

**SUSANVILLE CITY COUNCIL
Special Meeting Minutes
May 22, 2013 – 3:00 p.m.**

City Council Chambers

66 North Lassen Street

Susanville CA 96130

Meeting was called to order at 3:00 p.m. by Mayor De Boer.

Roll Call of City Councilmembers: Cheryl McDonald, Nicholas McBride, Brian Wilson, Lino P. Callegari and Rod E. De Boer, Mayor.

Staff present: Jared G. Hancock, City Administrator; Peter M. Talia, City Attorney; Tom Downing; Police Chief; Theodore Friedline, Fire Chief, Craig Platt, Public Works Director; James Moore, Battalion Chief; Janette Zahniser, Assistant to the Public Works Director; Debi Savage, Assistant to City Administrator and Gwenna MacDonald, City Clerk.

1 APPROVAL OF THE AGENDA: Motion by Councilmember Callegari, second by Councilmember McBride to approve the agenda as posted; motion carried unanimously.

2 PUBLIC COMMENT:

Mr. Hancock recognized the participation of Councilmember McBride and Battalion Chief Moore in the recent fundraiser held on behalf of St. Baldrick's Foundation in their effort to find a cure for childhood cancer.

3 SCHEDULED MATTERS:

3A Budget workshop: FY 2013/2014 Mr. Hancock explained the workshop objectives which included obtaining City Council and community input, reviewing budget objectives, individual funds, revenue, expenses, and the next steps in the budget adoption process. The City takes a conservative approach to the budget. There are potential revenue sources each year including project reimbursements, SCORE reimbursements, out of area fire suppression reimbursements, but the projected revenue is based upon consistent sources of income. The expenditures represent fully funded staffing levels, and vacancies due to staff turnover will result in a savings of funds. A percentage of the remaining cash at the year end has traditionally been put to reserves or with the remainder going into the unallocated cash account. At this time, there is not a structural surplus in the budget, and he explained that the Council could choose a different approach to the budget, utilizing anticipated revenues and including in the revenue line item.

Mayor pro tem Wilson asks where the unexpected sources of revenue are allocated. Mr. Hancock explained that revenue such as the SCORE refund is credited towards the risk management line item. If the cash is not for a specific expense it is put in the general fund non-allocated cash fund. Reimbursements for enterprise funds are reimbursed proportionately.

Mr. Hancock reviews the figures for revenue and expenses, and explained that revenue was higher than anticipated due to out of area fires, and the expenses were increased because of the PERS calculation and increase in insurance premium.

Slide Two:

General Fund

	<u>12/13 Budget</u>	<u>12/13 YTD</u>	<u>13/14 Budget</u>
Revenue	\$4,990,809	\$4,732,224	\$4,802,603
Expenses	\$5,525,978	\$4,370,114	\$5,025,646

General Fund Reserve: \$452,428

Unallocated Cash Balance: \$847,021

The general fund expense does not include the refinance of the side fund, which should occur this fiscal

year. Once a lender is chosen, the City will be able to quantify the savings.

Slide Three:

Water Enterprise Fund

	<u>12/13 Budget</u>	<u>12/13 YTD</u>	<u>13/14 Budget</u>
Revenue	\$2,384,508	\$1,726,749	\$2,384,508
Expenses	\$2,406,428	\$1,849,853	\$2,356,969

Cash in CIP Fund \$1,117,528
Cash in Rate Stabilization Fund \$3,000,000

Mr. Hancock explained that staff was not anticipating any increase in water usage or in water rates. The CIP Fund was discussed, and Councilmember Callegari requested that the money spent for capital improvements be published on the city's website in order to keep the community informed of the improvements to their water system.

Slide Four:

Natural Gas Enterprise Fund

	<u>12/13 Budget</u>	<u>12/13 YTD</u>	<u>13/14 Budget</u>
Revenue	\$4,626,135	\$4,001,056	\$4,626,135
Expenses	\$4,145,203	\$3,793,982	\$4,225,242

Cash in Rate Stabilization Fund \$1,807,075

Mr. Hancock explained that the revenue reflects the one-month delay with billing, but that the City is on track with natural gas sales for the year, and have benefited from the decrease in commodity costs. He discussed the concept of rolling over savings to fund a customer rebate option.

Slide Five:

Airport Enterprise Fund

	<u>12/13 Budget</u>	<u>12/13 YTD</u>	<u>13/14 Budget</u>
Revenue	\$82,300	\$88,720	\$92,300
Enterprise	\$84,806	\$74,330	\$108,938

Mr. Hancock indicated the balance does not reflect the general fund cash transfer which was made to eliminate the negative cash balance, and does not include the unfunded depreciation amount of \$137,424. The Council discussed setting aside an amount to build match funds for future FAA funding opportunities.

Slide Six:

Golf Course Enterprise Fund

	<u>12/13 Budget</u>	<u>12/13 YTD</u>	<u>13/14 Budget</u>
Revenue	\$336,401	\$315,332	\$336,400
Enterprise	\$339,956	\$251,484	\$350,544

Mr. Hancock stated that the balances do not reflect the general fund transfer to remove negative cash or the unfunded depreciation amount of \$40,000.

Councilmember Callegari asked about the loan paid to Plumas Bank, and stated that the Golf Course is an enterprise fund and should be self-sustaining so that the voters can make an informed decision about

whether or not to support those enterprises. The Council discussed the golf course lots that were listed for sale, the increase in expenses, and the accounting of long-term debt on the enterprise funds.

Slide Seven

Long Term Debt

\$1,607,930 – City Hall
\$5,000,000 – Pension Obligations
\$34,770,000- Utility Infrastructure

Mr. Hancock reviewed the City's long-term debt obligations.

Slide Eight

Budget Policies – Review

Mr. Hancock reviewed the City's budget policies as established by Resolution No. 09-4543:

- Adopt a budget by June 30th of each year
- Review all fees and charges annually
- Fund balances in excess of the reserve requirements may be used to fund one-time expenditures
- Strive to reach and maintain a general fund reserve equal to 20% of annual operating revenues
- 50% of prior fiscal year audited actual surplus (when available) to be set aside until 20% goal is reached
- Cash reserve above the 20% set aside in reserve will become available for spending (one-time expenditure).
- Maintain fiscal solvency
- A 4/5 vote is required to bypass or amend budget policies

Mayor pro tem Wilson clarified that the City's current reserve balance is \$452,000.

Slide Nine

Council Objectives and Discussions

Community Vitality

Economic Development Fund
Roadway Repair & Maintenance
Airport Improvement Fund
Sierra Park, Skyline Park Expansion,
Skate Park Completion
Community Pool
South East Gateway
Sidewalk Completion Plan
Beautification, Code Enforcement,
Property Maintenance
River Parkway
Johnstonville/Airport Well

Services and Operations

Debt Reduction Plan
Cost Allocation Plan
Mitigation Fund Objectives
Depreciation Adjustments
Natural Gas Rates
Enterprises with Negative Cash
Organization Structure
Compensation, Attraction and Retention
General Plan Update
Technology / Remote Access
City Hall Parking Lot
Facility and Equipment Funding

Mr. Hancock explained that the goals and priorities which have been expressed by Council and the community naturally fell into two groups: Community Vitality and Services/Operations. He reviewed the services and operations list items that have been completed or are in progress. The goals which would contribute to the health and vitality of the community include projects which would be expensive to complete, and Mr. Hancock suggested expensing them out into smaller components so that when the City is approached by community groups or eagle scouts looking for community projects, a smaller portion of the project could be taken on by various groups.

He discussed the County's progress in establishing a group of stakeholders who are working towards bringing a swimming pool to the community. Improving the image and pedestrian safety are key priorities in the South East Gateway project, and community beautification is a component of the City's work in code enforcement.

Mayor De Boer asked how soon the updates to the Municipal Code would be brought to City Council.

Mr. Hancock reviewed progress made to date in identifying a simple, consistent and fair process which balances the rights of property owners with the rights of other citizens to enjoy use of their own property without the nuisance that comes with garbage, rubbish, and trash complaints. Community input and feedback in that process will be important.

There was a general discussion regarding the properties wherein nuisances have been reported.

Councilmember Callegari asked about the parcel of property located across from the mill on Riverside Drive, and whether staff has made any progress with obtaining it as part of a river parkway improvement project.

Council discussed abatement goals and progress on the City-owned property located at 600 Nevada Street and the old hospital site. The property at the end of Cornell Street along the River Trail was discussed, with Councilmember McBride suggesting that it would make a good second access point to the ball park. Councilmember Callegari requested that staff add an item to the objects to create an asset inventory and possible liquidation plan for some of the city's excess properties.

Mayor pro tem Wilson requested that the City establish an Airport Capital Improvement Plan fund, and it was the consensus of the Council to do so.

Mayor pro tem Wilson addressed the subject of a community swimming pool, adding that the current direction required bringing it to the voters as a tax measure. He suggested the City and County contributing \$200,000 each year towards construction, maintenance and operations cost. While it is a process that moves slowly, it is clear that time and time again, the community sentiment is that a pool is the most important item on the wish list.

It was the consensus of the Council to put the support of a community swimming towards the top of the Community Vitality list.

There were no further comments or suggestions.

15 ADJOURNMENT:

Motion by Mayor pro tem Wilson, second by Councilmember Callegari to adjourn the meeting; motion carried.

Meeting adjourned at 4:42 p.m.

Respectfully submitted by

Gwenna MacDonald, City Clerk

Rod E. De Boer, Mayor

Approved on June 19, 2013