North Euclid Avenue (APN: 1047-531-05).

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Focus Resources in Ontario's Commercial and Residential Neighborhoods.

**FISCAL IMPACT:** The net impact of the proposed contract to the City would be \$204 in the first year from a reduction in property tax revenue, or approximately \$2,040 over the first ten years of the contract, in exchange for \$85,000 in private property improvements.

**BACKGROUND:** A Mills Act contract is a contract between the City and a property owner whereby the property owner agrees to preserve the historic integrity and character of the structure and to keep the property in good repair. In exchange for the increased financial burden of maintaining the property's historic quality, state law requires the County Tax Assessor to reassess the property's value based on an alternative formula. The new assessed value may result in a significant reduction in the owner's property taxes. The Mills Act does not require investment in the property to be equal to the amount of tax savings. The purpose is to provide a financial incentive to the owners of historic properties. A Mills Act contract is recorded on the property by the County of San Bernardino and is a perpetual 10-year contract that automatically renews annually. If a property that has a recorded Mills Act contract is sold, the County of San Bernardino continues to assess the property using the alternate formula and the new owner is required to fulfill the contractual preservation agreement. A contract can be non-renewed by either party upon written notice. If a contract is cancelled as a result of non-compliance with the conditions of the contract, a cancellation fee of 12 ½% of the market value at the time of cancellation is assessed.

**STAFF MEMBER PRESENTING:** Jerry L. Blum, Planning Director

Prepared by: Diane Ayala  
Department: Planning Department

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

13



The proposed contract represent a reinvestment of \$85,000 in private property owner funds into the City's neighborhoods within a ten-year period and includes improvements to electrical systems, exterior finishes (stucco repair, painting, and roof replacement) and interior finishes (refinishing of original manzanite flooring).

The City has 58 approved Mills Act contracts and one (1) proposed, for a total of 59 Mills Act contracts. Of the 58 properties with approved contracts, six are commercial, one is multi-family residential, and the others are single family residential.

	<u>Existing</u>	<u>Proposed</u>	<u>Total</u>
Number of Contracts	58	1	59
Estimated Average Annual Tax Savings to Owners	\$1,733	\$1,406	\$1,727
Estimated Annual Cost to City (first year)	\$14,485	\$204	\$14,689
Estimated Cost to City (over 10 years)	\$144,984	\$2,040	\$147,024

In addition, staff has calculated the impacts of the Mills Act Program on the City's revenues and the budget. The average annual cost of the 59 Mills Act contracts would be \$14,689. In exchange for this modest decrease in property tax revenues, approximately \$2,238,522 will be reinvested into historic homes over a 10 year period – a ratio of \$15.23 in private funds spent for every dollar lost by the City.

On October 26, 2011, the Planning Commission recommended City Council approve the proposed Mills Act contract. The Planning Commission staff report and resolution are attached to this report.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

## SECTION: CONSENT CALENDAR

**SUBJECT:** ADOPTION OF AMENDED CITY OF ONTARIO LOCAL GUIDELINES FOR IMPLEMENTING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (“CEQA”)

**RECOMMENDATION:** That the City Council adopt a resolution approving the 2011 revisions to the “City of Ontario Local Guidelines for Implementing the California Environmental Quality Act”.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario’s Economy and the City’s Fiscal Health Invest in the Growth and Evolution of the City’s Economy

**FISCAL IMPACT:** None.

**BACKGROUND:** The California Environmental Quality Act (CEQA) requires that environmental concerns be considered as a part of all public and private projects. In order to implement the provisions of the act, all public agencies are required to adopt objectives, criteria and specific procedures consistent with CEQA and the State CEQA Guidelines for evaluating the potential environmental issues that may arise in relation to all projects. Local procedures should be revised periodically to conform to any statutory changes in CEQA, any revisions made to the State Guidelines, and to address environmental concerns that exist at the local level.

The City of Ontario last updated its local guidelines in July 2005. Since that time, the California Legislature has passed several bills, requiring changes in local procedures for implementing CEQA. In addition to the new legislation, several court cases resulted in procedural changes that need to be included in the update of the City’s local guidelines. The City Attorney’s Office prepared the changes to the City of Ontario’s Local Guidelines for Implementing CEQA that are necessary in order for the City to comply with the new laws and procedural requirements (see attached 2011 CEQA Guidelines).

Many City departments are involved with projects that require some level of CEQA compliance. In an effort to provide consistent CEQA review and coordination of City-initiated projects, an Environmental

**STAFF MEMBER PRESENTING:** Jerry L. Blum, Planning Director

Prepared by: Richard Ayala  
Department: Planning Department

City Manager  
Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

14

Review Coordinator (“ERC”) has been designated within the Planning Department to aid City departments in the ever-changing environmental statutes and to create a CEQA repository. Included in the 2011 City’s local guidelines is section *1.11 Environmental Compliance for City-Initiated Projects*. This section requires all City departments working on projects requiring CEQA compliance to contact the ERC in order to help coordinate appropriate CEQA protocol. This process will help streamline projects and, with the creation of a CEQA repository, may allow some projects to tier off other previously approved CEQA documentation, thus potentially reducing environmental review costs and expediting City-initiated projects.

The 2011 update to the City of Ontario Local Guidelines for Implementing CEQA shall be distributed to all applicable City departments. The Local Guidelines shall be reviewed periodically for conformance with future State Legislation and changes to the State CEQA Guidelines.

# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

**SECTION:  
PUBLIC HEARINGS**

**SUBJECT: CONSIDERATION OF AN ORDINANCE GRANTING A ONE-YEAR TIME EXTENSION TO ALL DEVELOPMENT PLAN, CONDITIONAL USE PERMIT AND VARIANCE APPROVALS**

**RECOMMENDATION:** That the City Council introduce and waive further reading of an ordinance granting a one year time extension to all Development Plan, Conditional Use Permit and Variance approvals which are due to expire on or before March 1, 2013.

**COUNCIL GOALS:** Develop Strategies and take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Invest in the Growth and Evolution of the City's Economy

**FISCAL IMPACT:** Adoption of the resolution could result in the loss of fees for the processing of time extension requests (at the rate of \$490 per application). Conversely, future building permit fees, development impact fees and property tax revenues could be lost should current development applications be allowed to expire.

**BACKGROUND:** The Development Code establishes the regulatory framework for controlling the development and use of land in the City. These regulations generally require an applicant to submit and have approved, a Development Plan, and in some cases, a Conditional Use Permit and/or Variance application. City regulations further provide for the expiration of a Development Plan, Conditional Use Permit or Variance approval within a specified one to two-year timeframe, unless a building permit is issued and construction is commenced, or the approved use has commenced.


To assist developers, landowners and business owners during the economic slowdown, in March 2009, the City Council approved Ordinance No. 2910, extending the expiration date for Development Plan, Conditional Use Permit and Variance application approvals by one year. In January 2010, the City Council approved Ordinance No. 2917, extending the expiration date an additional year, and in

**STAFF MEMBER PRESENTING:** Jerry L. Blum, Planning Director

Prepared by: Charles Mercier

Department: Planning

City Manager

Approval: 

Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

15

March 2011, approved Ordinance No. 2933, further extending the expiration date for another one-year period, for a total of 3 years.

With the exceptionally slow recovery of the economy, developers, and land and business owners face the prospect of having their Development Plan, Conditional Use Permit and Variance approvals expire before they can obtain financing. Therefore, staff is recommending the City Council grant an additional one-year time extension to all active Development Plan, Conditional Use Permit and Variance approvals, which were due to expire before March 1, 2013. This action would be similar to the State Legislature and Governor's approval of several Senate and Assembly Bills over the past 3 years, which have extended the expiration date of any tentative subdivision map that has not yet expired, for a total of 5 years, as follows:

- SB 1185—Approved in July 2008, extending the expiration date of any tentative subdivision map that has not expired by January 1, 2011, by one year;
- AB 333—Approved in July 2009, extending the expiration date of any tentative subdivision map that has not expired by January 1, 2012, by 2 years; and
- AB 208—Approved in July 2011, extending the expiration date of any tentative subdivision map that has not expired by July 15, 2011, by 2 years.

**ENVIRONMENTAL REVIEW:** The project is exempt from environmental review under the California Environmental Quality Act (CEQA) pursuant to § 15061(b) (3) of the CEQA Guidelines, which is the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

# CITY OF ONTARIO

*Agenda Report*

November 15, 2011

SECTION:  
PUBLIC HEARINGS

**SUBJECT: A SPECIFIC PLAN AMENDMENT (FILE NO. PSPA11-003) TO THE CALIFORNIA COMMERCE CENTER NORTH/ONTARIO GATEWAY PLAZA WAGNER PROPERTIES (ONTARIO MILLS) SPECIFIC PLAN**

**RECOMMENDATION:** That the City Council adopt a resolution approving File No. PSPA11-003, amending the California Commerce Center North/Gateway Plaza Wagner Properties (Ontario Mills) Specific Plan, establishing standards and regulations for Temporary Uses at the Ontario Mills Mall.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health

Invest in the Growth and Evolution of the City's Economy

Operate in a Businesslike Manner

Focus Resources in Ontario's Commercial and Residential Neighborhoods

**FISCAL IMPACT:** For temporary events held on-site at the Ontario Mills Mall involving product sales, the City may receive additional sales tax revenue. For events requiring City services (e.g. Police, Fire, traffic control) above and beyond normal operating demands, the costs of such services would be reimbursed by the applicant as part of the Temporary Use Permit approval.

**BACKGROUND:** The Ontario Mills is requesting to amend the Ontario Mills Specific Plan to establish standards and guidelines for Temporary Uses within the Ontario Mills grounds. The Ontario Mills management receives hundreds of calls from a wide range of vendors requesting use of their grounds/parking lot for various functions. These functions include, but are not limited to, vehicle demonstrations, community outreach, fundraisers, retail sales events, and entertainment venues in the form of concerts and circuses. Currently, the Ontario Mills Specific Plan is silent on Temporary Uses. As a result, the Temporary Use Permit ("TUP") provisions contained in the Ontario Development Code would apply. Currently, the Development Code allows TUPs four times per year, with four additional TUPs allowed during specific holiday periods (Presidents Day, Memorial Day, Independence Day and Labor Day), for a total of eight times per year. All events are limited to a maximum duration of four

**STAFF MEMBER PRESENTING:** Jerry L. Blum, Planning Director

Prepared by: Luis E. Batres

Department: Planning

City Manager  
Approval: \_\_\_\_\_



Submitted to Council/O.R.A./O.H.A. 11/15/2011

Approved: \_\_\_\_\_

Continued to: \_\_\_\_\_

Denied: \_\_\_\_\_

16

days. This does not include Christmas trees and pumpkin patch sales – they are limited to 30 days in duration.

Given that there are 186 permanent businesses currently operating at The Mills, should each business request four TUPs per year, for the full four days permitted, the TUPs would allow for 2,976 days of activities. Staff believes that providing coordinated TUPs in conjunction with The Mills management will provide a manageable number of TUPs and flexibility for The Mills. The proposed Specific Plan Amendment will establish the following guidelines:

1. The Ontario Mills Mall will have no limit on the number of TUPs allowed.
2. A TUP will be required for all events conducted outside of the main building so that City departments can apply special conditions based on the specifics of the event.
3. All TUP events shall be located within the approved designated areas on the Ontario Mills site plan (Figure 2-Site Plan/Proposed TUP Locations).
4. Each TUP event shall be limited to a maximum of 14 calendar days with a mandatory down period of one week between each proposed event within the same area. Christmas trees and pumpkin sales shall be the exception with a maximum of 30 calendar days.
5. Multiple events may run concurrently as long as required City services and staffing are available.
6. A TUP application must be submitted to the City for review and approval 30 days prior to any event.
7. All conditions of approval that are placed for each event shall be kept on the event site at all time by the event representative and Ontario Mills management.

The Ontario Mills Mall is a unique, regional attraction that is known to attract more people annually than Disneyland. In addition, it is located within a recognized entertainment district that has event programming inside and outside the mall. For these reasons, staff recommends approval.

On October 26, 2011, the Planning Commission conducted a public hearing on the proposed Specific Plan Amendment. Following the public hearing, the Planning Commission voted to recommend City Council approval of the Specific Plan Amendment.

**ENVIRONMENTAL REVIEW:** The project is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Section § 15321 (Enforcement Actions by Regulatory Agencies), 15301 (Existing Facilities), and Section § 15311 (Accessory Structures) of the CEQA Guidelines.



# CITY OF ONTARIO

*Agenda Report*  
November 15, 2011

## SECTION: PUBLIC HEARINGS

**SUBJECT: INTRODUCTION OF ORDINANCES AMENDING CHAPTERS 3, 7 AND 8B OF TITLE 6 OF THE ONTARIO MUNICIPAL CODE RELATING TO SOLID WASTE, SEWER AND WATER SERVICES AND FEES**

**RECOMMENDATION:** That the City Council conduct a public hearing to:

- (A) Consider all written protests against the proposed increases in the rates for water and sewer services in accordance with California Constitution, Article XIII D, Section 6(a); and
- (B) Introduce and waive further reading of an ordinance amending Chapter 3, of Title 6 of the Ontario Municipal Code related to solid waste services and fees; and
- (C) Introduce and waive further reading of an ordinance amending Chapter 7, of Title 6 of the Ontario Municipal Code related to sewer services and fees, and authorizing increases to the rates for sewer service charges; and
- (D) Introduce and waive further reading of an ordinance amending Chapter 8B, of Title 6 of the Ontario Municipal Code relating to water services and fees, and authorizing increases to the rates for water service charges.

**COUNCIL GOALS:** Develop Strategies and Take Actions to Minimize the Negative Impacts of the Global Financial Downturn on Ontario's Economy and the City's Fiscal Health  
Operate in a Businesslike Manner  
Invest in the City's Infrastructure (Water, Streets, Sewers, Parks, Storm Drains and Public Facilities)

**FISCAL IMPACT:** A review of the service charges for the Utilities Enterprise Funds (Solid Waste, Sewer and Water) has been prepared covering Fiscal Year 2011-12 and Fiscal Year 2012-13. This review is provided as Exhibit "A" to the ordinances and is incorporated by reference as part of the administrative record. Current solid waste service charges will provide adequate revenues to meet operational needs through FY 2012-13, and no rate increase is recommended. Rate increases are recommended for sewer effective January 6, 2012, and for water effective January 6, 2012 and January 1, 2013. Adopting the recommended sewer and water service charges will provide adequate revenues to meet operational and capital facility needs through FY 2012-13. The current average residential

**STAFF MEMBER PRESENTING:** Mohamed El-Amamy, Utilities General Manager

Prepared by: Michael Sigsbee  
Department: MU/Administration

City Manager  
Approval: \_\_\_\_\_



Submitted to Council/O.R.A./O.H.A. 11/15/2011  
Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

17

combined utility bill (solid waste, sewer and water) for City charges is \$109.39 per month. These recommendations will result in an average monthly increase of \$1.77, or 1.6% in the first year and \$1.42, or 1.3% in the second year.

**BACKGROUND:** Pursuant to Proposition 218 (California Constitution, Article XIII D, Section 6), the City is required to comply with the following procedures prior to increasing sewer and water services fees and charges:

**Proposition 218 Procedure**

1. Parcels upon which the increased fee or charge is proposed to be imposed have been identified, and Proposition 218 Notice "Notice" was mailed on September 29, 2011 to (a) the record owner (as defined in California Government Code Section 53750(j) (the "Owner") of each identified parcel (as defined in California Government Code Section 53750(g); and (b) any customer of record who, at the time the notice is mailed, has a billing account with the City and is directly liable to pay the fee ("Customer") for an identified parcel.
2. The Notice contained (a) the amount of the fee or charge; (b) the basis on which it was calculated; (c) reason for the increase; and (d) the date, time, and location the City Council will conduct a public hearing on the proposed increase.
3. A public hearing was scheduled for November 15, 2011 (at least 45 days after the Notice was mailed) to consider all written protests against the proposed increase to the fee or charge. If at the conclusion of the hearing, written protests against the proposed increased fee are presented by a majority of Owners/Customers of parcels to be charged the City may not increase the fee.

Resolution 2007-097 (Adopted on August 21, 2007) established the following procedures for considering protests against proposed rate increases in accordance with California Constitution, Article XIII D, Section 6(a):

1. Each Owner or Customer may submit one written protest per parcel. Each protest must be submitted to the City Clerk at 303 East "B" Street, Ontario, California 91764, or in person at the public hearing.
2. All protests must be received by the City Clerk by the close of the public hearing. Any protest received after the close of the public hearing, even if postmarked prior to that time, will not be accepted or counted.
3. Each protest must be in writing and provide the location of the identified parcel (by assessor's parcel number or street address) and include the signature of the Owner or Customer. Protests submitted by e-mail will not be accepted. Although oral comments or testimony at the public hearing will not qualify as a formal written protest, the City Council welcomes input from the public during the public hearing on the proposed fee.
4. To be valid, a protest must (a) state that it is in opposition to the proposed fee; and (b) contain the original signature of an Owner or Customer of the identified parcel. Any protest that does not contain this information or an original signature of either an Owner or Customer shall not be tabulated.
5. Any Owner or Customer who submits a protest may withdraw it by submitting a written request to withdraw the protest. The request must be submitted to the City Clerk prior to the close of the public

hearing either at 303 East "B" Street, Ontario, California 91764, or in person at the public hearing. The withdrawal of a protest must include the location of the identified parcel (by assessor's parcel or street address) and include the original signature of the Owner or Customer who submitted the protest. Only the Owner or Customer who submitted the protest may withdraw it. A request to withdraw a protest submitted by e-mail will not be accepted.

6. If an identified parcel is owned by more than a single Owner or more than one name appears on the City's records as the Customer for the identified parcel, or if the Customer is not the Owner, each Owner or Customer may submit a protest; provided, however, only one protest will be counted per identified parcel. Any one protest submitted in accordance with these procedures shall be sufficient to count as a protest for that identified parcel.
7. The City Clerk shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if the City Clerk determines that any of the following conditions exist:
  - a. The protest is not in writing.
  - b. The protest does not provide the location of the identified parcel by either assessor's parcel number or street address.
  - c. The protest does not contain an original signature of an Owner or Customer of the property identified on the protest.
  - d. The protest does not state its opposition to the proposed fee which is the subject of the protest proceeding.
  - e. The protest is not received by the City Clerk prior to the close of the public hearing on the proposed fee.
  - f. A valid request to withdraw the protest is received prior to the close of the public hearing on the proposed fee.
8. The City Clerk's decision regarding the validity of a protest or a request for the withdrawal of a protest shall constitute a final action of the City and shall not be subject to any internal appeal.
9. The City Clerk may begin to tabulate protests at any time after the close of the public hearing on the proposed fee. In the event the City Clerk cannot complete the tabulation of the protests before the conclusion of the City Council meeting, the City Council may continue the action to impose or not impose the fee to another City Council meeting date. The continuation of the action on the item to another meeting does not reopen the public hearing on the proposed fee.
10. A majority protest exists if valid written protests are timely submitted and not withdrawn by the Owners of or Customers with respect to, a majority of the identified parcels.

### **Proposed Rates**

Utility services for solid waste, sewer and water are operated as separate Enterprise Funds and are not commingled with the City's General Fund. These utility services are funded by fees and charges (rates) and the budgets are set annually. Rates and services are reviewed periodically (see Exhibit "A" to the ordinances, incorporated by reference as part of the administrative record) to ensure that the established service rates are:

- a. Adequate to recover costs reasonably borne in providing the services;
- b. Equitable to all customer classes;
- c. In compliance with all State and Federal regulations; and
- d. Easily explained to customers.

The basis and reasons for the proposed increases are to enable the City to recover operating expenses, and to maintain the operational and financial stability of the utilities, while maintaining our commitment to provide the highest quality services at the lowest possible rates for our customers. The proposed rate increases will occur over two years. The current and proposed rates are set forth in the attached ordinances amending Chapters 3, 7 and 8B of Title 6, of the Ontario Municipal Code relating to services and fees for solid waste, sewer and water services. The proposed rates are based on multi-year financial plans. The multi-year financial plans assess the City's revenue requirements for both operations and capital facilities for sewer and water using information for the most recent master plans.

### **Solid Waste**

The following cost avoidance and cost cutting measures have been implemented:

- Expanding the recycling program to reduce the cost of landfill disposal;
- Extending the useful life of solid waste vehicles to reduce capital replacement cost; and
- Increasing operational efficiency to reduce labor cost.

As a result of these measures, the current rates are sufficient to cover the anticipated cost of providing solid waste services. Therefore, staff recommends no change to the solid waste rates that the City should charge its customers in calendar years 2012 and 2013. This constitutes the third and fourth years without any increase in solid waste rates.

### **Sewer**

The Sewer Utility Fund faces many challenges in the coming years that continue to increase the cost of providing sewer services. Some of these challenges are:

- Increased sewer treatment cost (IEUA Pass-Through);
- Aging sewer system, which requires more frequent maintenance, repairs and replacement; and
- Legislative mandates to ensure adequate sewer capacity and maintenance.

To offset some of the cost increases associated with increasing regulatory requirements and the maintenance and replacement of aging infrastructure, the following cost avoidance and cost cutting measures have been implemented which will limit the proposed rate increase to a minimum:

- Extending the useful life of vehicles and equipment to reduce capital replacement cost; and
- Increasing operational efficiency to reduce labor cost.

The City maintains the sewer collection system to provide a high level of customer service and comply with Federal, State and local laws and regulations, particularly Waste Discharge Requirement (WDR) and Sanitary Sewer Overflow (SSO) regulations. These regulations require that the collection system be

properly managed, operated, and maintained at all times and adequate capacity to convey base flows and peak flows for all parts of the collection system is provided. The SSO regulations require video inspecting of all sewer lines and taking all feasible steps to stop and mitigate the impact of sanitary sewer overflows.

The City contracts with the Inland Empire Utilities Agency (IEUA) for sewer treatment at regional sewer treatment facilities owned and operated by IEUA. The IEUA Board of Directors sets the treatment rate per EDU (equivalent dwelling unit = one single-family residence) which is charged to the City and passed through on the City utility bills.

The recommended increase in the City monthly sewer service charge is needed to fund capital construction replacement projects to correct system deficiencies and improve system reliability, meet operational needs, and comply with mandated regulations related to SSO.

The City sewer monthly rate is recommended to increase by \$0.37 per EDU or 3% from the current \$12.23 per EDU to \$12.60 per EDU effective on bills sent on or after January 6, 2012.

## **Water**

The water industry throughout California faces many challenges in the coming years that continue to increase the cost of providing water services. Some of these challenges are:

- Increased costs of imported water, which constitutes approximately one third of the City's water supply. This increase in imported water cost also impacts the cost of acquiring additional groundwater production rights needed to supplement the City production rights;
- Increased costs to replace and reconstruct aging water facilities and to construct new facilities to correct existing system deficiencies; and
- Legislative mandates related to more stringent Drinking Water Standards and the presence of various plumes of groundwater contaminants, such as nitrates, volatile organics and perchlorate, which reduce the useful life of some of the existing wells, limit the areas where new wells can be drilled, or require expensive water treatment.

To offset some of the cost increases to meet increasing regulatory requirements, pay for more expensive imported water and replace and maintain aging infrastructure, the following cost avoidance and cost cutting measures have been implemented which will limit the proposed rate increase to a minimum:

- Expanding the use of recycled water to reduce the water supply cost;
- Reducing energy cost by controlling time of pumping and use of more efficient motors; and
- Increasing operational efficiency to reduce labor cost.

The recommended water rate will increase the average residential water bill by \$1.40 per month or 2% from the current \$71.07 per month to \$72.47 per month effective on bills sent on or after January 6, 2012, and by \$1.42 per month or 2% to \$73.89 per month effective on bills sent on or after January 1, 2013.

To continue to encourage the use of recycled water, the recommended rate for the first tier of recycled water is set at approximately 60% of the first tier for the potable water rate. The recommended recycled

water rate will increase from the current rate of \$1.30 per hundred cubic feet (hcf) to \$1.33 per hcf for the first tier (0-1,000 hcf) on January 6, 2012 and \$1.35 per hcf on January 1, 2013. The recommended rates for the second tier of recycled water (>1,000 hcf) will increase from the current \$1.19 per hcf to \$1.21 per hcf on January 6, 2012 and \$1.24 per hcf on January 1, 2013. The recommended increase in water charges is needed to fund increased imported water costs, capital construction replacement projects and the increased cost of water treatment.