

**SUSANVILLE CITY COUNCIL
SUSANVILLE COMMUNITY DEVELOPMENT AGENCY
SUSANVILLE MUNICIPAL ENERGY CORPORATION
SUSANVILLE PUBLIC FINANCING AUTHORITY
Regular Meeting Minutes
February 6, 2013 – 5:00 p.m.
City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 5:00 p.m. by Mayor De Boer.

Roll call of Councilmembers present: Cheryl L. McDonald, Nicholas McBride, Mayor pro tem Wilson and Mayor De Boer. Absent: Lino P. Callegari

Staff present: Jared G. Hancock, City Administrator, Peter M. Talia, City Attorney and Gwenna MacDonald, City Clerk.

1 APPROVAL OF AGENDA:

Mr. Hancock requested the following amendments to the agenda:

- Separate discussion of Item 6J
- Move Item 9C to be considered before Item 9A
- Clarification of a typographical error on Item 11

Motion by Councilmember McBride, second by Councilmember McDonald to approve the agenda with the changes requested; motion carried.

2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS (if any): There were no comments from the public.

3 CLOSED SESSION: At 5:05 p.m. the Council recessed to closed session to discuss the following:

A CONFERENCE WITH LABOR NEGOTIATOR – pursuant to Government Code §54957.6:

Agency Negotiator: Jared G. Hancock
Bargaining Unit: Administrative/Confidential: 2012/2013
Fire: 2012/2013
Management: 2012/2013
Miscellaneous: 2012/2013
Professional/Technical: 2012/2013
Public Works: 2012/2013
SPOA: 2012/2013

B CONFERENCE WITH REAL PROPERTY NEGOTIATOR – pursuant to Government Code §54956.8:

1. Property: APN 103-321-03
APN 103-321-02
Agency negotiator: Jared G. Hancock
Negotiating parties: Unknown
Under negotiation: Price/Conditions/Terms of payment
2. Property: 105-350-67
Agency negotiator: Jared G. Hancock
Negotiating parties: Unknown
Under negotiation: Access agreement through courthouse property

At 5:15 p.m. Councilmember Callegari entered and assumed his seat on the dais.

4 **RETURN TO OPEN SESSION:** At 6:00 p.m. the City Council recessed and reconvened in open session.

Staff present: Craig Platt, Public Works Director; Tom Downing, Police Chief; Ted Friedline, Fire Chief; and Gwenna MacDonald, City Clerk.

Also present: Charlie Palmer, Building Official and Janette Zahniser, Assistant to the Public Works Director.

SCHEDULED BUSINESS: BUDGET WORKSHOP: 2012/2013 Mid-year Budget Discussion

Mr. Hancock reviewed the workshop goals and provided basic information regarding the budget document, the budget year and process used to monitor the City's revenues and expenses throughout the year. The review of the budget at mid-year is the appropriate time to discuss budget objectives, revenue and expenses, receive community input and direction from the City Council.

Mr. Hancock began a power point presentation by reviewing restricted funds, long term debt and department goals. The City began its 2012/2013 fiscal year with a budget surplus of \$38,000. Mr. Hancock started the mid-year review process by conducting several meetings with each department head to discuss individual department goals. He spoke highly of their cooperative effort to maintain operations in the most fiscally prudent manner while meeting the challenge of providing service while being fiscally responsible. He reviewed the City's long term debt, including the City Hall remodel bond, employee pension obligations, and the natural gas utility infrastructure.

Mr. Hancock continued by reviewing the combined cash and investments report, explaining the difference between restricted funds, enterprise funds, and reiterating that the budget is a separate document used to project revenue and expenses for the upcoming year. He gave an example of the Pancera Plaza fund; if there are no projects or improvements planned, the budget would show a zero balance for the year, or perhaps a few dollars of interest revenue earned on that account. The money in the fund remains in the account even though it may not be included in the budget for that particular year.

Councilmember Callegari pointed out that the money in the Pancera fund was donated to the City by George Pancera, along with real estate assets, for some very specific uses.

Mr. Hancock thanked Councilmember Callegari for bringing up an important point regarding accepting donations to the City from private entities. He reviewed the process of accepting and spending those funds. He discussed COPS funding as another example of special revenues received which are to be used specifically for law enforcement purposes. The funds are pooled with the rest of the City's cash and invested through Local Agency Investment Fund. The City monitors the balance in its bank account on a daily basis, making transfers in and out of the pooled account as the cash balance increases and decreases throughout the month. He reviewed the income statement, noting the difference between budgeted versus actual, and the balance sheet which documents the net assets and liabilities of the City.

Mr. Hancock reviewed the budget discussions that have occurred to date and talked about issues of particular concern to the City Council. The refinance of the City Hall remodel bond and the natural gas system refinance have both had a positive effect on the budget, saving thousands of dollars in interest every year. The use of mitigation funds for daily maintenance and operations which should be allocated to the general fund frees up the mitigation funds for long term capital improvements, and purchases of equipment. The cost allocation plan for administrative services should be reviewed as well as the policy for booking depreciation expense. The Council's budget priorities also include addressing the negative cash balance in the airport and golf course enterprise funds, reviewing natural gas rates, planning for

long-term capital improvements, expanding economic development opportunities and revising the City's organizational structure to maximize efficiency of operations. He spoke regarding the accumulated debt of the airport, and that the auditors have recommended the negative amount be zeroed out every year. If the City has an opportunity to provide a cash match for an FAA grant award, or by some other method contributes to the enterprise fund from the general fund, then the amount can be reviewed and presented to the Council in straightforward way. He noted that an enterprise is not required to be self-sustaining, and if it is not, than disclosing to City Council the extent to which the general fund is providing financial support allows the City Council to consider on a case-by-case basis if those monetary contributions are in the best interest of the City.

Mr. Hancock concluded his presentation and invited questions, comments, or suggestions from the City Council.

Councilmember Callegari requested clarification of the impact that the golf course's \$500,000 debt has on the golf courses' enterprise fund.

Mr. Hancock explained that the Plumas Bank loan for the golf course is listed on the balance sheet since it is tied to the asset of the golf course. It does not appear on the cash report as it represents a loan and not a cash revenue or expense. The balance sheet presents different information and he used the natural gas infrastructure as another example. The cost of the infrastructure is not reflected in the cash report but is listed on the balance sheet. The budget is another document altogether which shows a projected estimate of what the City believes it will earn in revenue in one year, and what the expenses to provide services to the community will be. At the end of the year, the difference between the actual revenue and expenses impacts on the cash balance. If the City is able to minimize expenses and the revenue is earned as projected, then it results in an overage like the \$38,000 surplus that the City had at the beginning of the 2012/2013 fiscal year. Mr. Hancock reviewed the monthly reports that the departments use as tools to monitor their progress throughout the year, ensuring that they adhere to operations within budget.

An unidentified member of the audience suggested that the City utilize long-term county jail inmates to perform routine labor chores such as de-icing the sidewalks and walkways around town. It would allow them to learn job skills and become productive citizens.

There was a general discussion regarding the use of inmate labor and swap workers. Councilmember Callegari requested that staff to look into expansion of the natural gas system.

The Mayor invited remarks from the department heads regarding the budget.

Chief Friedline spoke highly of Mr. Hancock's approach to the budget which focused on communication and teamwork. He is satisfied with the direction that the City is headed.

Chief Downing supported Chief Friedline's comments, adding that Mr. Hancock is a breath of fresh air and there have been many conversations and planning sessions which were non-existent in the past. He appreciates Mr. Hancock's leadership and tenacity in his representations of the public safety department.

There being no further comments, at 6:55 Mayor De Boer called for a five minute recess.

The City Council reconvened at 7:00 p.m.

Mr. Hancock reported the approved changes to the agenda. He reported the following action out of closed session:

Council would return back to closed session at the conclusion of open session business;

- Item 3A– Staff was directed to update the staffing plan and meet with the affected units;
- Item 3B–1 Conference with real property negotiator, staff was directed to discontinue negotiations.
- Item 3B-2 staff was directed to move forward with the access agreement.

Mr. Hancock offered the thought for the day.

Mayor De Boer presented a Certificate of Recognition on behalf of the City Council to Mike Morales for outstanding heroism during a residential fire on Richmond Road.

5 BUSINESS FROM THE FLOOR:

Mr. Hancock stated that he received a request from the Lassen County Transportation Commission for a letter of support from the City regarding a proposed application for a mobility management center. He is waiting for further details and will bring back the item at the next meeting for City Council review.

6 CONSENT CALENDAR: Mayor De Boer reviewed the items on the Consent Calendar:

- A Receive and file minutes from City Council's December 5 and December 19, 2012 meetings
- B Approve vendor warrants numbered 86251 through 86514 for a total of \$523,326.20 including \$124,479.81 in payroll warrants;
 - Approve vendor warrants numbered 86515 through 86714 for a total of \$568,625.40 including \$193,441.64 in payroll warrants;
- C Receive and File Treasurer's Report: December 2012
- D Receive and File Finance Report: December 2012
- E Approve **Resolution No. 13-4918** authorizing execution of an Airport Hangar Space Lease Agreement with Brandon Phillips – Lot #14
- F *** Item Removed***
- G Approve cancellation of agreement for temporary transfer of vehicular equipment with Cal EMA
- H Approve Mutual Aid Agreement with High Desert State Prison and/or CCC and Susanville Fire Department
- I Approve Agreement for Mutual Fire Protection Aid with CALFire
- J *Consider award of the 2012 Susanville Rehab B, City Project Number 12-01 Riverside Drive project to Dig It Construction*
- K Approve City Council letter of support for community dialysis center

Motion by Councilmember Callegari, second by Mayor pro tem Wilson to approve the consent calendar with the exception of item 6J; motion carried unanimously.

6J Consider award of the 2012 Susanville Rehab B, City Project Number 12-01 Riverside Drive project to Dig It Construction

Mr. Platt reported that City Project Number 12-01 is the STIP-funded rehabilitation of Riverside Drive. He reviewed the City's efforts to secure funding and discussed the subsequent award of \$2.4 million dollars. The Engineer's estimate for Phase One of the project was \$1,930,000, and the City received four bids, with the lowest responsive bid of \$1,727,352.50 from Dig It Construction. Staff recommended awarding the project to Dig It construction for bid amount, with the Public Works Director authorized to execute change orders up to \$259,098 or 15 percent of the bid price. A contract with Dig It Construction will be brought back for City Council consideration. The estimated start date for the project is April or May, and the construction will occur at night as it is a total rebuild of the road. Mr. Platt explained that the State was not initially going to allow the City to retain the difference between the project cost and the grant award, but after further discussion have agreed to allow the City to retain approximately \$300,000 in funding to complete additional road repairs not related to this particular project. Staff is considering road repair projects at Grand Street and Sierra Road.

Councilmember McBride asked if installing new utilities was a component of the project so that the City does not have to go back and tear up a new road to upgrade the lines. Mr. Platt responded that there are new utilities existing at the project site and if not they will be stubbed out to avoid having to cut into a new road.

Motion by Mayor pro tem Wilson, second by Councilmember McBride to approve the bid award to Dig It Construction; motion carried unanimously.

7 **PUBLIC HEARINGS:** None

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS:**

Commission/Committee Reports: No business.

9 **NEW BUSINESS:**

9C **Consider Resolution No. 13-4920 approval and acceptance of 2011/2012 Audit Report** Mr. Hancock reported that the firm of Moss, Levy and Hartzheim have completed the audit for the City's financial statements for the fiscal year ending June 30, 2012. The City has received an unqualified or clean opinion as it has for several years. Mr. Derek Rampone, audit manager, was present to discuss the report.

Mr. Rampone described the audit process and reviewed the management report, pointing out budget versus actual figures and the increase in fund balance which is a result of earning more revenue and spending less. He advised closely monitoring the negative expenses for the enterprise funds, since ultimately it is covered by the general fund and should be recognized as such. He reviewed the recommendations which he characterized more as observations in some cases, stating that budget constraints have an impact on the feasibility of implementing those recommendations. There are no material weaknesses, and while there are a few deficiencies they are by no means meant as a criticism but as an effort to help steer the ship in the right direction. There were no disagreements with management and he commended City staff for being cordial and cooperative throughout the process.

Motion by Mayor pro tem Wilson, second by Councilmember McBride, to approve **Resolution No. 13-4920**; motion carried unanimously.

9A **Consider approval of cooperative agreement for building services with Lassen County** Mr.

Hancock explained that the City of Susanville and Lassen County have worked cooperatively in the past during times when staffing levels have been reduced in the building department. In order to provide building inspection and plan review services to the public, an informal arrangement has been maintained wherein services are exchanged on an as-needed basis. The cooperative agreement formalizes the arrangement and allows for the City and County to provide reciprocal support with an annual review of the accrued time and value of service provided. If it is determined that either agency has provided a level of service that exceeds twenty-five percent of the service received, then the entity shall be compensated for the higher level of time at \$50 per hour, and mileage reimbursed at \$.25 per mile. The request for service shall be made in writing, and will be subject to the availability of staffing and budgetary restrictions within the respective agencies. If the City Council approves, the Agreement will be submitted for review and approval by the County Board of Supervisors. Details regarding a compensation schedule still need to be addressed as the potential for mileage for a County inspection is much greater than those same inspections in the City.

Motion by Councilmember Callegari, second by Mayor pro tem Wilson to approve Cooperative Agreement for Building Services; motion carried unanimously.

9B **Consider approval of Lease Agreement for property at 606 Nevada** Mr. Hancock reported that the city owned property at 606 Nevada Street has been used as a rental property since its purchase

in 2002. In the past it has been made available as a rental for City staff that move to Susanville from out of the area in order to facilitate their transition to the community. The City recently appointed Mr. Craig Sanders to the position of City Planner and proposes to execute a short term rental agreement for the property in the amount of \$500 per month. There are several deferred maintenance items that Mr. Sanders will be completing within the first six months that are itemized in the lease. Having a tenant occupy the property during the winter saves the City the cost of heating a vacant property.

Mayor pro tem Wilson asked about the below-market rate rent, and requested the addition of a provision to review and increase the monthly rental amount at the end of the first year of tenancy.

Motion by Mayor pro tem Wilson, second by Councilmember Callegari to approve the lease agreement with the provision to bring back in one year for consideration of rental increase; motion carried unanimously.

9D Consider Resolution No. 13-4921 updating membership to Susanville Loan Committee Mr. Hancock explained that the resolution designating membership to the Susanville Loan Committee has been revised to include reflects proposed language regarding loans that have been deemed uncollectible due to foreclosure or bankruptcy. The language gives the authority for approving loan forgiveness to the City Council. There are also a few minor corrections that reflect recent staffing changes.

Motion by Councilmember McBride, second by Councilmember Callegari to approve **Resolution No. 13-4921**; motion carried unanimously.

9E Consider Ordinance No. 13-0988 deleting and replacing Chapter 15.40 "Floodplain management" of the City of Susanville Municipal Code: Waive first reading and introduce Mr. Palmer reported that in September of 2010 the Federal Emergency Management Agency adopted a new Flood Insurance Study and new Flood Insurance Rate Maps that identify flood hazard areas within Susanville. The Maps are used to identify areas that are eligible to obtain subsidized flood insurance through the National Flood Insurance Program. The Program is based on an agreement between local communities and the federal government which states that if a community will adopt and enforce a floodplain management ordinance to reduce future flood risks to new construction in special flood hazard areas the federal government will make subsidized flood insurance available within the community.

The City of Susanville currently participates in the Flood Insurance Program and has floodplain management provisions in the Susanville Municipal Code, Chapter 15.40. Recently, the Federal government amended their minimum requirements for floodplain management regulations which require the City to update the Code. The changes are relatively minor but extensive in terms of revisions to numerous text sections, and staff is recommending that the current Chapter 15.40 be replaced in its entirety.

Jim Chapman remarked that the accuracy of the maps is always a question, and asked what steps are being taken to vet them? He urged the City to pay close attention to the accuracy, citing an example of a property listed in the flood plain which, had it actually been flooded, would have meant the entirety of the Honey Lake valley would be under water.

Mr. Palmer responded that staff is not always able to readily determine if a parcel is in the flood zone or not, but that it is easier now that tools which are available online can be used to expand the area and increase the size to determine exactly where the line goes through the property. He explained the process a homeowner can follow to obtain an elevation certificate when disputing the location of their property within a flood zone.

Motion by Councilmember Callegari, second by Councilmember McDonald to waive the first reading and introduce **Ordinance No. 13-0988**; motion carried unanimously.

9F Consider authorization to circulate Request for Proposals for City Auditing Services Mr. Hancock explained that the City is required to have an audit of its financial statements performed by an independent auditing firm. The City has been utilizing the firm of Moss, Levy and Hartzheim for several years, and it is advisable to change firms from time to time in order to get a fresh perspective. Staff has prepared a Request for Proposals to be circulated with a deadline of March 11, 2013 for submittal. The suggested contract period is one year with a maximum of two one-year extensions. The City has two Councilmembers who serve on the audit committee, and he would like to have them more involved in the audit process in the future.

Motion by Mayor pro tem Wilson, second by Councilmember McBride to authorize circulation of the Request for Proposals for audit services; motion carried unanimously.

10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY: No business.

11 SUSANVILLE MUNICIPAL ENERGY CORPORATION:
Convene as Susanville Energy Corporation; roll call of Directors present

- a. Receive annual SMEC report;
- b. Discussion regarding founding documents
- c. Adjourn meeting

The City Council recessed and reconvened at 7:50 p.m. as the Susanville Municipal Energy Corporation with all members present.

Mr. Platt reported the City Public Works Department submits an overview of the operation and capital improvement project activities for the City's Water, Geothermal and Natural Gas Divisions to the Susanville Municipal Energy Corporation (SMEC) members for review. He invited questions regarding the report.

There were no questions.

Motion by Director McBride, second by Director Wilson to approve the annual report as submitted; motion carried unanimously.

Mr. Hancock reported that staff has identified some issues in the bylaws and founding documents that need to be updated and will be brought back for review by the Directors at a future meeting.

Chairperson De Boer adjourned the meeting at 7:54 p.m. and reconvened as the City Council.

12 CONTINUING BUSINESS: No business

13 CITY ADMINISTRATOR'S REPORTS:

13A Sierra Community Park Update Mr. Hancock reported that the firm of Hauge Bruek would be conducting a workshop regarding the Environmental Review process as it pertains to the Sierra Community Park. A discussion will be conducted regarding the development of the property as a park and the potential impacts on the surrounding neighborhood regarding issues such as traffic, new sources of light and noise. The workshop is conducted as a community outreach effort and notices have been mailed to 500 neighborhood residents. Mr. Hancock explained that while the City Council is not required to attend, the meeting has been noticed as a special meeting in the event three or more councilmembers choose to attend.

13B Snow Removal Update Mr. Platt reported the storm activity of the past six to eight weeks. This year three storms arrived back to back dumping a lot of wet snow, then the weather turned cold and created ice piles that have remained in place for several weeks. When the water content in the snow is that high, the moisture permeates into the sidewalks, the road, and the subsequent freeze gets further into the ground. The City has 160 miles of roads to plow, and staff worked to plow and clean up after the storms, however snow plows are ineffective once the snow becomes frozen to the extent that it did. The water and natural gas crews have been inundated with calls regarding frozen and broken pipes, and have been working seven days a week to try and keep up with the volume. Area plumbers are scheduling work out weeks in advance and everyone is doing what they can to get residents back in service.

He explained that in October 2010, the City began taking requests from citizens who need assistance in plowing out their driveway and the request lasts throughout the season so they are not required to call each time. The City currently has approximately 50 people on that list that they help with clearing out their driveway. Overall the streets have been dry, and the Police Chief can confirm that there have been very few traffic accidents related to icy roads. He discussed the damage to City streets caused by the ground freezing and lifting, and in some areas the pavement is disintegrating. As the spring thaw comes, other streets will begin to fail.

It was the general consensus of the Council that the snow plan should be reviewed periodically to ensure that it remains up to date and to allow the community the opportunity to be involved in the process.

14 COUNCIL ITEMS:

14A AB1234 travel reports: None

Mayor pro tem Wilson requested an item be added for future discussion regarding preventative maintenance at Roop's Fort.

Tony Jonas commented that the Lassen Historic Society has a lot of resources that are not available to the City, and suggested pooling assets to maximize available funding.

Councilmember Callegari stated that he received a phone call regarding golf course fees, and asked if the City is still offering a monthly rate. Mr. Hancock explained that the golf committee has updated the rates and the unlimited monthly rate has been replaced by a ten-play punch card. It was the intent to streamline the rate structure into something less cumbersome while still providing a value play experience.

15 ADJOURNMENT: There being no further business, at 8:10 Mayor De Boer called for a five minute recess to before returning to closed session.

Meeting adjourned at 8:55 p.m.

Rod De Boer, Mayor

Respectfully submitted by

Gwenna MacDonald, City Clerk

Approved on March 20, 2013