

SUSANVILLE CITY COUNCIL
Regular Meeting Minutes
March 5, 2018 – 6:00 p.m.

Meeting called to order at 6 p.m. by Mayor Garnier.

Roll Call: Mendy Schuster, Brian Wilson, Kevin Stafford, Mayor pro tem Franco, and Mayor Garnier

Staff present: Dan Newton, City Administrator, Ruth Ellis, Administrative Staff Assistant.

Mr. Newton introduced Jeff Mitchell and Andreas Booher, legal counsel from Kronick Moskowitz, who were available on conference call.

1 APPROVAL OF THE AGENDA Motion by Councilmember Stafford, second by Mayor pro tem Franco to approve the agenda as submitted. Motion carries. Ayes: Stafford, Franco, Schuster, Wilson and Garnier.

2. PUBLIC COMMENT None

3. CLOSED SESSION: None

4. SCHEDULED MATTERS:

A. Joint Resolution and Agreement between the County of Lassen and the City of Susanville for the purpose of sharing local tax revenue Mr. Newton explained the item is for consideration of a joint resolution and agreement between Lassen County and the City of Susanville for developing a share of local revenue under the 1 percent of revenue received from Bradley Burns Uniform Sales Tax and Use Law.

He gave a presentation starting with a brief history of how the City and County staff negotiated a share of a proposed district tax. There was concern about some of the initial plans in listing the County on the ballot measure and identifying the City as a recipient of the district tax, because it could create a situation where it might be considered or challenged as a special tax, which requires a higher voter approval.

To optimize the chance of the measure passing, Mr. Newton explained that the decision was made for the County to proceed independently with a ballot measure that would require a simple majority vote for approval. The City and County would then proceed with an agreement to share the 1 percent local tax with the City receiving an amount equal to 45 percent of the district tax and the County getting 55 percent.

There is a current Memorandum of Understanding with the County and City, adopted in 1991, which allows the County to receive 5 percent of the City's 1 percent share of the basic tax, which is a 7.25 statewide sales tax on all transactions. The City receives 1 percent of the sales within the City limits and the County receives 5 percent of the sales in the incorporated area in the County.

Mr. Newton explained that the distribution of money from the State follows the Bradley Burns Local Revenue administered by the State Department of Tax and Fee and that will not change under the proposed joint Resolution and Agreement.

He highlighted changes in the agreement, but first explained that with the Council's adoption, which was also subject to adoption by the Board of Supervisors at a special March 6 meeting, the City agrees not to

place a tax measure on the ballot for the June 5 election. The City will continue receiving 95 percent of the local revenue collected in City limits plus an amount equal to 45 percent of the district tax from Lassen County. The County will continue receiving 100 percent of the revenue collected in the County, plus 5 percent of the revenue collected within the City limits, minus an amount of 45 percent equal to the district tax.

Mr. Newton explained the wording “net allocation charges” was changed to “net administrative charges” because the State will charge the County for administering the district tax and explained the County and City will be sharing the amount they receive locally, not the amount collected.

Mayor Garnier asked how much the charge was going to be.

Mr. Newton responded he didn’t know what the exact percentage was, but for the 2016-2017 Bradley Burns Tax, the City received \$2million and the State assessed a \$24,000 charge on top of that.

He continued explaining that previous language in the agreement was removed and new language under 3.c.i. was added to say that in the event the County’s local revenue is insufficient to provide the City 45 percent of the district tax, the parties will renegotiate.

Mr. Newton explained that the biggest risk to the City would be if the County is not going to have sufficient funds, but based on 2016 numbers, there are sufficient funds for the City to receive 45 percent of the district tax.

Mr. Newton discussed some charts showing numbers of City and County growth rates and effects on revenues. He said they would most likely see situations where both agencies grow or decline. Most likely if any deviation occurred it would be gradual. One situation that could create a significant decline is if a major tax generator closed its doors or moved into the City limits.

Mayor Garnier asked if the County Board of Supervisors approved the item at its special meeting, would the matter be removed from the Council’s regular March 7 agenda.

Mr. Newton confirmed that would be the case.

Mayor pro tem Franco asked if additional language would still be included for making a commitment on how the money is spent.

Richard Egan, County Administrative Officer, responded that the County will have an advisory measure on the ballot and it asks voters if they would like to spend 75 percent of this revenue on public safety. He continued that the Board of Supervisors wishes to do what the constituents want and the measure will be a good voice of the constituents for how the money should be used.

Mayor pro tem Franco said that the City hasn’t made the same commitment like the County has.

Councilmember Wilson said the Council could vote on something to support the advisory measure.

There was further discussion about the language of the advisory measure and Mr. Egan explained it is relatively generic.

Mr. Newton added the County Advisory Measure included police, fire protection and code enforcement services, too for Public Safety.

Mayor pro tem Franco said he wants them to pursue it and see if there is some wording that locks up with the advisory language on the ballot.

Mr. Egan responded that it might be something as simple as a statement that the City appreciates the advisory measure placed on the ballot and will take the advice on that measure along with the County.

Mr. Newton added that the Council could adopt a Resolution in support of an advisory measure the County is placing on the ballot.

Staff concurred with Counsel and Counsel agreed that a Resolution would be appropriate.

Councilmember Wilson asked if the County will charge the City to disburse the funds.

Mr. Egan said that hasn't been discussed, but if there is a charge, he expects it to be very minimal.

Councilmember Wilson asked how long the City could expect to receive its share once the County received its funds.

Mr. Egan responded that it would be within 45 days of the County's receipt of the money.

Councilmember Wilson asked if the 2/3 adoption is really a 4/5 vote or a 2/3 vote if someone is absent and there are four people present. There was discussion about what the requirements would be for termination.

There was discussion and consultation with legal counsel. Mr. Mitchell clarified it would be a 2/3 vote of the governing body. He continued that the vote would require 2/3 of the members present as long as there is a quorum and they would need three votes in any case so it's a matter of whether to do it on 3 of 4 votes, or 4 of 5 votes and it can certainly be written that way.

Councilmember Wilson asked if they could just change it to a 4/5 vote.

Mr. Newton said 4/5 is preferred.

Motion by Mayor pro tem Franco to approve, Councilmember Stafford seconds to approve Resolution 18-5486. Motion Carried. Ayes: Franco, Stafford, Schuster, Wilson and Garnier.

Motion by Councilmember Wilson, second by mayor pro tem Franco to adjourn meeting at 6:30 p.m.

Respectfully submitted by

Kathie Garnier, Mayor

Ruth Ellis, Administrative Staff Assistant

Approved: April 18, 2018