

EXHIBIT U

CHARTER REVIEW COMMITTEE

City of Riverside

June 10, 2004, 5 p.m.

Mayor's Ceremonial Room

3900 Main Street

MINUTES

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

ABSENT: Mike Teer (excused), Rose Mayes (excused), and Vice-Chair Ben Johnson (excused)

STAFF PRESENT: Colleen Nicol, Gregory Priamos, Judy Truett, and Tricia Ruiz

ALSO PRESENT: Phyllis Purcell, Barbara Purvis, Gina Garcia, and others

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

The Pledge of Allegiance was given to the Flag.

ORAL COMMUNICATIONS FROM THE AUDIENCE

There were no oral communications at this time.

MINUTES

Motion was made by Member Brewton and seconded by Member Higgins to approve the Minutes of May 27, 2004, as presented, and amending page CRC-55 Minutes to read "Motion was made by Member Barry Johnson and seconded to approve the Minutes of April 22, 2004,..." and page CRC-58 to delete the final two sentences of the second paragraph. Motion carried unanimously.

DISCUSSION AND DELIBERATION

Chair Haley favors reconsideration of the Mayoral election in even-numbered years at a later meeting when as many Committee members as possible can be present. Member McQuern noted that all votes are tentative and subject to finalization prior to recommendation to the City Council. Member Brewton feels that issue is closed. Member Garcia recalled that Committee votes are tentative and all will be revisited. It would be appropriate for a person who voted in the majority to forward a motion to reconsider the issue at a future meeting. Chair Haley does not expect to revisit issues that were unanimously carried. Member Castillo concurs that the matrix contains substantive issues that received preliminary votes and supports continuing that process.

Increase Youth Involvement In Boards/Commissions

Member Leach reminded the Committee of the City Council's formation of the Youth Council which was intended to serve as a City Commission. She proposes amending the Charter to provide that all appointments to a board or commission must be a resident and elector with the exception of minors, that youth hold two-year terms, that appointed youth serve as preferential members where their votes are recorded in the minutes but not counted similar to school boards, and that the City Attorney be requested to draft the appropriate language. Member Leach introduced youth present at the meeting.

Gina Garcia supports the proposal noting that four-year terms would be impractical for youth members. Further, she supports the preferential voting status for youth members of boards and commissions.

A second student noted that the Human Relations Commission currently has youth serving on the Commission and he feels additional youth participation is appropriate.

Member McQuern asked if this would require youth membership on all boards and commissions. Member Leach answered that this proposal would allow youth membership, but not require such. Youth participation on some commissions may not be appropriate such as the Community Police Review Commission. In answer to Member Castillo's question, Member Leach explained the youth appointment process which differs from the appointment process for other boards and commissions.

It was moved by Member McQuern and seconded by Member Garcia to approve the proposed Charter amendment allowing youth that reside in Riverside to serve on City boards and commissions and limiting the term to two years.

Member Higgins read a recent LA Times article citing a report by the National Institute for Mental Health and UCLA which states that teenage minds cannot fully reason. The last areas of the brain to mature are those responsible for reasoning, problem-solving, and other sophisticated problems. Maturing occurs between the ages of eighteen and twenty-one. Twenty years ago or more, schools started using peer courts, which he opposes. Teachers hold that responsibility. The Youth Council as presently composed is fine, but membership on other boards and commissions is not appropriate.

Member Castillo stressed it is important to review the context of research. Youth participation on boards and commissions is an important training opportunity and the preferential vote is important. Young people should be encouraged to participate and allowed to have a voice in the community.

Member von Pohle noted that boards and commissions are obligated to the City Council. Committees such as the Youth Council report to the Mayor. The Mayor has the power to appoint Committees such as the former Budget Committee. There are sufficient applicants for boards and commissions. Member von Pohle supports the Youth Council, but not participation on all boards and commissions. Youth can participate in any public meeting.

Member Brewton sees youth as our future and supports youth service on boards and commissions. Terms could be limited to one year for no more than two consecutive terms, which was subsequently accepted as a friendly amendment to the motion. Member Garcia

summarized the points for debate on this issue. Member Leach clarified that the Youth Council is advisory to the City Council. Chair Haley noted the positive participation of youth when he campaigned for a City Council seat. A preferential vote grants standing at the table for youth. This proposal is important for developing future leaders.

Member Stosel favors the motion and noted that some youth mature earlier than what the cited study noted. Member Brewton feels that association of youth with adults assists with transition to adulthood. Member McNair reminded the Committee that eighteen-year-olds are protecting our Country. Member von Pohle questioned seating at meetings if boards/commissions exceed nine members. Member Garcia reported on his participation in Youth Day at La Sierra High School as a student and concurred in the importance for youth to be involved at an early age.

City Attorney Priamos restated the motion proposing amendment to the Charter to provide for the appointment of minors to boards and commissions; such youth must otherwise qualify as an "elector" under the law; terms shall be for one-year serving not more than two consecutive terms; and preferential voting would be granted wherein youth vote is recorded in the minutes, but not counted towards a quorum or formal action of the board. This format would allow the City Council to decide if youth service on each board and commission was appropriate. Under the Charter the City Council sets the number of members for each board or commission as not less than seven.

Member Brewton suggested substitution of "youth" for "minor". City Attorney supports the use of "minor" as it has legal significance. In answer to Member Higgins question, City Attorney Priamos noted the fiscal impact of this proposal is de minimus.

Motion carried with Members Higgins and von Pohle voting no.

Board of Public Utilities – Contract Awards

Public Utilities Director Evans explained the proposal to allow the Board of Public Utilities to award budgeted contracts for routine work without further City Council action which will increase efficiency by reducing approval time following receipt of bids.

Member McQuern noted that the City Council has Budget control. Mr. Evans confirmed that unbudgeted projects would require City Council approval. In response to Member Leach's question, Mr. Evans explained that if any contract exceeds the established change order limit, City Council approval would be required. Answering Member Dottie Bailey's question, Mr. Evans explained that financial limits would be set by the approved budget. Most of the contracts are from \$50,000 to \$1 or \$2 million. There are rare exceptions which have had special approval process from the City Council.

Member Castillo asked if there was a fiscal consequence of the current process not being timely. Mr. Evans explained that delays could be caused by the City Council summer meeting schedule. Member Brewton noted a complaint of government is redundancy, but that is a part of the checks and balances. He feels this issue should be coming from the City Manager to the City Council, not from this Committee. Chair Haley noted this proposal affects Charter language and sees it as part of the Committee's charge. Mr. Evans noted that the City Manager has endorsed these recommendations.

Member Stosel requested an explanation of the budget process. Mr. Evans explained that projects are approved by the City Council within the Capital Improvement Program where projects are specifically called out. The Public Utilities Department has limited flexibility to move funds from one project to another, however, City Council approval is required if the funding level was over the budgeted amount.

Board of Public Utilities' Member Dave Barnhardt noted his prior experience in the public works bidding process with the City of Pasadena and the County of Riverside. These projects are costly, but there is very little discretion. The public bidding process automatically awards to the lowest responsible bidder. Bid protests are heard before the City Council. The proposed Charter amendment would save one month in the process.

Board of Public Utilities' Chair Jim Anderson clarified that the Board is responding to the Charter Review Committee's request for suggestions. He supports the proposed amendments.

Member von Pohle reminded the committee that the contractor for the Janet Goeske Center addition filed for bankruptcy. It was noted that is a rare occurrence and in this case would have no effect on the General Fund as all utility revenue and expenditures are dependent on fees.

It was moved by Member Stosel and seconded by Member McQuern to authorize the Board of Public Utilities to award contracts over \$50,000 within the approved City budget without further City Council approval. Member Higgins asked how the community would become aware of these projects. Mr. Evans noted that contracts appear on the Board of Public Utilities agenda, are listed in the adopted budget, and are included in monthly reports to the Board and City Council.

Motion carried with Members Brewton and Dorothy Bailey abstaining.

Board of Public Utilities – Customer Requests

Mr. Evans noted this matter relates to the Electric and Water Rules adopted by the City Council which provide for how the Utility physically connects to the customer. It is proposed that the Public Utilities Director be authorized to implement the work without action by the Board of Public Utilities. Chair Haley noted this affects timely response to economic development proposals. Mr. Evans noted this also applies to single-family residences. It was moved by Member McQuern and seconded by Member Castillo to provide that customer-requested work provided under the rules adopted by the Board of Public Utilities and City Council be exempt from approval requirements, subject to ratification of the Board after the fact.

In response to Member Leach's question, City Attorney pointed to Section 1202(b), paragraph two as the pertinent Charter section. This proposal would add "customer-requested work". Motion carried with Member Brewton abstaining.

Public Utilities Director – Long Term Contracts

Public Utilities Director Evans requests an amendment to authorize the Director to negotiate long term contracts with large users without City Council approval subject to establishment of criteria in the Rules. Member Garcia noted there would be guidelines and restrictions for negotiation of these contracts. He recalled Governor Davis' energy contracts that proved dissatisfactory for the State. Director Evans noted this proposal does not affect the Utilities'

purchase of power, but the sale of power to large users. There are approximately twenty of these contracts currently.

Member Leach asked if this is the same issue as visited by the City Council recently wherein apartment buildings would receive reduced electric rates. Mr. Evans clarified that proposal related to water rates for an entire group of customers. This proposal affects individual power customers on a case-by-case basis. Member McQuern asked for disadvantages of receiving City Council approval for each contract. Mr. Evans noted this is a matter of time and implementation of negotiations.

Member Brewton explained he is abstaining on these issues as he doesn't understand the relationship between the City Council and the Board of Public Utilities. He sees this as further detachment and is unaware of the affect of that change. City Council overview of major issues is important. Chair Haley suggested review of a few specific contracts for clarification.

Member Higgins reported there was an elected official involved in negotiation of the current contract with UCR. The parameters were not approved by the City Council. He supports the City Council setting the parameters so these contracts will not be motivated by one person. Member McNair asked if UCR could select their utility provider. Mr. Evans reported that option is not available under law. However, there is continuing movement in Sacramento to allow large customers to have that option. The proposed Charter amendment would assist in dealing with that pressure.

Member Stosel supports the proposal. California is still recovering from deregulation. This proposal provides flexibility. The Utility is run as a business and should be run without politics. These matters should be handled by professionals.

It was moved by Member Higgins and seconded by Member Stosel to provide the Public Utilities Director with full authority to enter into long-term contracts to provide water and power in accordance with Board of Public Utilities and City Council approved tariffs based on current cost of service studies up to seven years in length.

Member Tyrell asked if this is seen as a tool for the Red Team in support of customer retention. Member von Pohle asked if this proposal is fair to the private citizens. Chair Haley noted that is a larger issue regarding differential pricing and rebates. Member Dottie Bailey asked if this could be addressed at a future meeting. Chair Haley noted that all issues will be reviewed for final approval at a future meeting. Member Stosel noted that negotiated lower rates for large consumers would assist in retaining customers. Residential rates could even increase if large customers are lost. Member Brewton asked if this had been proposed before. Mr. Evans responded that competition and changes in the industry are driving this proposal. When the Charter was approved, these issues were not envisioned.

City Attorney Priamos reminded the Committee that final language will be presented to the Committee for final approval. Member Garcia noted he currently works for Goodrich Corporation who holds such a contract for lower utility rates with the City. City Attorney Priamos notified Member Garcia that he may participate in the vote.

Motion carried with Members Leach and Dottie Bailey voting no.

Phyllis Purcell asked what the remedy is if workmanship and materials are shoddy and was referred to the Public Utilities Director.

Members Tyrell and Brewton left the meeting at this time.

Cash Management – Capital Project Fund – Independent Audit

Following limited discussion and without formal motion, the Committee unanimously supported the typographical corrections (1) changing "Transfer" to "Transfers" in Section 1110 relating to cash management; (2) changing "B" and "C" to "b" and "c", respectively, in paragraph (a) of Section 1111 relating to the capital project fund; and (3) changing "audit and report" to "audit report" in Section 1113 relating to the independent audit.

Preamble – Continued

Members Castillo and Rusty Bailey introduced the proposed Preamble language for the committee's consideration as distributed to the Committee within the past month. Following limited discussion, consideration of the Preamble was continued to later in the meeting to allow staff to distribute copies of the proposed language.

Public Works Contracts Security/Bonds

City Attorney Priamos reviewed the proposal which would allow for different methods of credit to be used that are possible through technology such as electronic transfers. The proposal would allow the City Council to authorize posting of security using new credit tools. The recommendation requests revising Charter Section 1109, paragraph 2, first sentence, to read, "All bids shall be accompanied by a certified or cashier's check, the bidders 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."

It was moved by Member McQuern and seconded by Member Castillo to approve the proposal as submitted by the City Manager. The motion carried unanimously.

In response to Member Brewton's remarks, the City Attorney will investigate and report back to the Committee as to whether it is appropriate that the surety company be required to be a United States company. The matter will be reagendaized if needed.

General Obligation Bonds – Mail Ballot Elections

Chair Haley introduced the proposal to amend the Charter to extend the opportunity for mail-in ballot elections to general obligation bonds. City Attorney Priamos commented that when the City considered the general obligation bond election for Measure G, the question arose if the election could proceed by mail-in ballot which is significantly less expensive. Bond counsel indicated that since there was no specific authorization in the Charter, that the City could not do so. This proposed amendment grants the City Council authority to adopt such an ordinance.

It was moved by Member Brewton and seconded by Member McQuern in support of the granting the City Council authority to adopt an ordinance authorizing mail-in ballot elections for

general obligation bonds. Member Dottie Bailey does not favor mail-in ballot elections. Upon further clarification, Member Dottie Bailey supported the motion. Motion carried unanimously.

Member von Pohle announced that the City's total bonded indebtedness is \$1,330,000,000.

Preamble

The Committee reviewed the draft Preamble language prepared by the subcommittee and distributed to the Members. Member Higgins does not feel that "advanced education opportunities" has any application to governance. Members Stosel and McQuern suggested deletion of the word "education".

Member McQuern suggested deletion of "a" in the phrase "governed by a responsible and responsive public servants". The Committee concurred to delete the "a". It was clarified that the bracketed words are suggestions for substitute wording.

Member Rusty Bailey disagrees and feels that the City does have a role in education. Member Brewton suggested substituting "officials" for "servants". City Attorney Priamos noted that public officials do not govern. At the suggestion of Member Brewton, "therefore, adopt this Charter as a moral standard for our government and those that serve it, under the Constitution of the State of California" was deleted.

Following further discussion, it was moved by Member Brewton and seconded by Member von Pohle approving the following Preamble language:

"We, the people of the City of Riverside believe in promoting an inclusive community with shared economic, environmental and cultural prosperity, equal civil and political rights, social harmony and cohesion, and opportunities for all; governed by responsible and responsive public officials who promote citizen participation, as well as just and equitable tax and financial policies; and rooted in our desire to enhance the uniqueness of the City of Riverside."

Motion carried unanimously.

Ward Representation on Boards/Commissions

Chair Haley identified the proposal to increase Ward representation on boards/commissions. It was moved by Member Brewton and seconded by Member Castillo that each Councilmember nominate a member to each board and/or commission from their respective Ward. Subsequently, the motion was amended to substitute "appoint" for "nominate".

Member Leach suggested that the Charter require each board and commission have representation from each Ward. City Attorney Priamos indicated that the Charter requires no less than seven members who serve at the pleasure of the Mayor and City Council, nominated and appointed by the City Council.

Marjorie von Pohle disagrees with the proposal as Council-appointed members will be obligated to that Councilmember and their beliefs. Board/commission members should be free to make their own decisions. Chair Haley indicated that he did not observe any such obligation among members of the Charter Review Committee.

Member Higgins commented that the Mayor's Nominating and Screening Committee reviews applications and selects those to be interviewed. 40% of all board and commission members are from Ward 4. City Clerk Colleen Nicol clarified that the Mayor's Nominating and Screening Committee makes recommendations for those applicants to be interviewed by the Mayor and full City Council and that any individual Councilmember may add a name to the interview list.

Member Brewton believes that Councilmembers are capable of selecting quality members to boards and commissions. He favors a representative from every Ward on each board and commission. Member Leach agreed that all wards are not equally represented and that perhaps Councilmembers should market the opportunity to serve within their wards. Member McNair suggested that the Charter require an attempt to equally represent the wards. Chair Haley felt that could be addressed by City Council policy rather than a Charter amendment and this could be included in the final report as a recommendation to the City Council.

City Attorney Priamos restated the motion that every board or commission shall have a representative from each Council ward.

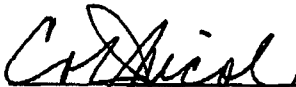
Motion failed for lack of eleven affirmative votes with Members von Pohle, McNair, McQuern, and Haley voting no and Member Stosel abstaining.

Future Deliberation and Report to the City Council

Chair Haley suggested remaining issues be clustered for discussion purposes. At the request of the City Council, an interim report will be presented at the City Council meeting of June 22, 2004, with a final report from the Committee on July 13, 2004. Due to the timing of upcoming City Council meetings, staff work required to prepare ballot language and the resolution calling the election, and the need to call the election timely for placement of these issues on the November 2004 ballot, it is imperative that the Committee finish it's work for the final report as scheduled. Following discussion, the members agreed to tentative hold July 1 if an additional meeting is needed. The Committee concurred with Member Dottie Bailey's suggestion that the next Committee meeting be extended later into the evening to allow more time for deliberation. The City Attorney offered to sponsor dinner for the Committee at the next meeting.

The Committee adjourned at 7:12 p.m.

Respectfully submitted,


COLLEEN J. NICOL
City Clerk