

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

Regular Meeting Minutes

April 3, 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, 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:

Motion by Councilmember McBride, second by Mayor pro tem Wilson to approve the agenda as submitted; motion carried.

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:
 - 1. Agency Negotiator: Jared G. Hancock
 - Bargaining Unit: Fire: 2012/2013
 - Miscellaneous: 2012/2013
 - Public Works: 2012/2013
 - 2. Staffing Plan: All Positions
- B CONFERENCE WITH LEGAL COUNSEL – Anticipated litigation: Significant exposure to litigation pursuant to Government Code §54956.9 (b); two
- C CONFERENCE WITH LEGAL COUNSEL – Existing litigation pursuant to Government Code §54956.9 (a): City vs. Northern Sierra Homes, LLC
Lassen County Court Case: #50050
- D CONFERENCE WITH LEGAL COUNSEL – Existing litigation pursuant to Government Code §54956.9 (a): Bernhardt vs. City of Susanville
- E CONFERENCE WITH REAL PROPERTY NEGOTIATOR – pursuant to Government Code §54956.8:
 - Property: APN 103-321-02
 - APN 107-260-53
 - Agency negotiator: Jared G. Hancock
 - Negotiating parties: Unknown
 - Under negotiation: Price/Conditions/Terms of payment
- F PUBLIC EMPLOYMENT – pursuant to Government Code §54957: Contract Services
 - A. Finance Manager
 - B. Surveying/Engineering

4 **RETURN TO OPEN SESSION:** At 7:00 p.m. the City Council reconvened in open session.

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

Mr. Hancock reported that the agenda was approved with no changes.

Mr. Hancock reported action out of closed session as follows:

- Council direction to amend proposed staffing plan adding the position of Maintenance Worker II
- Non-reportable direction was given to staff.

Chief Downing offered the thought of the day.

Mayor De Boer presented Andrew Jarrett with a certificate honoring his 2013 Firefighter of the Year award.

5 **BUSINESS FROM THE FLOOR:**

John Gerry, requested that the City Council abate the garbage nuisance located at the property behind his home on Shasta Street.

The Mayor directed staff to follow up with Mr. Gerry and requested that the Code Enforcement Update report be moved for discussion prior to consideration of the Consent Calendar.

13C Code Enforcement Update Mr. Hancock reported that at the March 20, 2013 meeting, the City Council directed staff to follow up on code enforcement complaints on three properties located at the corner of North and Union Street, Spring Street, and Shasta Street.

Shasta Street

Regarding Mr. Gerry's complaint about the Shasta Street property, a Notice to Abate was delivered to the property owner on March 29, and the Building Official has also sent a letter notifying him of his responsibilities. The Notice gives the property owner 10 days to clean up the mess, or the City will begin the abatement process. If they are actively working towards cleaning up and making notable progress, then the City has to allow them that opportunity to take care of the problem themselves.

Mr. Gerry said that his neighbor has been living in an RV for months, and the City was able to get it moved off the street, but now it is in the yard and he cannot enjoy his own backyard from the odor that is coming from next door.

145 N. Union Street

Mr. Hancock reported that the property owner at 145 N. Union Street was sent a letter on March 25th the property posted on April 1st and the owner is allowed 15 days to comply. It appears that the owner is getting a dumpster moved in to haul trash and that the property has been foreclosed on by the bank and the tenants are all being evicted.

Jim Chapman stated that it looked as if they are just moving junk from one pile to another.

North Spring Street

Mr. Hancock explained that in reference to the property at North Spring Street, the City sent a strongly worded letter and all materials have been removed from the front and back including household refuse,

and various belongings. While it is not an attractive property it is no longer in violation of the Municipal Code.

Mr. Hancock referred to the Municipal Code and stated that the City needs to implement more effective methods to deal with these types of complaints in order to balance the rights of the property owners to use their property in the manner they choose with the rights of others in the neighborhood to enjoy their own property as well.

Kathie Garnier, Eagle Home Mortgage, thanked the City Council for being proactive on this topic that has been a problem for quite some time.

- 6** **CONSENT CALENDAR:** Mayor De Boer reviewed the items on the Consent Calendar:
- A Approve vendor warrants numbered 87055 through 87169 for a total of \$347,108.62 including \$94,253.25 in payroll warrants;
 - B Request waiver of fee for light tokens for Lassen High Baseball
 - C Approve request to write off accounts receivable

Councilmember McBride requested the removal of Item 6B and 6C.

Motion by Mayor pro tem Wilson, second by Councilmember McBride to approve Item 6A; motion carried.

6B Request waiver of fee for light tokens for Lassen High Baseball Mr. Hancock reported that the Lassen High School Baseball Boosters Club conducts an annual fundraiser tournament with all proceeds dedicated towards the support of Lassen High School Baseball. The City is asked to contribute light tokens and waive two days of park use fees, and the fiscal impact is minimal. This year, the total contribution is \$135. Mr. Hancock remarked that the City is supportive of many community events and making the public aware of that support is important.

Motion by Councilmember McBride, second by Mayor pro tem Wilson to approve the fee waiver and donation request; motion carried.

6C Approve request to write off accounts receivable Councilmember McBride stated that the names of the customers were included in the report. Mr. Hancock responded that they should not be, and that would be noted for future requests to write off delinquent utility accounts. Names were removed from the record.

Motion by Councilmember McBride, second by Mayor pro tem Wilson to approve the request; motion carried.

- 7** **PUBLIC HEARINGS:**
- 7A** **Public Hearing: Solicit and consider public comments regarding the adoption of a negative declaration and adoption of the 2009-2014 Housing Element for the City of Susanville**
Action: Consider Resolution No. 13-4943, adopting the 2009-2014 Housing Element and authorizing submittal to the State Department of Housing for certification

Mayor De Boer opened the public hearing at 7:20 and requested the staff report.

Mr. Hancock reported that in accordance with the Department of Housing and Community Development (HCD) and the California Government Code requirements, the City of Susanville was required to update its Housing Element by August 31, 2009. The Housing Element is one of the seven mandatory elements of the General Plan and has been updated in accordance with State Housing and Community Development guidelines and through the policies, procedures, and action plans therein,

the Housing Element provides a plan for maintaining and providing housing for residents of all income levels in the City. The proposed City of Susanville Housing Element is for the planning period of 2009 to 2014. He introduced Craig Sanders, City Planner, who was instrumental in updating and preparing the report for submittal to the State.

Mr. Sanders explained that the City began the process in October of 2008 with the preparation of a work plan and the initiation of forming a Housing Element Update Task Force which met several times beginning in January of 2009. City staff prepared the draft Housing Element update and associated CEQA document which was adopted by the Planning Commission with a recommendation to the City Council. The Council reviewed the document and authorized its submittal to HCD. HCD received the document and responded by a letter to the City which included comments and identified several changes needed to make the document comply with statutory regulations. The revisions to the document were implemented and re-submitted to HCD for review and on February 13, 2013 it was determined that the document now meets all of the statutory requirements and could be adopted by the City Council.

Mr. Sanders reviewed changes to the format to allow a more streamlined update in 2014. He reviewed specific action items which would require the City to amend other documents including sections of the Zoning Code to include the following:

- Add density bonus regulations in accordance with State law.
- Increase the density in the R-3 zones from 12 to 15 dwelling units per acre.
- Remove constraints that discourage the development of second dwelling units.
- Allow apartment buildings with more than 12 dwellings in a single structure in the R-4 zone.
- Allow mobile home parks in all residential zones with a use permit as required by State Law.
- Allow emergency shelters in at least one zone district by right.
- Update the definition of transitional and supportive housing and zones in which they are allowed
- Provide reduced parking standards for housing for the disabled.
- Develop a process for granting reasonable accommodations for homes occupied by disable persons, when requested.

Mayor pro tem Wilson stated that this is the first in many important steps to update the City's General Plan. He commented that there have been significant changes since 2009 when the City began the update and conducted workshops, and he suggested taking the document back to the Planning Commission for review before bringing to Council for final approval and submittal to the State.

Mr. Sanders responded that the changes implemented were primarily issues of reformatting, updating statistics and items specifically required by the State and that the City's discretion is fairly limited.

Mr. Hancock reiterated that the intent of the Housing Element has not changed, and corrections to factual inaccuracies, tables, formulas, and correcting those types of errors did not impact the direction the City is taking with the Housing Element. It is not customary to have those types of modifications signed off by the Planning Commission.

Mayor pro tem Wilson expressed concern with not having the original draft available that the Council approved for submittal to the State. He is unable to identify which modifications have been made, or what has been added or deleted from the document. It makes it difficult to review and sign off on it, particularly for someone who was not on the Council at the time this was discussed.

Mr. Sanders explained that the State makes regional housing needs assessments and then Cities and Counties are required to identify ways to accommodate those requirements regardless of any real possibility that those particular demands for housing would ever exist. Nonetheless, Cities and Counties are required to prepare and submit documents to the State for approval and certification, and there are

key elements that the document must include and those are the components which are the focus of the revisions.

Mr. Chapman referred to population statistics in these sorts of reports as a pet peeve with regard to prison population numbers skewing actual population data. He stated that he was very impressed by the format used in this Housing Element, and appreciated that someone finally achieved a method to determine population figures in a simple and accurate manner. He would like to see this formula standardized for all local documents and studies that cite area population figures. He asked if the 2010 census figures could be included in the table.

Mr. Sanders agreed with the inclusion of the 2010 census data but the State denied that request.

Mr. Chapman responded that if the community is going to be served, then we need to be allowed to use information that is relevant.

Mr. Hancock added that the City had two options with updating the housing element; a quick update which in essence would kick the can further down the road, versus a comprehensive update. The City chose the comprehensive update and by utilizing the expertise of in-house staff, ultimately received a better product at a significant cost savings. The document typically has a shelf life of five years, and this update will be valid through 2014 only. During the next review cycle, the process will be much simpler to conduct workshops and public outreach and update a standardized document that is meaningful and relevant. Given the relatively short period of time that several of the Councilmembers have served, he suggested bringing back a red-line version to allow additional time to consider and discuss items of concern.

It was the consensus of the City Council to continue the public hearing to allow additional time for review.

There being no further comments, at 7:45 p.m. Mayor De Boer continued the public hearing to April 17, 2013.

7B Public Hearing: Solicit and consider public comments regarding amendments to Chapter 17 of the City of Susanville Municipal Code
Action: Waive first reading and introduce Ordinance No. 13-0989 approving the amendment of Susanville Municipal Code Chapter 17 to allow cottage food operations as permitted per AB 1616

Mayor De Boer opened public hearing at 7:46

Mr. Sanders reported that Assembly Bill (AB) 1616 was signed into law by Governor Brown on September 21, 2012, and became effective on January 1, 2013. The bill allows individuals to prepare and/or package certain non-potentially hazardous foods in private-home kitchens referred to as "cottage food operations." The Bill addresses local land use regulations but specifically states that cities and counties may not prohibit a cottage food operation in any residential dwelling, and offers three options for local agencies in permitting the use.

He stated that the City has opted for the most restrictive option which under the City's current code, a cottage food operation would be classified as a home occupation requiring the issuance of a home occupation permit and a fee would be charged for the permit. The current application fee for a home occupation permit is \$90.00 which does not exceed the cost of processing the permit.

The Assembly Bill also creates two categories of cottage food operations which must be permitted and registered by the county environmental health agency, a Class A and Class B. A Class A cottage food operator could sell prepared food directly to the public; a Class B operator could sell prepared food either in-directly through restaurants and stores, or directly to the public as well as indirectly to the public via sale to retail food facilities such as restaurants and markets.

The health department may inspect the permitted or registered area of the private home in which the cottage food operation prepares, handles, or stores food prior to issuing a permit and on the basis of a consumer complaint. There are various foods that the operators are not allowed to prepare and these are regulated by the State.

The City of Susanville Planning Commission held a public hearing regarding proposed changes to Chapter 17 of the City's Municipal Code to add provisions to allow Cottage Food Operations as a home occupation subject to the Home Occupation regulations contained in section 17.08.10 of the Susanville Municipal Code and unanimously adopted Resolution 13-0982 recommending the City Council adopt an ordinance making a Cottage Food Operation subject to the City's home occupation regulations.

Mayor pro tem Wilson asked if the inspection requirements differed from those required in commercial kitchens.

Mr. Sanders responded that yes, primarily in that the inspections are complaint-based and not a routine requirement.

Mr. Hancock reminded the Council that this provision was not something that staff sought out to allow in the community, but it has been mandated by the State. Based on the feedback received from the Council and the Community, the City has chosen to implement the most conservative and restrictive option available, and make it part of the home occupation process.

Jim Chapman asked how compliance with the requirements would be enforced.

Mr. Hancock responded that the County Health Department is solely responsible for enforcing compliance.

Motion by Mayor pro tem Wilson to waive the first reading and introduce Ordinance No. 13-0989; Councilmember McBride provided a second and the motion carried.

8 COUNCIL DISCUSSION/ANNOUNCEMENTS:

Commission/Committee Reports: No business.

9 NEW BUSINESS:

9A Consider approval of professional services agreement with Lassen County for County Surveyor Services Mr. Hancock reported that the Community Development division is responsible for processing applications for land divisions within the City. Upon receiving approval of a tentative map to divide a parcel, it is the applicant's responsibility to meet all of the conditions before a Final Map can be recorded. The State Subdivision Map Act requires that the Final Map contain a statement from the City's Surveyor or Engineer as to the technical correctness of the map. The City does not have a licensed surveyor on staff and the City Engineer is not authorized to practice land surveying. Lassen County employs a licensed surveyor and staff has developed an agreement to allow the City to contract with the County for map checking and technical certification at a rate of \$71.50 per hour.

Motion by Mayor pro tem Wilson to approve the professional services agreement; Councilmember McBride provided a second and the motion carried.

9B Consider request from Lassen Sportsmen's Club to co-sponsor 24th Annual Junior Fishing Derby Mr. Hancock recognized the contributions of Supervisor Chapman and retired Councilmember Douglas Sayers as long-time supporters and organizers of the Jr. Fishing Derby. It is a unique and popular event for the community's youth, and is now in its 24th year. In the past, the City has co-sponsored the event, including the utilization of Memorial Park as a staging area, and the use of staff resources to assist with registration and set up. The City has received the official request for co-sponsorship to include providing insurance coverage, utilizing the park, assistance from City staff, and a donation of \$750 from the Recreation Roundup fund towards the purchase of fish. The current balance in the account is \$847.35. He invited Supervisor Chapman to comment.

Mr. Chapman discussed the success of the event, and thanked the City Council for their continued support. The largest expense for the event is the purchase of the fish and as always, the community has stepped up again and provided generously for the community's children.

Mayor pro tem Wilson stated that he fully supports the event, but is concerned that there is a perception that the recreation round-up fund is for a swimming pool. He asked if the City has another source for funding the contribution.

Mr. Hancock stated that the City could utilize money from the general fund or civic promotion line item.

Motion by Councilmember McDonald to support the Jr. Fishing Derby from one of the identified funding sources; Mayor pro tem Wilson provided a second and the motion carried.

9C Consider approval of Resolution No. 13-4941 awarding contract for professional auditing services to Badawi & Associates Mr. Hancock reported that at its meeting of February 6th, the City Council directed staff to circulate a Request for Proposal for Professional Auditing Services. Staff published the RFP on the California Society of Municipal Finance Officers website, the City's website and mailed the document to various auditing firms.

The City received six RFP proposals that were individually ranked and the finalists were submitted to the audit committee for a final selection. The audit committee has recommended that the firm of Badawi & Associates be awarded a one-year contract with an option for up to two one-year extensions. Badawi & Associates recalculated their proposal for additional cost savings. Mr. Hancock referred to the addition of clause number five which adds an opt-out option if any of three key personnel leaves the firm. In such a circumstance the contract could also be renegotiated. He met with the firm and was very impressed by their presentation and commitment to providing auditing services. Staff requested that the contract be awarded for an amount not to exceed \$28,000.

Mayor De Boer thanked Councilmember McDonald, Councilmember McBride and Mayor pro tem Wilson for their service on the audit committee and participation in the selection of a new auditing firm.

Motion by Councilmember McBride, second by Councilmember McDonald to approve **Resolution No. 13-4941**; motion carried.

9D Consider approval of Resolution No. 13-4942 approving and authorizing Mayor to execute agreement with Kevin Harper, CPA & Associates for Finance Management services Mr. Hancock reported that after the retirement of the Finance Director in July 2012, the City has been actively recruiting to fill the management vacancy left in the finance department. Due to the specialized nature of municipal finance and the level of experience required, the City has not received interest from a candidate that could immediately assume the responsibilities of the position. It is staff's recommendation to contract for finance manager services while the City continues the recruitment. The City has received proposals from three qualified firms and is recommending Kevin Harper CPA & Associates to fill this role.

Mr. Harper will be the primary contact and will oversee all work performed. Kevin Harper and Associates have the necessary qualifications and has an hourly rate of \$120 - \$180. The Scope of Services is outlined in the attached engagement letter dated March 20, 2013 and will include financial services up to 10 hours per week. The firm will be provided access to the City financial information enabling them to complete some of the work remotely however it will be necessary to perform some tasks on-site in the finance division at City Hall.

Salary savings from the vacant Finance Manager position will be used to fund the contract.

Motion by Mayor pro tem Wilson to approve **Resolution No. 13-4942**; Councilmember McBride provided a second and the motion carried: Absent: Callegari

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

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

12 **CONTINUING BUSINESS:**

12A **Consider authorization of professional services agreement with Schlumpberger Consulting Engineers, Inc. for testing services related to 2012 Susanville Rehab B Project** Mr. Platt reported that on February 6th, 2013 City Council awarded the 2012 Susanville Rehab B Project to Dig-it Construction, Inc. This requires professional services with respect to material testing, land surveying, and professional engineering services as part of the project.

Staff circulated a Request For Quotes (RFQ) and received proposals from four Caltrans certified labs. The proposals were reviewed within the Public Works Department and scored based on the published selection criteria. The firm of SCE scored highest based on their experience with similar projects at a cost approximately \$32,000.00. Staff is recommends that the agreement for services be executed at a cost not to exceed \$52,000.00 to cover the additional costs for testing on the additional street repair projects which were added through excess funding. Mr. Platt reminded the Council that funding for the project comes from the State Transportation Improvement Program (STIP) and that no local money will be used. In-house costs for construction engineering and inspection will be reimbursed by the project.

Motion by Mayor pro tem Wilson to authorize professional services agreement; Councilmember McDonald provided a second and the motion carried.

13 **CITY ADMINISTRATOR'S REPORTS:**

13A **Designation of no smoking at Chamber of Commerce Events** Mr. Hancock reported that the feedback regarding the inclusion of the Magical Country Christmas and Main Cruise events has been mixed. There is general support for the Christmas celebration, but the Main Cruise event is geared towards a different crowd with a beer garden, live music, and the Chamber has asked to have the Board review the request and make an official determination. If the Chamber Board agrees to implement a no-smoking policy for the Country Christmas event, then staff would draft language to revise the Ordinance and bring back to Council for future consideration.

13B **Golf Course Update** Mr. Hancock provided an update regarding the fee schedule and advised the Council that initial feedback from the community has been very positive. The Golf Course enjoyed a busy opening weekend and he appreciated the support of the Council and Golf Committee in helping to make it a success. There are a lot of new people coming out to play, and at this time the City has sold nearly as many annual memberships as what had been sold all season. There was a large group of golfers from Lake Almanor who came to golf on opening weekend, they stayed to have lunch and their feedback was very positive. The Bailey Creek course does not open for another month, so staff is hopeful that their positive experience will encourage them to return to play in Susanville and let other golfers in

the Almanor area know that our course is worth the drive over. He reported on the progress of the prison crew in cleaning out the bunkers, and he acknowledged the effort of City staff in working together to get the season off to a good start.

13C *Code Enforcement Update – Reported prior to Consent Calendar*

13D Natural Gas Update Mr. Platt explained that staff was directed to research the possibility of implementing a rate reduction to the pricing structure for current small businesses and residential customers. The information was gathered and several options were developed for the 2013/2014 fiscal year. The options range from no price change which results in a net revenue of \$319,800, to a price of \$1.99 per therm which would result in an annual net loss of \$96,000. A reduction to \$2.19 per therm would result in \$220,800 net revenue. Mr. Platt cautioned that many factors including weather would impact the net revenue over expenses and these are estimates only based on preliminary data. He stated that the worst case scenario would be to implement a rate reduction, only to have to come back in a few years and raise the rates if the cost of operations increased.

He discussed the annual debt service payments, projected operations and maintenance budget, the cash balance in the rate stabilization fund, and the requirements of the natural gas bond refinance. He suggested that the operating fund cash balance should be at least \$5 million to cover loan payments, capital improvements, meter replacements, and to cover changes in the gas market and weather trends in order to maintain stability in the rates for existing and future customers. He said it would be Staff's recommendation to lower the rate to \$2.15 per therm and for customers over 450 therms, a rate of \$2.07. It is a conservative price and could be reviewed again in spring 2014.

Mayor pro tem Wilson asked if the calculations included depreciation and if the additional revenue has been earmarked for anything specific.

Mr. Platt responded that the depreciation is included in the calculations, and the revenue is earmarked for capital improvements and replacement of the system, although it has not been officially designated by the City Council. He stated that it has always been the direction to expand and grow the system without having to borrow money to put in the infrastructure to serve a broader customer base. Adding more customers lowers the cost for all customers system-wide, and a warm winter could cost the City as much as \$250,000 net revenue in one season. The past few years have been colder than normal which has contributed to the accumulation of funds.

Councilmember McDonald asked how many new customers are hooked up every month.

Mr. Platt said the department has a current backlog of 30 new contracts, and is in the process of negotiating a contract for approximately 80 new residential customers.

Councilmember McBride thanked Mr. Platt for the providing the information and he would support staff's recommendation.

Mr. Hancock stated that staff has expressed a comfort level with a \$.05 reduction and stated that the next step would be to bring back firm numbers at the \$2.15 per therm rate.

Jim Chapman remarked that based on current projections, the City has excess revenue which is a good source for system expansion, but he suggested that staff explore the option of developing a program to sequester funds to utilize for rate reductions or rebates for loyal customers.

There was a general discussion regarding the best use of excess revenue and the merits of growing the system versus providing dividends for existing customers. It was the consensus to bring it back with the additional information on the \$.05 rate reduction.

14 **COUNCIL ITEMS:**
14A **AB1234 travel reports:** None

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

Meeting adjourned at 8:48 p.m.

Respectfully submitted by

Gwenna MacDonald, City Clerk

Rod De Boer, Mayor

Approved on May 1, 2013