

EXHIBIT O

**CHARTER REVIEW COMMITTEE
City of Riverside
February 26, 2004, 5 p.m.
Mayor's Ceremonial Room
City Hall, 3900 Main Street**

MINUTES

PRESENT: Chair Eric Haley and Members Barry Johnson, Marjorie von Pohle, Gar Brewton, Connie Leach, Damon Castillo, Dale McNair, Ray Higgins, Dorothy Bailey, Rusty Bailey, Marcia McQuern, Ben Johnson, Mike Teer, Rose Mayes, Art Garcia, and Sharon Tyrrell

ABSENT: Stan Stosel (excused)

STAFF PRESENT: Susan Wilson, Tricia Ruiz, Sherry Morton, and Janis Lowry

ALSO PRESENT: George Carvalho, Penelope Culbreth-Graft, Paul Sundeen, Bob Hall, and others

Chair Eric Haley convened the Charter Review Committee meeting at 5:05 p.m.

The Pledge of Allegiance was given to the Flag.

ORAL COMMUNICATIONS FROM THE AUDIENCE

There were no comments presented at this time.

MINUTES

Member Teer expressed his concern regarding the Committee minutes reflecting excused absences as unexcused absences, and requested that his past absences be reflected as excused in the minutes from those meetings. Member Teer also requested that the Charter Review Committee minutes from January 22, 2004, and February 12, 2004, be revisited to clearly summarize the meetings and redistributed to all Committee members and staff. Chair Haley agreed with Member Teer that the changes be made to the minutes. Member Garcia requested absences of December 11, 2003, and January 22, 2004, be reflected as excused and requested that campaign contributions be agendaized for a future Committee meeting. Chair Haley would like a presentation from County Registrar Michelle Townsend regarding run-off elections. Member Mayes also stated she had an excused absence January 22, 2004, and had received her packet one and one half week later due to an address change. Member Brewton expressed his concern regarding violating the original format of the committee meeting, stating that the Committee is to receive testimony and not engage in debate. Following discussion, a motion was made by Member Teer and seconded by Member Brewton to (1) reject the Committee minutes of January 22, 2004, and February 12, 2004; (2) revise the minutes of January 22, 2004, and February 12, 2004 to adequately summarize the Committee meetings; (3) redistribute the revised minutes to all Committee members and staff; and (4) request that future Committee minutes be in narrative format. Motion carried unanimously.

Member Higgins made a motion to replace the Vice Chair due to absences. Chair Haley stated he would like to speak to the Vice Chair before making that decision. Motion failed for lack of a second.

CITY MANAGER RECOMMENDED CHARTER AMENDMENTS - PUBLIC WORKS CONSTRUCTION CONTRACTING - GENERAL OBLIGATION BOND ISSUANCES

City Manager George Carvalho presented the following issues for the Committee's consideration:

- Public works contracts – Flexibility for different method of posting security - Relative to Charter Section 1109, Paragraph 2

City Manager Carvalho and Finance Director Sundeen addressed Charter Review Committee member questions regarding bids, the open bid process, and clarified the proposed Charter changes. Member Castillo asked if there would be pilot testing. Finance Director Sundeen confirmed there will be testing.

- Public works contracts – Permit design-build projects - Relative to Charter Section 1104

City Manager Carvalho discussed the advantages of design-build projects and responded to Committee questions. Member McQuern suggested changing the proposed language for legal clarity. Deputy City Attorney Wilson stated the City Attorney's Office would work on simpler language. Deputy City Attorney Wilson also stated the City does currently permit design-build projects in Public Utilities.

- General obligation bonded debt limit – Authorizing mail-ballot elections - Relative to Charter Section 1108

City Manager Carvalho briefly discussed the cost effectiveness of mail-in ballots

- General obligation bonded debt limit – Adding provision to sell bonds through two methods: Bids or Negotiated Private Sale - Relative to Charter Section 1108

City Manager Carvalho and Finance Director Sundeen answered questions regarding the use of different approaches, negotiated price sale, and open negotiations. Member D. Bailey asked Deputy City Attorney Wilson for clarification regarding the use of "may vs. "shall". Deputy City Attorney Wilson will consult with the City's bond counsel. Chair Haley requested the answer to the question at a future Committee meeting.

- Board of Public Utilities powers and duties - Relative to Charter Section 1202

City Manager Carvalho answered questions regarding awarded contract authority limits, supplemental funding, City Council approval, and semi-annual review of the budget. Member D. Bailey asked Deputy City Attorney Wilson to rephrase the language to be more specific.

- Board of Utilities customer-requested work - Relative to Charter Section 1202(b)

City Manager Carvalho and Assistant City Manager Culbreth-Graft answered questions regarding customer requests and what type of customer makes the request. Chair Haley

requests Public Utilities Director Evans attend a future meeting to discuss the Committee's concerns and answer questions.

- Board of Utilities authority to enter into long-term contracts - Relative to Charter Section 1202

City Manager Carvalho and Assistant City Manager Culbreth-Graft answered questions regarding the Public Utilities Director's authority. Chair Haley requested that Public Utilities Director Evans attend a future meeting to discuss the Committee's concerns and answer questions.

LOCAL PREFERENCE POLICY FOR PUBLIC WORKS CONTRACTS - SURVEY RESULTS

Chair Haley briefly reviewed the Local Preference Policies for Public Works Contracts survey. Member McQuern asked that smaller cities be surveyed. Deputy City Attorney Wilson stated the survey can include smaller cities. Chair Haley stated only comparable cities are part of the survey. No formal action was taken.

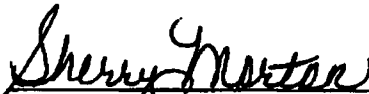
PROPOSED CHARTER AMENDMENTS MATRIX

Member Higgins noted that there was no preamble change as suggested. Deputy City Attorney Wilson requested that Committee members notify her by email if there were any changes to be made. Member Garcia requested the word "Ward" change to "District" on page 7-6 of the report. Member D. Bailey suggested that the content of the matrix be updated after each meeting. Chair Haley requested an open-ended discussion in the next six weeks to sort through issues and take positions. Member Mayes requested outside groups participate in the discussion. Chair Haley stated that Ruth Anderson Wilson would also like to discuss the history of the Charter. No formal action was taken.

Vice Chair Johnson apologized for missing past meetings due to work commitments. He also suggested that the Committee be more proactive by sending letters to various organizations regarding the topics of the Committee meetings.

The Committee adjourned at 6:40 p.m.

Respectfully submitted,



SHERRY MORTON
Senior Deputy City Clerk

ACCOMPLISHMENTS

1. Discussed recommended Charter amendments with the City Manager.
2. Reviewed the local preference policy for public works contracts survey.
3. Reviewed the proposed Charter amendment matrix.

TO DO:

1. Continue discussion regarding the Board of Public Utilities' recommendation for local preference to Riverside-based companies for construction contracts
2. Approve the revised Minutes of January 22, 2004, and February 12, 2004
3. Continue discussion regarding Charter Amendments with the Public Utilities' Director regarding (1) Board of Public Utilities customer-requested work; and (2) Board of Utilities authority to enter into long-term contracts
4. Begin policy deliberations and formulate positions



CITY OF RIVERSIDE

INTEROFFICE MEMO



TO: Charter Review Committee

DATE: February 20, 2004

FROM: George A. Carvalho
City Manager

SUBJECT: Recommended Changes to the City Charter

Thank you for the opportunity to present my suggested changes to the City Charter. Having been with the City for almost two years, I have had an opportunity to make certain observations and glean insight into management areas that could be enhanced by slight adjustments to the Charter.

Over the past few months, I have been working with staff and the City Attorney's office on a number of proposals. The City Attorney's office has been working specifically on those issues involving Article XI—Fiscal Administration, which are reflected in the first four items of this memo. In addition to those four issues, I am also adding three additional items for a total of seven proposals.

1. Public works contracts—flexibility for different method of posting security. This change is requested to allow for the different methods of credit to be used that are possible through technology, such as electronic transfer. The provision proposed would simply give the Council ability to authorize posting of security for bids using new credit tools.

Recommendation:

Charter Section 1109, paragraph two, first sentence be revised to read:

"All bids shall be accompanied by a certified or cashier's check, a bidder's bond executed by a corporate surety authorized to engage in such business in California, made payable to the City, or such other form of bidder's security as the City Council establishes by ordinance."

2. Public works contracts—permit design-build projects. Staff is proposing a design-build process be permitted that would allow a project to be bid and awarded to one contractor for both design and construction. Permitting such an approach to public works projects gives flexibility to the process and may result in projects that are less costly, reduce project time, and ensure fluidity of the project by holding one contractor accountable for the entire project.

Recommendation:

Charter Section 1104 be added to Article XI (Fiscal Administration) as follows:

"Notwithstanding any provision to the contrary in the California Public Contracts Code, in Charter Section 1109, or any other law or regulation of the City of Riverside, the use of design-build procurement for public works projects by competitive negotiation is authorized. The City Council shall establish by ordinance regulations for the award, use and evaluation of such design-build contracts, in which the design and construction of a public works project are procured from a single entity."

3. General obligation bonded debt limit—authorizing mail-ballot elections. It is recommended that the City Council be given an opportunity to determine if a general obligation election may be conducted as a mail-ballot election. Such a change would not obligate this method but would provide this as an alternative. Such election method is less costly than the traditional election process.

Recommendation:

Add to subsection b of Charter Section 1108, to read:

"The City Council may by ordinance determine that the election shall be conducted as a mail-ballot election and prescribe the procedures for conducting the election."

4. General obligation bonded debt limit—adding provision to sell bonds through two methods: bids or negotiated private sale. There are times when it may be advantageous for a public agency to negotiate private sale of bonds rather than arrange for sale through a bid. This change would allow the City to determine what is best for the City in each case. Using one approach over another under certain market conditions could result in tremendous savings to the City. Such a change would ensure that the City Council reviews the options and is empowered to determine the best method on a case-by-case basis.

Recommendation:

Add subsection d to Section 1108:

"d. Before issuing general obligation bonds or revenue bonds, notes or other evidences of indebtedness, the City Council shall determine by ordinance or resolution whether such bonds, notes or other evidences of indebtedness shall be sold at public sale by notice inviting bids or by negotiated private sale."

5. Board of Utilities powers and duties. I am supporting the recommendation from the Board of Public Utilities to give the Board the authority to award contracts over \$50,000 when the projects are covered within the approved City budget. Because of the size and volume of Public Utility projects, such authorization will streamline the approval process, expedite projects, and reduce staff costs in preparation. Council review of projects would occur with the annual budget review.

Recommendation:

Amend Section 1202 to add the words "and award contracts" to subsection b after the first word "authorize."

6. Board of Utilities customer-requested work. I am supporting the recommendation from the Board of Public Utilities to amend Section 1202(b) so that, in addition to exceptions for "urgent necessity to preserve life, health, and property," customer-requested work provided under the rules adopted by the Board and the City Council also be exempt from approval requirements (subject to ratification by the board after the fact). This is a tool that allows us to support local businesses with a direct impact on economic development.

Recommendation:
Amend Section 1202(b)

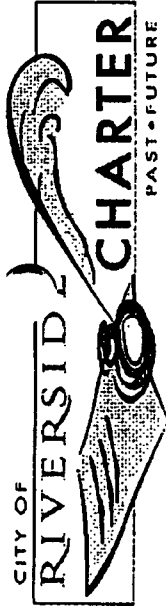
"Notwithstanding the above, such a purchase or acquisition, construction, extension, enlargement, diminution or curtailment may be made without prior approval if there is an urgent necessity to preserve life, health or property, as determined by the director of public utilities, that customer-requested work provided under the rules adopted by the board of public utilities and City Council also be exempt from approval requirements, or, if the amount exceeds \$100,000 by the director of public utilities and the City Manager. As soon as practicable thereafter, the director of public utilities shall take the matter to the board of public utilities for ratification."

7. Board of Utilities authority to enter into long-term contracts. Our Public Utilities Director has expressed the need to have the authority to enter into long-term contracts (up to seven years) for power and water services. In order to implement this, the City Council would issue a tariff establishing the terms and conditions of those contracts. Currently, contracts are typically written for three to five years with Council approval of each unique contract on a case-by-case basis. The need to offer this flexibility with the long-term contracts results from changes in the industry towards deregulation. As our customers have choices to seek these services from other sources, Riverside needs to be able to enter into these long-term contracts expediently in order to remain competitive and retain its customers by providing for alternative commodity sources.

Recommendation:
Amend Section 1202 with specific language to be developed in collaboration with the City Attorney's office and the Department of Public Utilities if the Charter Review Committee approves the concept.

Please let me know if you would like additional justification for any of these items or if you would like to discuss them in more detail. I appreciate your consideration of these issues.

cc City Council
City Attorney
Executive Leadership Team



CHARTER REVIEW COMMITTEE
Local Preference Policies for Public Works Contracts

City	Charter/General Law	Local Preference Policy Yes/No
Anaheim	Charter	No
Bakersfield	Charter	No
Corona	General	No
Fresno	Charter	No
Long Beach	Charter	No
Los Angeles	Charter	Yes. 10% for contracts of \$100,000, or less.
Ontario	General	No
Napa	Charter	Yes. 3% preference provided to local businesses.
Sacramento	Charter	No
San Bernardino	Charter	No
San Diego	Charter	No
San Francisco	Charter	No
San Jose	Charter	No
Santa Ana	Charter	No
Stockton	Charter	No



CHARTER REVIEW COMMITTEE¹

Article	Section	Title	Issues	Substantive/ Non- Substantive Changes	Fiscal Impact
I	100-104	Incorporation and Succession	<ul style="list-style-type: none"> No proposed changes. 	N/A	N/A

¹All recommendations reflect an affirmative vote of at least two-thirds (11 of 17) of the members of the Charter Review Committee.

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fis Impact
II	200	Powers of City	<ul style="list-style-type: none"> No proposed changes. 	N/A	N/A

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
III	300	Form of Government	<p>ISSUE 1: Council-Manager form of Government.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to current Council-Manager form of government. • Strong Mayor form of government. <p>Recommendation:</p>	S	No ?

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
IV	400	Enumerated; number, term and manner of election; wards	<p>ISSUE 4: Election of Mayor in even numbered years.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system of election in odd numbered years, concurrent with Wards, 2, 4 and 6 elections. Coordinate election of Mayor with Presidential election. <p>Recommendation:</p>	S	No
			<p>ISSUE 5: Definition of position as Councilmember as full-time or part-time.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to Charter as it is silent on this issue. Define Councilmember position as full or part-time. <p>Recommendation:</p>	S	Yes
					No
					No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fi. Impact
IV	402	Wards Established	<p>ISSUE 1: Increase number of wards.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to current seven ward system. • Increase number of wards. <p>Recommendation:</p>	S	<p>No</p> <p>Yes</p>

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
IV	403	Compensation	<p>ISSUE 1: Method for determining compensation for Council Members and Mayor.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system of determining compensation. All future changes in compensation automatically linked to an external factor. <p>Recommendation:</p>	S	<p>No</p> <p>Yes</p>

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fl. Impact
IV	405	Duties of Mayor; mayor pro tempore; council tie - mayor's vote.	<p>ISSUE 1: Voting power of Mayor.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system which gives Mayor a tie-breaking vote and power to veto any formal action of City Council. Mayor would be eighth voting member and the veto power would be eliminated. <p>Recommendation:</p> <p>ISSUE 2: Mayor's appointive authority for Council standing committees.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system of council self-appointment to standing committees. Mayor appoints members of standing committees. <p>Recommendation:</p>	S	No
				S	No
					No
					No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
IV	413	Adoption of ordinances and resolutions	<p>ISSUE 1: Mayor's veto power.</p> <p>Positions:</p> <ul style="list-style-type: none"> • See section 405. <p>Recommendation:</p>	S	

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fis. Impact
V	500	Elections	<p>ISSUE 1: Schedule of elections.</p> <p>Positions:</p> <ul style="list-style-type: none"> • See Section 400. <p>Recommendation:</p> <p>ISSUE 2: Campaign contribution limits.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to campaign contribution limits - compliance with state law. • Campaign contribution limits more restrictive than state law. <p>Recommendation:</p>	<p>S</p> <p>S</p>	<p>No</p> <p>No</p>

Article	Section	Title	Issues	Substantive/ Non- Substantive Changes	Fiscal Impact
VI	600-603	City Manager	<ul style="list-style-type: none"> No proposed changes. 	N/A	N/A

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fis. Impact
VII	700-709	Officers and Employees Generally.	<ul style="list-style-type: none"> No proposed changes. 	N/A	N/A

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
VIII	802	Board and Commissions	<p>ISSUE 1: Appointment of members of Boards and Commissions.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system of Mayor and City Council jointly appointing. Members appointed by Mayor. <p>Recommendation:</p> <p>ISSUE 2: Ward representation on each Board and Commission.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system of appointment (representation by ward not assured). Each Councilmember nominates a member from his/her Ward. <p>Recommendation:</p>	S	No No
				S	No No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fis. Impact
VIII	806	Planning Commission	<p>ISSUE 1: Advisory role of Planning Commission.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to current advisory role of Planning Commission. • Delegate certain final policy-making authority to Planning Commission with right to appeal decision to City Council. <p>Recommendation:</p>	S	No ?

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
VIII	809	Park and Recreation Commission	<p>ISSUE 1: Advisory Role of Park and Recreation Commission.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to current advisory role of Park and Recreation Commission. • Delegate certain final decision making authority to Park and Recreation Commission with right to appeal decision to City Council. <p>Recommendation:</p>	S	No ?

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
VIII	810	Mayor and Council Members salary Commission	<p>ISSUE 1: Role of Mayor and City Council Salary Commission.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to current role of Commission. • Eliminate Commission (see Section 403) <p>Recommendation:</p>	S	<p>No</p> <p>Yes</p>

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
IX	900	Personnel Merit System	<ul style="list-style-type: none"> No proposed changes. 	N/A	N/A

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
X	1000	Retirement	No proposed changes.	N/A	N/A

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
XI	1109	Public Works Contracts	<p>ISSUE 1: Local preference for Public Works construction contracts.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to current system of awarding the contract to the lowest responsible bidder. Grant preference to local contractors. <p>Recommendation:</p>	S	<p>No</p> <p>Yes</p>

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
XI	1110	Cash Management	<p>ISSUE 1: Typographical error.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to the current section. • Change "Transfer" to "Transfers" in the second sentence. <p>Recommendation:</p>	NS	No No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
XI	1111	Capital Project Fund	<p>ISSUE 1: Typographical errors.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No changes to current section. • Under subparagraph (a) the capital letters therein, "B" and "C" should be changed to (b) and (c). <p>Recommendation:</p>	NS	No No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
XI	1113	Independent Audit	<p>ISSUE 1: Typographical error.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No changes to the current section. • In the second sentence change "audit and report" to "audit report". <p>Recommendation:</p>	NS	No No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
XII	1202	Same-Powers and Duties	<p>ISSUE 1: Authority of the Board of Public Utilities to award contracts without City Council approval.</p> <p>Positions:</p> <ul style="list-style-type: none"> No change to the current procedure of seeking City Council approval for all contracts over \$25,000. Authorize Board to award contracts over \$50,000 within the approved City budget without City Council approval. <p>Recommendation:</p> <p>ISSUE 2: Required approvals for customer-requested work.</p> <p>Positions:</p> <ul style="list-style-type: none"> No changes to the current procedure of requiring customer-requested work over \$25,000 be approved by Board and City Council. Under subsection (b), customer-requested work provided under the rules adopted by the Board and Council be exempt from approval requirements, subject to ratification of the Board after the fact. <p>Recommendation:</p>	S	No
				S	No

Article	Section	Title	Issues	Substantive/ Non-Substantive Changes	Fiscal Impact
XII	1202	Same-Powers and Duties	<p>ISSUE 3: Authority of the Public Utilities Director to enter into long-term contracts to provide water and power.</p> <p>Positions:</p> <ul style="list-style-type: none"> • No change to current procedure of seeking Board and Council approval of all long-term contracts to provide water and power. • Provide Utilities Director, with full authority to enter into long-term contracts to provide water and power in accordance with Board/Council - approved tariffs based on current cost of service studies up to seven years in length. 	S	No

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