



City of Highland

Larry McCallon, Member
District 5

Jimmy Saldana, Member
District 2

Finance/Personnel Subcommittee Special Meeting Agenda

July 20, 2026 at 4:00 PM
City Hall Upright Conference Room
27215 Base Line, Highland, CA 92346

Staff

Carlos Zamano, City Manager
Lawrence Mainez, Community Development Director
Leticia Nava-Cruz, Director of Administrative Services/City Treasurer
Lissette Nock, Deputy City Clerk
Michelle Gomez, Assistant Director of Administrative Services
Octavio Duran Jr., Public Works Director/City Engineer

Mission Statement

Highland is dedicated to the betterment of the individual, the family, the neighborhood and the community. The City Council and the staff of Highland are dedicated to providing the quality of public facilities and services that its citizens are willing to fund and will do so as efficiently as possible.

In compliance with the Brown Act, any writings or documents provided to a majority of the legislative body regarding any item on this agenda, that are not exempt from disclosure under the California Public Records Act, will be made available for public inspection at City Hall, 27215 Base Line Highland, CA 92346, during normal business hours. Such documents will also be made available on the City's website at www.highlandca.gov.

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance, please contact the City Clerk's office at (909) 864-6861, ext. 226, at least 72 hours prior to the meeting for any requests for reasonable accommodations, including interpreters.

Levine Act: Pursuant to Government Code Section 84308, any party to a City proceeding must disclose on the record any campaign contributions made to a member of the City Council (or commission) in excess of \$500 in the past 12 months. This disclosure requirement includes contributions by the party's agent and aggregated contributions from persons or entities related to the party. Please make the disclosure as soon as possible, but no later than the beginning of the proceeding.

Call to Order

Roll Call

Public Comment

Limited to items on this agenda only. To address the Finance/Personnel Subcommittee, please complete a speaker form located at the entrance prior to the beginning of the meeting. For those wishing to make public comments by email, please submit your comments by 3:00 p.m. on July 20, 2026, to publiccomment@highlandca.gov. Please identify the agenda item number in the subject line. Emailed comments will be distributed to the Subcommittee and retained as part of the public record; however, submissions will not be read out loud during the meeting.

Business Items

1. Minutes - May 19, 2026 Finance/Personnel Subcommittee Special Meeting

Approve the Minutes as submitted.

2. 2026 Development Impact Fees (DIF) Update

Review and recommend the proposed 2026 Development Impact Fee (DIF) Adjustment and continuation of the DIF rate lock at the building permit application stage be brought to the City Council for consideration.

3. Artificial Intelligence (AI) Policy

Review and recommend the item to be brought forward to the City Council regarding the Artificial Intelligence (AI) Policy.

Adjourn

Certification

I, Alondra Muñoz, City Clerk, or my designee, hereby certify that the foregoing agenda was posted on our website at www.highlandca.gov and in the following designated areas: Highland Branch Library (7863 Central Avenue), Fire Station No. 1 (26974 Base Line), and City Hall (27215 Base Line) at least twenty-four (24) hours prior to the meeting per Government Code Section 54956.



Staff Report

to the Finance/Personnel Subcommittee

Agenda
Item
No.1.

Date: July 20, 2026
From: Carlos Zamano, City Manager
Reviewed By: Alondra Muñoz, City Clerk
Prepared By: Lissette Nock, Deputy City Clerk
Subject: Minutes - May 19, 2026 Finance/Personnel Subcommittee Special Meeting

Recommendation:

Approve the Minutes as submitted.

Fiscal Impact:

None.

Public Notice:

The agenda for this item was posted at the three locations per Resolution No. 2011-047 and on the City's website.

Background:

The Finance/Personnel Subcommittee is required to maintain an official record of its proceedings. Minutes serve as the permanent record of actions taken by the Finance/Personnel Subcommittee and provide transparency to the public regarding the business conducted at each meeting. In accordance with standard practice, the draft minutes from the May 19, 2026 Finance/Personnel Subcommittee Special Meeting have been prepared and are submitted for the Finance/Personnel Subcommittee's review and approval.

Attachments:

1. Minutes - May 19, 2026 Finance/Personnel Subcommittee Special Meeting

Call to Order

The Finance/Personnel Subcommittee special meeting was called to order at 5:15 p.m. in the Upright Conference Room, 27215 Base Light, Highland, California.

Roll Call

Present: McCallon, Saldana

Absent: None

Public Comment

None

Business Items

1. Minutes - April 14, 2026 Finance/Personnel Subcommittee Special Meeting
Approved the Minutes as submitted.
2. Resolution No. 2026-____ Rendering the Annual Statement of Investment Policy for Fiscal Year 2026/2027
Reviewed and approved the item be brought forward to City Council regarding the Annual Statement of Investment Policy for Fiscal Year 2026/2027.
3. Confirming the Authority of the City Treasurer, Pursuant to Government Code Section 53607
Reviewed and approved the item be brought forward to City Council regarding confirming the authority of the City Treasurer, pursuant to Government Code Section 53607.
4. Establishing the Appropriations Limit for Fiscal Year 2026/2027 for the City of Highland in Accordance with the Provisions of Division 9 of Title 1 of the California Government Code
Reviewed and approved the item be brought forward to City Council regarding the Appropriations Limit for Fiscal Year 2026/2027.
5. Sheriff's Department Schedule A Amendment for FY 2026/2027 & Amendment No. 6 to the Reimbursement Agreement Between the City of Highland & East Valley Water District for Law Enforcement Services for FY 2026/2027
 1. Reviewed and approved the item for presentation to City Council authorizing execution of the amended Schedule A contract (FY 2026/2027) for Law Enforcement Services with the San Bernardino County Sheriff's Department, including the addition of two deputy positions, for a new not to exceed the amount of \$16,648,903;
 2. Approved a budget adjustment for Fiscal Year 2026/2027 in the amount of \$1,219,748, transferring funds from Account No. 001.2520 (Continuing Appropriation Fund Balance) to Account No. 001.2000.4560; and
 3. Reviewed and approved the item for presentation to the City Council authorizing Amendment No. 6 to the Reimbursement Agreement between the City of Highland and East Valley Water District for Law Enforcement Services (FY 2026/2027) in the amount of \$365,066.

6. Establishing the Annual Special Tax for Community Facilities District No. 90-1 for Fiscal Year 2026/2027

Reviewed and approved the item be brought forward to City Council regarding the Annual Special Tax for Community Facilities District No. 90-1 for Fiscal Year 2026/2027.

7. Establishing the Annual Special Tax for Community Facilities District No. 2001-1 for Fiscal Year 2026/2027

Reviewed and approved the item be brought forward to City Council regarding the Annual Special Tax for Community Facilities District No. 2001-1 for Fiscal Year 2026/2027.

8. Establishing the Annual Special Tax for Community Facilities District No. 2007-1 for Fiscal Year 2026/2027

Reviewed and approved the item to be brought forward to City Council regarding the Annual Special Tax for Community Facilities District No. 2007-1 for Fiscal Year 2026/2027.

Adjourn

There being no further business, Member Saldana adjourned the meeting at 5:36 p.m.

Submitted By:

Approved By:

Lisette Nock, Deputy City Clerk

Subcommittee Member



Staff Report

to the Finance/Personnel Subcommittee

Agenda
Item
No.2.

Date: July 20, 2026
From: Carlos Zamano, City Manager
Reviewed By: Octavio Duran, Public Works Director/City Engineer
Prepared By: Brian Wolfe, Assistant Public Works Director
Subject: 2026 Development Impact Fees (DIF) Update

Recommendation:

Review and recommend the proposed 2026 Development Impact Fee (DIF) Adjustment and continuation of the DIF rate lock at the building permit application stage be brought to the City Council for consideration.

Fiscal Impact:

Development Impact Fees will increase an average of 7.31% from 2023.

Public Notice:

The agenda for this item was posted at the three locations per Resolution No. 2011-047 and on the City's website.

Background:

The City of Highland's Development Impact Fees (DIF) Program contains fees by land use type for nine (9) public infrastructure categories that are impacted by new development within City limits. The previous DIF Program adjustment was approved by the City Council on September 12, 2023 based on findings included in the 2023 DIF Update Report. These approved rates were effective as of April 1, 2024 and fees are due for an update.

Pursuant to the methodology outlined in Resolution 2023-040, DIF rate adjustments for all categories shall be based on the California Construction Cost Index (CCCI) published by the State of California Department of General Services. Based on the CCI between April 2024 and June 2026, the proposed increase is 7.31%. The proposed DIF fee schedule is attached.

In addition to the increase, staff is proposing the continuation of an existing rate lock extension policy. The City Council approved an exception in 2010 to allow development projects to pay DIFs at building occupancy, but lock in the rate at building permit application. The City Council has since extended this exception as an incentive for new development activity.

Attachments:

1. Proposed Schedule for 2026 DIF Update
2. DIF Update Handouts

Attachment 1

Proposed Schedules for 2026 Development Impact Fee (DIF) Update

From the California Construction Cost Index:

April 2024 Index	9688
June 2026 Index	10396
Percentage increase:	7.31%

Existing Subdivided 2023 DIF		
Detached Dwellings	\$ 33,183.00	per dwelling unit
Attached Dwellings	\$ 23,957.00	per dwelling unit
Mobile Home	\$ 20,603.00	per dwelling unit
Commercial Lodging	\$ 14,188.00	per unit
Commercial Office	\$ 20.949	per square foot
Industrial	\$ 15.605	per square foot

Subdivided 2026 DIF adjusted by CCC index		
Detached Dwellings	\$ 35,608.68	per dwelling unit
Attached Dwellings	\$ 25,708.26	per dwelling unit
Mobile Home	\$ 22,109.08	per dwelling unit
Commercial Lodging	\$ 15,225.14	per unit
Commercial Office	\$ 22.48	per square foot
Industrial	\$ 16.75	per square foot

Existing Non-Subdivided 2023 DIF		
Detached Dwellings	\$ 31,349.00	per dwelling unit
Attached Dwellings	\$ 22,287.00	per dwelling unit
Mobile Home	\$ 19,408.00	per dwelling unit
Commercial Lodging	\$ 14,188.00	per unit
Commercial Office	\$ 20.949	per square foot
Industrial	\$ 15.605	per square foot

Non-Subdivided 2026 DIF adjusted by CCC index		
Detached Dwellings	\$ 33,640.61	per dwelling unit
Attached Dwellings	\$ 23,916.18	per dwelling unit
Mobile Home	\$ 20,826.72	per dwelling unit
Commercial Lodging	\$ 15,225.14	per unit
Commercial Office	\$ 22.48	per square foot
Industrial	\$ 16.75	per square foot

Attachment 2



CITY OF HIGHLAND DEVELOPMENT IMPACT FEES

Subdivided Development

	<u>Detached Dwelling</u>	<u>Attached Dwelling</u>	<u>Mobile Home</u>	<u>Commercial Lodging</u>	<u>Commercial/Office</u>	<u>Industrial</u>
Law Enforcement Facilities	\$93.36	\$147.01	\$82.63	\$62.42	\$0.053	\$0.003
Fire Suppression Facilities, Vehicles & Equipment	\$835.94	\$270.42	\$981.89	\$1,327.42	\$0.013	\$0.004
Local Circulation System	\$3,019.70	\$2,016.35	\$1,572.09	\$1,592.48	\$2.820	\$1.951
Regional Circulation System	\$17,608.50	\$11,756.88	\$9,163.20	\$9,285.53	\$16.439	\$11.374
Regional Flood Control Facilities	\$2,882.42	\$1,015.15	\$1,729.84	\$1,011.93	\$1.085	\$1.341
General Facilities, Vehicles & Equipment	\$3,726.88	\$3,726.88	\$3,726.88	\$1,945.53	\$2.071	\$2.071
Library Facilities & Collection	\$1,818.90	\$1,656.87	\$1,186.85	N/A	N/A	N/A
Public Use (Community Center Facilities)	N/A	N/A	N/A	N/A	N/A	N/A
Park Land Acquisition & Park Facilities Development	\$5,621.97	\$5,118.69	\$3,665.71	N/A	N/A	N/A
TOTAL:	\$35,608.68	\$25,708.26	\$22,109.08	\$15,225.14	\$22.48	\$16.74

Notes:

1. Fees applicable City-wide except for East Highlands Ranch which is subject to a different fee schedule. Certain properties fronting Greenspot Road, between Gold Buckle Road and Santa Paula Street, must also pay a Greenspot Impact Fee (Resolution No.1994-037).
2. Fees are per dwelling unit for residential, per lodging unit for commercial lodging, and per gross square footage for commercial or industrial.
3. Fee locked in at time of permit application. (Reso. 2023-040 & 2023-041)
4. Fee collected at time of building permit issuance or occupancy. (Reso. 2023-040 & 2023-041)
5. Additional inclusionary housing fees of \$3,750 for all new units required per Resolution 2006-020 & Ordinance 306.
6. Certain projects may be charged an impact fee based on the Alternate Cost Methodology for Regional Circulation (\$383.95 per trip-mile), and for Local Circulation (\$156.00 per trip mile).



CITY OF HIGHLAND DEVELOPMENT IMPACT FEES

Non-Subdivided Development

	<u>Detached Dwelling</u>	<u>Attached Dwelling</u>	<u>Mobile Home</u>	<u>Commercial Lodging</u>	<u>Commercial/Office</u>	<u>Industrial</u>
Law Enforcement Facilities	\$93.36	\$147.01	\$82.63	\$62.42	\$0.053	\$0.003
Fire Suppression Facilities, Vehicles & Equipment	\$835.94	\$270.42	\$981.89	\$1327.42	\$0.013	\$0.004
Local Circulation System	\$3,019.70	\$2,016.35	\$1,572.09	\$1,592.48	\$2.820	\$1.951
Regional Circulation System	\$17,608.50	\$11,756.88	\$9,163.20	\$9,285.53	\$16.439	\$11.374
Regional Flood Control Facilities	\$2,882.42	\$1,015.15	\$1,729.84	\$1,011.93	\$1.085	\$1.341
General Facilities, Vehicles & Equipment	\$3,726.88	\$3,726.88	\$3,726.88	\$1,945.53	\$2.071	\$2.071
Library Facilities & Collection	\$1,677.26	\$1,528.09	\$1,094.56	N/A	N/A	N/A
Public Use (Community Center Facilities)	N/A	N/A	N/A	N/A	N/A	N/A
Park Land Acquisition & Park Facilities Development	\$3,795.55	\$3,455.38	\$2,475.72	N/A	N/A	N/A
TOTAL:	\$33,640.61	\$23,916.18	\$20,826.72	\$15,225.14	\$22.48	\$16.74

Notes:

1. Fees applicable City-wide except for East Highlands Ranch which is subject to a different fee schedule. Certain properties fronting Greenspot Road, between Gold Buckle Road and Santa Paula Street, must also pay a Greenspot Impact Fee (Resolution No.1994-037).
2. Fees are per dwelling unit for residential, per lodging unit for commercial lodging, and per gross square footage for commercial or industrial.
3. Fee locked in at time of permit application. (Reso. 2023-040)
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5. Additional inclusionary housing fees of \$3,750 for all new units required per Resolution 2006-020 & Ordinance 306.
6. Certain projects may be charged an impact fee based on the Alternate Cost Methodology for Regional Circulation (\$383.95 per trip-mile), and for Local Circulation (\$156.00 per trip mile).

IMPACT FEE FOR BUILDING EXPANSION

(no charge for first 499 square feet of residential building expansion)

DETACHED DWELLING.....	\$4.748	per square foot
ATTACHED DWELLING.....	\$4.410	per square foot
MOBILE HOME.....	\$3.965	per square foot
COMMERCIAL LODGING.....	\$1.667	per square foot
COMMERCIAL/OFFICE.....	\$2.667	per square foot
INDUSTRIAL.....	\$2.450	per square foot



Staff Report

to the Finance/Personnel Subcommittee

Agenda
Item
No.3.

Date: July 20, 2026
From: Carlos Zamano, City Manager
Reviewed By: Tish Nava-Cruz, Director of Administrative Services/City Treasurer
Prepared By: Manuel Tapia Vera, Information Technology Manager
Subject: Artificial Intelligence (AI) Policy

Recommendation:

Review and recommend the item to be brought forward to the City Council regarding the Artificial Intelligence (AI) Policy.

Fiscal Impact:

This item has no financial impact on the Adopted Budget for Fiscal Year 2026/2027.

Public Notice:

The agenda for this item was posted at the three locations per Resolution No. 2011-047 and on the City's website.

Background:

Artificial Intelligence (AI) technologies have been a growing tool in both the public and private sector. These technologies can assist in various tasks such as translation, analyzing information, supplementing creativity, and generating multiple forms of media. As AI continues to grow and becomes more readily available, an AI Policy will be able to provide clear and consistent standards for their use. The proposed Artificial Intelligence Policy is intended to ensure the use of AI technologies is recognized and employees benefit from the appropriate and responsible use while still protecting City information, maintaining public trust, and outlining that City employees are still responsible for official work.

The policy also prohibits the use of AI to make decisions that affect the public or the City, to violate applicable laws or government and City policies, to use AI-generated responses without human review or approval, or to alter or modify records, media, and official communications.

This policy applies to all City employees, elected officials, contractors and consultants using the City systems or data. It governs the use of AI technologies on City-owned devices, networks, email accounts, and any other system used by the City.

Attachments:

1. City of Highland AI Policy (DRAFT)

	City of Highland	City Manager's Office	
		Effective Date	
		Approval Date	
	Artificial Intelligence Policy	Supersedes	N/A

1. Purpose

The purpose of this policy is to establish guidelines for the use of artificial intelligence (AI) safely, securely, and ethically within the City of Highland. This policy ensures that AI is used to enhance efficiency, creativity, and analytics while still protecting sensitive information, complying with applicable laws, regulations, and City policies.

2. Background

A popular AI technology being used is generative artificial intelligence (Generative AI or GenAI). These tools can help in drafting documents, reviewing documents, summarizing content, data analysis, translation, and much more.

At the same time, it introduces risks in cybersecurity, law, and privacy. This policy focuses on establishing safeguards, governance, and accountability standards to ensure AI is used correctly and securely while also meeting compliance obligations.

3. Scope

This policy applies to:

- All City employees
- Elected officials when using City systems and data
- Contractors and consultants using City systems and data

This policy governs AI use on:

- City-owned devices
- City networks
- City email accounts
- Any system used for City Business

4. Guiding Principles

The city adopts the following principles for responsible AI use:

- AI must be used in a manner that protects confidential information, critical infrastructure, and public data.
- AI generated content must be reviewed and validated for proper use by a human prior to official use
- AI content may not be used in ways that result in biased outcomes, discrimination, or inequality
- Employees remain fully responsible for any content used by generative AI assistance.

5. Prohibited and Restricted Information

The following information SHALL NOT be entered into AI tools:

- Private and confidential information not for public
- Personally Identifiable Information (PII)
- Personnel records
- Legal/Attorney-Client communications
- Information System/Information Technology (configurations, data, infrastructure)

6. Approved Uses (With human review)

- Summarizing, drafting, and analyzing public/non-sensitive information
- Translating material
- Generating or recommending ideas
- Creating Media that does not harm public or personnel (Images, Audio, Video)
- General learning

7. Prohibited Uses

- Decision making affecting the public or personnel
- Using AI in any way that violates the law or government policy
- Uses AI responses without review
- Using AI that influences outcomes based on biased profiling of protected traits. This includes race, gender, religion, orientation, age, and disability, medical, and future conduct.

8. Incident Reporting

Staff must report to supervisor and IT department the following:

- Suspected misuse of AI tools
- Security concerns
- Prohibited data exposure incidents

DRAFT

Acknowledgement Form

I acknowledge that I have received, read, and understand the City of Highland's **Artificial Intelligence Policy**. I agree to comply with the provisions contained in this policy for secure and responsible use of AI.

I understand that failure to comply with this policy may result in AI use privileges and/or disciplinary action in accordance with City Policies.

Employee Name (Print): _____

Department: _____

Employee Signature: _____

Date: _____