

**SUSANVILLE CITY COUNCIL  
SUSANVILLE COMMUNITY DEVELOPMENT AGENCY  
SUSANVILLE MUNICIPAL ENERGY CORPORATION  
SUSANVILLE PUBLIC FINANCING AUTHORITY  
Regular Meeting Minutes  
February 20, 2013 – 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 De Boer.

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

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 deletion of Item 6C Approval Resolution No. 13-4922 amending airport land lease lot #26.

Motion by Mayor pro tem Wilson, second by Councilmember McBride to approve the agenda with the change requested; motion carried unanimously.

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

**3 CLOSED SESSION:** At 6:01 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 LEGAL COUNSEL – Anticipated litigation: Significant exposure to litigation pursuant to Government Code §54956.9 (b); one

C PUBLIC EMPLOYMENT – pursuant to Government Code Section 54957:

Title: Golf Course Concession Operator

**4 RETURN TO OPEN SESSION:** At 7:00 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: Janette Zahniser, Assistant to the Public Works Director.

Mr. Hancock reported that the agenda had been approved with the deletion of item 6C.

Mr. Hancock reported that direction was given in closed session regarding employee negotiations and the potential litigation, but there was no action to report.

Mayor De Boer provided the thought for the day.

It was the consensus to move the report regarding the golf course rates to be heard after the Consent Calendar items in order to accommodate several members of the public who were present to speak on that item.

## **5 BUSINESS FROM THE FLOOR:**

Mr. Hancock informed the City Council that Lassen Solid Waste submitted a request for an authorization letter supporting their pursuit of funding through the recycle tire program. The language of the letter requires strong binding authority by the City Administrator on behalf of the City Council, and he wanted to bring that request to the Council's attention as the District is on a tight timeline to receive the letter.

Councilmember Callegari, Lassen Solid Waste Chairperson, clarified that the Board voted to support the application for funding and the letter is a formality. He requested confirmation from the City Attorney that it would be appropriate to direct the City Administrator to sign the letter of support. Mr. Talia concurred.

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

- A Receive and file minutes from City Council's January 4, 2013 meeting
- B Approve vendor warrants numbered 86691 through 86715 for a total of \$274,717.77 including \$94,572.05 in payroll warrants;
- C ~~Approve Resolution No. 13-4922 authorizing amendment to Airport Land lease Lot #26 to reflect name change~~
- D Approve letter of support for Lassen Land and Trails Trust

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

**13A Golf Course Operation Update** Mr. Hancock provided an update to the City Council regarding the golf committee's progress in preparing for the 2013 season. Among the numerous issues discussed, the committee spent a lot of discussing ways to streamline the fee structure. The goal was to create a quality golf course and provide a good value experience while ensuring that the costs of operation are recovered. There are a number of different rate structures available and in the past, the numerous options were somewhat cumbersome. Among the rates looked at were the monthly rate, and that was a rate that the committee determined was not effective. The challenge included making sure that the annual fee was a sufficient value to encourage people to pay up front, while maintaining the price breaks between the per-round costs. The ten-play punch card was created to provide that middle price point between annual play cards and a daily rate.

Mr. Hancock explained that he received word from Councilmember Callegari that several people were upset about the lack of an unlimited monthly fee, so the Committee met and discussed various options, in the attempt to come up with a figure that would offer a good value while preserving the value of an unlimited annual pass. The figure that they arrived at was \$350 per month which is higher than last year, but will further the goals to simplify the structure, cover costs, and provide a good value experience. Mr. Hancock invited the golf course committee representatives to share their thoughts and indicated that it would be appropriate to invite Mr. Zanino to speak.

**Mr. Zanino** stated that he wanted to correct the record that he does not expect the monthly rate to remain the same as last year. He recognizes that the City has a golf course to run and understands having to cover expenses. He suggested that the City calculate the highest monthly rate imposed

during the season and make that the fixed unlimited monthly rate instead of offering a cheaper rate for the beginning or end of the season. He reviewed the fee structure from 2012 compared to the proposed 2013 season, itemizing what the per-round costs would be based upon an estimated 15 rounds of play per month. He came up with a figure of \$280 adding that the men's group expressed surprise at the suggestion of a rate that high. He thanked the City Council for their consideration, and urged them to bring back the unlimited monthly rate.

Councilmember Callegari stated that the golf course is a municipal course, not a professional course, and it belongs to the people of Susanville. It should be user-friendly and the City will not be making any money if people were going elsewhere to golf. If the people want the monthly rate, it should be brought back.

Mayor De Boer commented that he appointed Mayor pro tem Wilson and Councilmember McBride to the golf committee because they are young and enthusiastic and involved in the community. He respects the time and hard work they have devoted to the committee since coming on board the council, and he stands by whatever recommendation they make.

Mayor pro tem Wilson stated that the decision and calculations were based upon six months of play, not eight months since the weather is always an unknown factor. The argument could be made that the annual fee is too low, but at some point the City had to simplify the rate structure and come up with a cost that made sense. The Committee felt very strongly that the people who were willing to pay for an annual pass and pay up front should get the best value and the way it is estimated, any play over 14 rounds in one month is a better value at \$350 per month. A flat rate of \$280 per month is too close to what the per-round cost is for an annual pass.

Councilmember McBride concurred and said that the concerns expressed by Mr. Zanino were the reason that the ten play punch card was brought back as a rate option.

An unidentified audience member stated that buying an annual pass limits his options to golf at other facilities throughout the year.

Mr. Hancock stated that it has been a difficult process and it is important to encourage people to come out and play golf. Last year the most expensive per round cost was \$42, and this year it is \$35 on weekends and \$30 during the week. The best thing from the City's finance standpoint is to receive the money in advance for annual passes. The cost for a ten-play punch card last year was \$320 and this year it's \$250. At some point, the City has to balance expenses and make sure the bills get paid, and defers to the decision of the golf committee.

Councilmember Callegari reminded the Council that the property for the first nine was donated to the City, and that he has always supported whatever the public wants.

Mr. Zanino discussed the expense of golf as a hobby, and urged the Council to consider the benefit of attracting more golfers versus having a higher per-round cost.

Mayor De Boer thanked him for his comments directed staff to bring it back to the March 6, 2013 meeting for a vote.

**7**      **PUBLIC HEARINGS:** None

**8**      **COUNCIL DISCUSSION/ANNOUNCEMENTS:**

Commission/Committee Reports: No business.

**9      NEW BUSINESS:**

**9A      Consideration of purchase of hangar owned by Ryan Potter, Lot #29** Mr. Platt explained that the owner of the airport hangar located on Lot #29 has decided to sell his interests to Mr. Frank Cady in the amount of \$45,000.00. Per the agreement, Mr. Potter must first offer the hangar to the City, and if the Council so chooses to purchase it, an appraisal must be conducted to determine the fair market value. If the City rejects the offer, Mr. Potter may sell his hangar at the same price as offered to the City and submit a bill of sale and escrow closing statement before the City can terminate his lease. The hangar, built in 1996, is a 50 by 60 foot metal structure which appraised at \$87,750 in 2003. Mr. Platt concluded that it probably would be a good investment, but the airport has no such fund for purchasing hangars.

Councilmember Callegari suggested exploring the option of using a mortgage company that would work with the City when these opportunities arise in order to provide funding for purchases without having to increase the Airport fund debt.

The Council held a general discussion regarding financing options and opportunities at the airport. The City has thirty days to respond to Mr. Potter, and staff was directed to bring back financing options and a report at the March 6 meeting.

**9B      Consider expansion of annual Rabies Clinic to include "Dog-Day Event" at Memorial Park on May 18, 2013 and approve waiver of park fee** Mr. Hancock reported that staff has been working to expand the annual rabies clinic to a larger event to be held at Memorial Park. Local animal care business owners have volunteered their time by offering reduced cost products and services. Mr. Hancock requested that City Council authorize a waiver of the park rental fees normally charged for reserving Memorial Park.

It was the consensus of the Council to authorize the event and waive park fee charge.

**9C      Consider Resolution No. 13-4929 approving and authorizing the Mayor to execute concession agreement with Tammy Wheeler for Diamond Mountain Bar and Grill** Mr. Hancock reported that in conjunction with the Golf Course subcommittee, staff has negotiated a concession agreement with Tammy Wheeler to operate the Diamond Mountain Golf Course Bar and Grill for the 2013 golf season. Ms. Wheeler will operate the concession seven days per week from 10 am to 3 pm with extended hours at her discretion. The City will provide \$12,000 in compensation and she will be entitled to fifty percent of the net proceeds for all concession activities.

The Agreement requires three slight modifications to the section regarding payment for fixtures and equipment; section nine should include language to indicate that insurance coverage should be part of operating costs, and in recognition of the required clean up and preparation for business, a \$500 site preparation payment will be issued upon contract signing.

Motion by Councilmember McBride, second by Mayor pro tem Wilson to approve **Resolution No. 13-4929** for execution of the agreement with the changes as noted; motion carried unanimously.

**9D      Consider Resolution No. 13-4927 declaring six (6) Ruger Mini-14 rifles surplus and authorizing the Police Department to take action to sell them** Chief Downing explained that due to advancements in technology the rifles that the police department have utilized as patrol rifles have reached the end of their useful life. The department requests authorization from City Council to declare the weapons as surplus and offer them for sale to law enforcement personnel at fair market value. The revenue generated from the sale will be utilized to purchase weaponry that meets current law enforcement standards.

Motion by Councilmember Callegari, second by Councilmember McBride to approve **Resolution No. 13-4927**; motion carried unanimously.

**10**     **SUSANVILLE COMMUNITY DEVELOPMENT AGENCY**: No business.

**11**     **SUSANVILLE MUNICIPAL ENERGY CORPORATION**: No business.

**12**     **CONTINUING BUSINESS**:

**12A**   **Consider Resolution No. 13-4919 approving continuation of Phase Two of Water Meter Replacement Project** Mr. Platt explained that staff presented a plan to begin funding water capital improvement projects in May 2008. The City Council voted to approve a rate increase which was restricted to fund infrastructure improvements, and staff presented a three-year plan to begin the project. Phase One of the plan included the replacement and upgrade of water meters, and to date 300 touch pad water meters have been installed. The water department has replaced over 580 water meters throughout the system since April 2009, and in July 2012 Council approved project 12-503-00 for the replacement of 1,200 water meters. That project has been completed.

Mr. Platt explained that staff requests approval to continue with the implementation of Phase Two of the three year plan by purchasing 1,200 new radio read water meters and hiring one full-time temporary maintenance worker for approximately eight months to install the meters with a total cost of \$295,400.

Motion by Councilmember Callegari, second by Councilmember McBride to approve **Resolution 13-4919**; motion carried unanimously.

**12B**   **Consider Ordinance No. 13-0988 deleting and replacing Chapter 15.40 "Floodplain management" of the City of Susanville Municipal Code: Waive second reading and adopt**

Mr. Hancock reported that at its meeting of February 6, the City Council voted to introduce Ordinance Number 13-0988 adopting Chapter 15.40 of the Susanville Municipal Code. The Federal Emergency Management Agency adopted a new Flood Insurance Study and new Flood Insurance Rate Maps that identify existing flood hazard areas within Susanville and surrounding areas. The maps are used to identify areas that are eligible to obtain federally 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 as a financial protection against flood losses. If approved, the ordinance will take effect within thirty days of adoption.

Motion by Mayor pro tem Wilson, second by Councilmember McBride to adopt **Ordinance No. 13-0988**; motion carried unanimously.

**12C**   **Consider agreement with Lassen County for acquisition of Johnstonville Water System** Mr.

Hancock explained that there have been discussions regarding the possibility of the City acquiring the Johnstonville water system located near the entrance to the Susanville Airport. Currently, the water system is the sole asset of County Service Area (CSA) #2 which was formed in 1994 to provide water and sewage disposal services to approximately 380 parcels in the Johnstonville area. The CalTrans maintenance facility on Diane Drive is currently the only customer connected to the system. The City Public Works Director provided a report to the Council on January 18, 2012 regarding the operations, future expansion potential and operating costs/revenue of the system.

There is continued interest on the part of the City and the County to transfer the system to the City of Susanville. At the request of the County, the City would suggest expansion of the system, where feasible,

to serve additional customers in the vicinity in addition to the future needs of the Susanville Airport. Expansion to the airport would also provide the ability to have a fire hydrant with capacity to fill fire trucks and will help improve fire fighting services to both the City and County.

In order to transfer the water system to the City, several items need to be addressed including the continuation of water service to the Cal Trans maintenance yard, the modification of CSA#2, continuation of water testing during the transfer, maintenance of the facility and modifications to the City Municipal Code to address how the system will be administered particularly with respect to the process for charging existing and new water users. Based on previous Council direction, staff has gathered additional information on the site and existing water system including obtaining a preliminary title report for the property, getting a copy of the original agreement between Cal Trans and the County, and reviewing the current fee resolution adopted by the County.

Mayor De Boer asked Mr. Hancock and Mr. Platt if the transfer of the well was in the best interests of the City.

Mr. Hancock described the well as a strategic asset that would be worth pursuing.

Mr. Platt stated that it was a good well and storage tank and that ownership would be valuable for the airport.

Councilmember Callegari remarked that he would like to pursue the acquisition but is concerned about any hidden debt associated with the system.

Mr. Hancock responded that the County would not be transferring any debt incurred in association with the well to the City. They would be required to write that off and transfer the asset only.

Motion by Mayor pro tem Wilson, second by Councilmember McBride adopting **Resolution No. 13-4925**; motion carried unanimously.

**12D Consider Resolution No. 13-4926 approving mid-year budget review for fiscal year 2012-2013** Mr. Hancock explained that at its meeting of February 6, 2013, the City Council conducted a budget workshop to discuss priorities and receive input from the community regarding the mid-year budget. Most of the recommendations and requests of the Department heads have been incorporated into the 2012/2013 mid-year budget. The budget includes changes in the use of Mitigation Funds, a revised Cost Allocation Plan, and adjustments to the Depreciation Schedule and overall results in a General Fund surplus of \$32,000 in revenue. Mr. Hancock added that in addition to these items, staff continues to evaluate natural gas rates, update capital improvement plans and identify opportunities to more fully utilize volunteer inmate labor for community projects. The budget reflects the priorities set by the City Council while maintaining the current level of services provided to City residents.

Mayor pro tem Wilson requested additional clean up on redundant mitigation line items prior to the 2013/2014 budget.

Motion by Mayor pro tem Wilson, second by Councilmember Callegari to approve **Resolution No. 13-4926**; motion carried unanimously.

**12E Consider Resolution No. 13-4928 approving and authorizing the write off of bad debt for Airport and Golf Course** Mr. Hancock explained that the City's two enterprise funds, the airport and golf course, both carry negative balances. These amounts represent an accumulation of many years of debt based on subsidies by the general fund to fund the operation of the airport and golf course. Clearing these negative amounts will enable staff to review the negative cash amount each year,

recognize the value that these facilities bring to the community, and will allow the City Council to make decisions on a case-by-case basis regarding whether or not to supplement the operations through general fund contributions. After removing the negative balances and the depreciation expense is subtracted, both enterprises are very close to breaking even.

Councilmember McBride commented that it was the same situation that the City faced with the City Care operation and he supported moving forward.

Councilmember Callegari stated that he does not support spending general fund money.

Mr. Hancock clarified that the money is an accumulation of general fund support for the operation of the airport and golf course, and that the money has already been spent. What is before the Council is the recognition that the enterprise funds will most likely never be able to earn enough to repay those years of borrowing from the general fund and it will allow the City Council to monitor those contributions more closely in the future.

Mayor pro tem Wilson remarked that there are times when the City will want to use General Fund money for the purchase of a hangar, or a cash match for an FAA Grant, and it would be better to recognize and budget for that.

Motion by Councilmember McBride, second by Mayor pro tem Wilson to approve **Resolution No. 13-4928**; motion carried. Callegari: No.

**13**     **CITY ADMINISTRATOR'S REPORTS:**

13A     *Golf Course Operation Update – report given.*

**14**     **COUNCIL ITEMS:**

14A     **AB1234 travel reports:** None

Councilmember Callegari requested an update regarding the recruitment efforts for the position of Finance Manager.

**15**     **ADJOURNMENT:** Motion by Mayor pro tem Wilson, second by Councilmember McDonald to adjourn the meeting; motion carried unanimously.

Meeting adjourned at 8:35 p.m.

Respectfully submitted by

\_\_\_\_\_  
Gwenna MacDonald, City Clerk

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Rod De Boer, Mayor

*Approved on March 20, 2013*