

**SUSANVILLE CITY COUNCIL
SUSANVILLE COMMUNITY DEVELOPMENT AGENCY
SUSANVILLE MUNICIPAL ENERGY CORPORATION
SUSANVILLE PUBLIC FINANCING AUTHORITY**

Regular Meeting Minutes

April 21, 2010 – 6:00 p.m.

City Council Chambers 66 North Lassen Street Susanville CA 96130

Meeting was called to order at 6:00 p.m. by Mayor Bonham.

Roll call of Councilmembers present: Joseph Franco, Vernon H. Templeton, Douglas Sayers and Mayor Kurt Bonham. Absent and excused: Lino P. Callegari.

Staff present: Rob D. Hill, City Administrator; Peter M. Talia, City Attorney; and Debra M. Magginetti, CMC/City Clerk.

1 APPROVAL OF AGENDA: Mr. Hill requested a correction to item 3.D (delete "FY 2009/2010"). Mayor Bonham requested that items 12.A and 13.B be considered together.

Motion by Mayor pro tem Templeton, second by Councilmember Franco to approve the agenda with the previously stated amendments; motion carried. Absent: Callegari.

2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS (if any): No comments.

Mr. Hill briefly summarized open labor negotiations.

3 CLOSED SESSION: At 6:02 p.m., the City Council recessed to Closed Session to discuss the following:

- A PUBLIC EMPLOYEE APPOINTMENT – pursuant to subdivision (e) of Government Code Section 54956.95: Golf Course Manager
- B CONFERENCE WITH LEGAL COUNSEL - Anticipated litigation: Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9: one
- C CONFERENCE WITH LEGAL COUNSEL – Anticipated litigation: Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: one
- D CONFERENCE WITH LABOR NEGOTIATORS – pursuant to Government Code Section 54957.6:
Agency Negotiator: Rob D. Hill
Bargaining Unit: Administrative/Confidential Unit ~~FY 2009/2010~~
Firefighters Unit
Management Unit
Miscellaneous Unit
Professional Technical Unit
Public Works Unit
Susanville Police Officers Association

4 RETURN TO OPEN SESSION: The City Council reconvened in open session at 7:00 p.m.

Staff present: Jeff Atkinson, Police Chief; Ted Friedline, Fire Chief; Gwenna MacDonald, Administrative Assistant; Debra M. Magginetti, CMC/City Clerk; Craig Platt, Public Works Director; and Robert Porfiri, Finance Director.

Also present: City Council candidates Allen Barger, Nick McBride and Cheryl McDonald.

Mayor Bonham led those assembled in the pledge of allegiance.

Motion by Mayor pro tem Templeton, second by Councilmember Sayers to amend the agenda by deleting "FY 2009/2010" from item 3.D, combining discussion of items 12.A and 13.B; and deleting item 6.E; motion carried. Absent: Callegari.

Mr. Hill reported that no action was taken out of Closed Session.

Proclamations, awards or presentations by the City Council:

- *Firefighter of the Year Arlene Zelano*: Mayor Bonham presented a Certificate of Recognition to Arlene Zelano, who was elected Firefighter of the Year by the Susanville Fire Volunteers.

5 BUSINESS FROM THE FLOOR: No comments.

6 CONSENT CALENDAR: Mayor Bonham reviewed the items on the Consent Calendar, noting that item 6.E had been deleted:

- A Waive oral reading and approve minutes of City Council's meetings of March 17 and 23, 2010
- B Approve vendor warrants numbered 78275 through 78382 totaling \$241,410.49 including \$92,798.08 in payroll warrants
- C Receive and file Finance Director's report
- D Receive and file Treasurer's report
- E ~~Approve **Resolution No. 10-4619** Approving, authorizing and directing Mayor to execute second amendment to Golf Course Lease Deleted~~
- F Approve **Resolution No. 10-4620**, Establishing a bi-monthly meeting schedule for the Susanville Airport Commission

There were no comments from the public.

Motion by Mayor pro tem Templeton, second by Councilmember Sayers to approve the Consent Calendar items; motion carried. Absent: Callegari.

7 PUBLIC HEARINGS: None.

8 COUNCIL DISCUSSION/ANNOUNCEMENTS: None.

9 NEW BUSINESS:

9A Discussion/Direction to staff regarding City of Susanville Policy Manual outline:

The Clerk reported that Mayor Bonham had previously requested that staff prepare a policy manual. Staff has reviewed resolutions going back twenty years and prepared an outline of existing policies. In addition, staff proposes to track policies by employing the table of contents in the City's *Municipal*

Code. A table of contents has been presented for Council review. If approved, staff will proceed by compiling copies of the Resolutions which establish policies.

There was no public comment.

It was the consensus of the City Council to proceed as proposed.

9B Discussion/Direction to staff regarding Community Development Block Grant

Program Income and Revolving Loan Funds: Ms. MacDonald reported that since 1999, the City has expended approximately \$3.8 million in State CDBG grant awards. Grant money has been loaned to applicants for CDBG projects and repaid to the City as program income. This money must be spent on a CDBG-eligible activity or committed to another grant application. The expenditure of program income is established by the program income reuse plan. The City's reuse plan was updated and approved by the State in December, 2008. Any changes to the current revolving loan funds would require amending the reuse plan through a properly noticed public hearing.

In November, 2008, the City Council voted to establish a First-Time Homebuyers Program revolving loan fund and a Natural Gas/Weatherization revolving loan fund. The City has funded two qualified applicants through the First-Time Homebuyer Program. The mortgage subsidy amounts allowed by the program are such that one application could provide as much as fifty percent of the financing for a home, or \$108,300 based upon a home purchase price limit for Susanville of \$216,600. The balance available for this program is \$497,476.

The current balance available for natural gas conversion projects is \$124,369. The natural gas crews have direct contact with the citizens of the community and regularly promote the program to residents who seek assistance in converting their homes to natural gas. In addition, the City advertised on local radio from November, 2009 through the end of January, 2010, but no loans have been made.

At this time, options for expending program income would include maintaining the First-Time Homebuyers and Natural Gas/Weatherization revolving loan funds and/or adding an economic development revolving loan fund. A public hearing would be required to consider and approve program guidelines for the business loan activity and amending the current program income reuse plan. Both documents require review and approval by the State prior to implementing any activity.

There was no public comment.

Councilmember Franco remarked that the gas portion of the plan needs to be promoted, or the City has lost an important opportunity to build its utility.

Mayor Bonham indicated that the water heater program has been marketed. Mr. Platt responded that the water heater program is not income-based, but founded on the energy savings from electric to natural gas water heaters and is funded by the State outside of the CDBG program.

Mayor pro tem Templeton stated that Councilmember Callegari has been very interested in the inclusion of business loans in the program income reuse plan.

Councilmember Sayers commented that more aggressive marketing of the natural gas/weatherization opportunities is needed. The public needs to be aware of what the City offers. Mayor Bonham agreed, observing that a stronger push for low-income assistance is needed. Mr. Platt reported that his crews regularly distribute information on the available programs.

There was no public comment.

It was the consensus of the City Council to proceed as necessary to bring in an ED component to the program income reuse plan.

10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY: No business.

11 SUSANVILLE MUNICIPAL ENERGY CORPORATION: No business.

12 CONTINUING BUSINESS:

12A Discussion/direction to staff regarding Natural Gas Refinance Update

13B Natural gas update

Mr. Hill referred to the graphs included in the agenda packet, pointing out that the number of therms consumed is steadily increasing. Overall costs have been reduced and this is reflected in the cash balance, as the utility is currently \$333,000 in the black. The natural gas system is a solvent utility, and the City crews continue to add new customers.

Mayor Bonham discussed his interest in helping low-income families with the paperwork associated with the utility's lowest rate plans. Councilmember Sayers agreed, stating that the savings from other heating fuels should be highlighted.

Mayor Bonham stated his belief that the annual natural gas rates should be set in August instead of later in the fall.

Mr. Hill added that it's possible that the natural gas field marketing rep will be hired during the next couple of weeks. Once the position is filled, the City's marketing plan can be finalized.

Mr. Hill reported that the City's Natural Gas Subcommittee (Councilmembers Callegari and Sayers) has been involved in several conference calls with the City's underwriters. It had been recommended that a blended issuance of the City's natural gas and water utilities would add stability to the project. The underwriter suggested that the City request insurance from Assured Guarantee, the only company still standing for this type of service. Assured Guarantee declined to issue insurance, as the City's utilities are "too small a fish" to be considered. Bond counsel has recommended that the City go back to Standard and Poors for a rating on a blended issuance; he is confident that it will be rated. The cost for submitting to Standard and Poors is approximately \$15,000; the underwriter thinks it may be possible to negotiate the cost down, as much of the work had been done a couple of years back.

There is still a question as to where the interest rates might land. Typically, interest rates are at their lowest in the spring and summer months. If the proposed issuance isn't rated, the City can evaluate a short-term interest-only issuance on the gas utility only.

Councilmember Sayers remarked that there are several options for the Council to consider.

Councilmember Franco stated that the City is in the gas business for the long-term. He asked when the next purchase of gas will be.

Mr. Hill responded that currently, the futures market is both low and stable. The City has exhausted its supply of expensive gas. Gas has been purchased out to October, 2013. Mr. Platt added that because of the volatility of the market, gas can only be purchased about four years out on the futures market. The City Council works closely with consultant Dan Bergmann in the decision of when gas should be purchased. As always, rate stability is the main concern.

Mayor Bonham cautioned that the *Wall Street Journal* has reported that the reserve world-wide has been miscalculated and that this must be watched carefully. He advised that true stability of price won't be reached until the system is built out. He commented that it is a complex puzzle, and that the rate covenant must be maintained.

The Council discussed the frustration of several warm winters in a row.

There was no public comment.

It was the consensus of the City Council to spend the money to submit a request to Standard and Poors for a rating.

13 CITY ADMINISTRATOR'S REPORTS:

13A Jr. Fishing Derby report: Councilmember Sayers reported on the 21st Annual Junior Fishing Derby, which he characterized as "one of the best." There were 576 young participants and the fish were biting. He thanked the merchants and the Lassen Sportsmen's Club for their sponsorship of the event.

B ~~Natural gas update~~ – R. Hill *Discussed with 12.A.*

C Work-in-Progress/Future Agenda Items: Mr. Hill reviewed the work-in-progress calendar.

14 COUNCIL ITEMS:

14A AB1234 travel reports: None.

15 ADJOURNMENT: Motion by Councilmember Franco, second by Mayor pro tem Templeton to adjourned the meeting; motion carried.

Meeting adjourned at 7:50 p.m.

Kurt Bonham, Mayor

Respectfully submitted by

Debra M. Magginetti, CMC/City Clerk

Approved on May 19, 2010.