

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

Regular Meeting Minutes

June 4, 2014 – 5:30 p.m.

City Council Chambers 66 North Lassen Street Susanville CA 96130

Meeting was called to order at 5:30 p.m. by Mayor Rod De Boer.

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

Staff present: Jared G. Hancock, City Administrator, Peter M. Talia, City Attorney, Dan Newton, City Engineer/Interim Public Works Director; Theodore Friedline, Fire Chief; Matt Wood, Police Lieutenant/Acting Police Chief; Deborah Savage, Finance Manager; and Gwenna MacDonald, City Clerk.

1 APPROVAL OF AGENDA:

Motion by Councilmember Callegari, second by Councilmember McDonald, to approve the agenda as submitted; motion carried. Ayes: Callegari, Wilson, McDonald, McBride and De Boer

WORKSHOP: Budget Fiscal Year 2014/2015

Mr. Hancock explained the workshop objectives which included obtaining City Council and community input, reviewing individual funds, revenue, expenses, and the next steps in the budget adoption process. He turned the floor over to Deborah Savage, Finance Director.

Ms. Savage began a power point presentation by reviewing the following slides related to the overall fiscal health of the city:

Slide one:

GENERAL FUND

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$5,760,593	\$5,184,045	\$5,168,442
Expenses	\$5,306,200	\$4,620,637	\$5,216,279

General Fund Reserve \$800,000

General Fund Objective \$1,033,000 (20% of annual operating revenue)

Unallocated Cash Balance - \$861,641

Slide two:

Departmental Requests Currently Included in Draft Budget:

Police: Create a full-time permanent CSO position by combining 2 part-time temporary positions. (Additional cost \$2,000); Increase budget \$5,000 for custodial costs.

Fire: Increase Dues & Memberships by \$150

Slide three:

Departmental Requests Not Currently Included In Draft Budget:

Police: Fund 4th sergeant position. \$100,000

Fire: Replace outdated SCBA tanks. \$80,000
Replace heating system. \$141,000

Administrative

Services: Replace failing telephone system

Replacement of aged vehicles

Emergency power supply for City Hall

Slide four:

Long Term Debt:

- City Hall \$1,521,107
- Pension Obligations \$4,812,000
- Utility Infrastructure \$34,296,000

Slide five:

STREETS FUND

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$ 724,177	\$ 557,278	\$ 732,184
Expenses	\$ 702,666	\$ 572,382	\$ 732,184

Requests currently included in the draft budget:

Convert one full-time temporary position to full-time permanent (Additional Cost \$18,360)

Slide six:

WATER ENTERPRISE FUND

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$2,384,508	\$1,780,043	\$2,384,508
Expenses	\$2,374,579	\$2,202,546	\$2,301,513

Cash in CIP Fund \$ 849,672 Cash in Rate Stabilization Fund \$3,000,000

Slide seven:

NATURAL GAS ENTERPRISE FUND

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$4,526,450	\$4,248,147	\$4,578,450
Expenses	\$4,444,326	\$3,843,165	\$4,578,450

Changes included in draft budget: Increased cost of purchasing Natural Gas

Slide eight:

AIRPORT ENTERPRISE FUND

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$107,300	\$ 92,328	\$107,300

Expenses \$ 97,432 \$213,986 \$ 93,998
 Requests not included in draft budget:
 Purchase additional fuel tank \$10,000
 Does not include unfunded depreciation \$132,050

Slide nine:

GOLF COURSE ENTERPRISE FUND

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$361,026	\$334,291	\$352,950
Expenses	\$394,601	\$302,221	\$352,950

FY 13/14 amounts do not include cash transfer from General Fund to pay-off loan \$468,234

Slide ten:

PUBLIC WORKS ADMINISTRATION

Revenues and Expenses

	<u>13/14 Budget</u>	<u>13/14 YTD</u>	<u>14/15 Budget</u>
Revenues	\$ 584,948	\$ 468,748	\$ 575,746
Expenses	\$ 584,978	\$ 490,909	\$ 575,746

Ms. Savage reviewed the City's budget policies:

Slide eleven:

- Adopt a Budget by June 30 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.

Ms. Savage turned the floor over to Mr. Hancock, who reviewed the City Council budget objectives which had been discussed and compiled during the mid-year budget discussions:

Slide twelve:

COMMUNITY VITALITY

Goal:

- Economic Development Fund
- Sierra Park, Skyline Park Expansion, Memorial Skate Park Completion
- Sidewalk Completion Plan
- River Parkway

In Progress:

- Roadway Repair & Maintenance
- Community Pool
- South East Gateway

- Sidewalk Completion Plan
- Beautification, Code Enforcement, Property Maintenance
- Johnstonville/Airport Well

Completed:

- Airport Improvement Fund

SERVICES AND OPERATIONS

Goal:

- Mitigation Fund Objectives

In Progress:

- Debt Reduction Plan
- Natural Gas Rates
- Compensation, Attraction and Retention
- General Plan Update
- Technology/Remote Access
- City Hall Parking Lot
- Facility & Equipment Funding

Completed:

- Enterprises with Negative Cash
- Organization Structure
- Depreciation Adjustments

He requested comments and questions from the City Council.

Councilmember Callegari asked for an update from the public works department regarding planned road improvements.

Mr. Newton responded that a report was planned for presentation at the June 18, 2014 meeting. He stated that road maintenance dollars will go further on roads that require minimal repairs, and the priority is always on high-traffic volume streets. The report will also include funding options for the planned repairs.

Councilmember Callegari recommended looking at surplus auctions to obtain a generator for alternate power at City Hall.

Mr. Hancock responded that the Fire Chief was spearheading the effort to obtain quality used equipment, including generators, for use by the City.

Councilmember Callegari asked if the Community Center was being rented out for private parties and events.

Mr. Hancock responded that a few groups, such as boy scouts and a quilt club, were renting the space on a regular basis. The City also rents the old golf course club house available for events.

Councilmember McBride asked for clarification regarding the additional expense in the airport fund.

Mr. Hancock responded that it pertained to an increase in Mr. Datema's contract, and due to COLA increases for those employees whose time was charged to the airport through the cost allocation process.

Mayor pro tem Wilson asked about the request for an additional fuel tank at the airport.

Mr. Hancock responded that the airport in Chester is changing fuel operators and has a large capacity tank with better filtering and pumping equipment and the City has the opportunity to purchase it. Staff will be bringing the item back for Council consideration at the June 18th meeting. The City currently contracts with Steve Datema to manage the fueling operation at the airport, and receives \$.15 per gallon as a flat fee for every gallon sold.

Councilmember Callegari asked how many hangars at the airport currently do not have any aircraft stored in them, suggesting that those tenants are engaging in an unauthorized use of city property.

There was a general discussion regarding the process for owner-occupied hangars versus leased, the requirements for storage of aircraft, and the process for subletting and the City's right of first refusal when any hangars become available for sale.

Mayor pro tem Wilson requested clarification from Ms. Savage regarding the end of year final figures for revenue and expense and a confirmation that the City was on track to meet the general fund reserve goal.

Ms. Savage replied that the City was on track to meet the estimated \$5.76 million in annual revenue as the sales taxes have been a bit higher than estimated, and due to salary savings and a few other items, the year-end expenses were expected to be lower than budgeted.

Mr. Hancock added that the City began with a \$19,000 deficit, and due to some unanticipated savings and the addition of one-time revenue, ended with a budget surplus of approximately \$200,000.

Mayor pro tem Wilson requested input or comments from the Department heads.

Chief Tom Downing reviewed the proposed staffing changes in his department, including the consolidation of two part-time community service officer positions, the benefits and challenges of the police volunteer program, the struggle to provide consistent custodial duties for his department through the inmate program, and the overall vision for the police department in moving forward.

Chief Theodore Friedline discussed grant funding opportunities for equipment purchase and the cost of heating the station with the aging water boiler system.

Mr. Newton reviewed the needs of the public works department, noting the various pieces of equipment that should be replaced and economical options for purchase and that the public works department also needs to replace the phone system.

Mr. Hancock responded that staff was looking at options for phone system replacement for all departments. On average, the city's phone systems are between twelve and thirty years old.

Mayor pro tem Wilson asked if the natural gas fund was healthy enough to begin charging wholesale rates to the City's own departments.

Mr. Hancock responded that staff could make those calculations and determine an overall benefit. Currently the departments are charged at a residential rate, and with the usage levels would qualify for a cheaper commercial rate.

At 6:45 p.m., Mayor De Boer called for a 15 minute recess before reconvening in open session, announcing that closed session items would be considered after the conclusion of open session.

2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS:

3 CLOSED SESSION:

A CONFERENCE WITH LEGAL COUNSEL – Anticipated litigation: Significant exposure to litigation pursuant to Government Code §54956.9 (b): four potential claims

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

1 Agency Negotiator: Jared G. Hancock
Bargaining Unit: Administrative Confidential: 2014/2015

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

Staff present: Dan Newton, City Engineer/Interim Public Works Director; Theodore Friedline, Fire Chief; Matt Wood, Police Lieutenant/Acting Police Chief; Deborah Savage, Finance Manager; Tom Downing, Police Chief; Heidi Whitlock, Assistant to the City Administrator and Gwenna MacDonald, City Clerk.

Mr. Hancock stated that the agenda was approved without changes.

Councilmember McBride offered the Thought of the Day.

Mayor De Boer presented Councilmember McDonald with a plaque honoring her four years of service as a city councilmember.

Lieutenant Wood presented certificates of appreciation to Officer Bollinger, Officer Leiss and Officer Merritt on behalf of the City Council for outstanding service at recent fire events.

5 BUSINESS FROM THE FLOOR:

Jim Chapman, Lassen Sportsman Club, presented the City Council with a plaque of appreciation for their continued assistance and support of the Junior Fishing Derby. He thanked the Council for supporting what is one of the community's largest and most popular children's events.

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

A Receive and file minutes from the City Council's May 7, 2014 meeting

B Approve vendor warrants numbered 90946 through 91070 for a total of \$388,719.61 including \$99,716.51 in payroll warrants

C Consider approval of **Resolution No. 14-5059** declaring police vehicles surplus and authorizing sale

Motion by Mayor pro tem Wilson, second by Councilmember Callegari, to approve the consent calendar; motion carried unanimously. Ayes: Callegari, Wilson, McDonald, McBride and De Boer

Councilmember McBride recused himself from discussion of the public hearing item and left the council chambers.

7 PUBLIC HEARINGS:

7A Historic Uptown Susanville Association (HUSA) Assessments

1 Public Hearing: Solicit and consider public comment relative to setting FY 2014/2015 assessments

2 Action: Consider Resolution No. 14-5057, Setting assessments for FY 2014/2015 (HUSA)

Mr. Talia explained that the *Streets and Highways Code* requires the City Council to consider the annual fiscal report of the Historical Uptown Susanville Association (HUSA). At the May 21, 2014 meeting the City Council approved Resolution 14-5052 which set the public hearing to consider the levy of assessments. Due to the holiday publishing schedule over Memorial weekend, staff is requesting the public hearing be opened and continued to June 18, 2014 to comply with public hearing notification requirements. He noted that if there were those present who could not attend the June 18th hearing, it would be appropriate to consider their comments at this time.

At 7:12 p.m. Mayor De Boer opened the public hearing and requested comments from any member of the public wishing to speak either for or against the setting of assessments.

Darren McBroom, Sierra Jewelry Co., commented that while he recognizes the contribution of HUSA's community events, he has struggled with the fees and whether or not the benefit outweighs the cost. He believes the community events would be more appropriately sponsored and coordinated through the Chamber of Commerce, and the HUSA fees dedicated solely to advertising for the district.

Rudy Valentine, Iron Horse Gym, stated that he has always supported any event that focuses on kids, and there are a lot of businesses and organizations in the community that are doing great things, but he does not see a purpose for HUSA. They have collected thousands of dollars in fees over the years with not much to show for it.

There being no further comments, at 7:22 p.m. Mayor De Boer continued the public hearing to June 18, 2014. Councilmember McBride returned to the chambers.

**8 COUNCIL DISCUSSION/ANNOUNCEMENTS: No business.
Commission/Committee Reports:**

9 NEW BUSINESS:

9A Consider establishment of Weed Abatement Deadline: June 27, 2014 Chief Friedline reported that each year Council approves a weed removal deadline for properties within the City limits. This date coincides with the sale of Safe and Sane fireworks in California, and Section 8.28 of the City of Susanville Municipal Code. Staff has determined June 27, 2014 to be the date for overgrown weeds that pose a fire hazard to be removed from properties in the City. After this date, staff will take appropriate action to cause the removal of weeds. Also after this date, property owners who have not taken action to remove a fire hazard may be billed for fire suppression costs, in the event of a fire.

Motion by Councilmember Callegari, second by Councilmember McDonald, to establish June 27, 2014 as the deadline for weed removal; motion carried unanimously. Ayes: Callegari, Wilson, McBride, McDonald and De Boer.

9B Consider approval of Application for Federal Surplus Property acquisition Mr. Hancock explained that in the past, the City has been successful in acquiring useful items through the Federal surplus program and has an opportunity to obtain surplus property and equipment from the Sierra Army Depot in Herlong. In order to maintain eligibility for the program, the City is required to apply through the California Federal Surplus Personal Property Program (CFSP). The CFSP oversees the reutilization of state and federal surplus property and facilitates by obtaining federal surplus property for qualifying non-federal organizations for their business and operational needs. The application will identify the authorized buyers for the agency, and establish contact information for compliance reviews and eligibility renewals. Staff proposes designating the City Administrator and Finance Manager as authorized representatives for the City.

Motion by Mayor pro tem Wilson, second by Councilmember McBride, to approve submittal of the application; motion carried unanimously. Ayes: Callegari, Wilson, McBride, McDonald and De Boer.

9C Consider approval of Resolution No. 14-5060 approving agreement with Lassen Community College for the use of their facilities for training Chief Downing reported that the Susanville Police Department continually strives to provide the maximum level of training to its officers and to that end, desires to perform tactical training at facilities owned and maintained by Lassen Community College. The College has agreed to the use, and has asked the City of Susanville to complete a Facilities Use Agreement as well as add the college as an additional insured to the City's insurance policy. The College will waive any facility use fees.

Motion by Councilmember McDonald, second by Councilmember Callegari, to approve Resolution No. 14-5060; motion carried unanimously. Ayes: Callegari, Wilson, McBride, McDonald and De Boer.

9D Consider approval of Resolution No. 14-5058 approving Mutual Aid Emergency Response Agreement Chief Friedline explained that the City maintains an Agreement for Mutual Emergency Response Aid within the Lassen Operational Area, which includes most Lassen County Fire Departments or Districts. The agreement provides fire suppression resources when requested, without cost, in the event of large emergencies and disasters and must be reviewed every five years for renewal.

Motion by Councilmember McDonald, second by Mayor pro tem Wilson, to approve Resolution No. 14-5058; motion carried unanimously. Ayes: Callegari, Wilson, McBride, McDonald and De Boer.

10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY: No business.

11 SUSANVILLE MUNICIPAL ENERGY CORPORATION: No business.

12 CONTINUING BUSINESS: No business.

13 CITY ADMINISTRATOR'S REPORTS:

13A Lassen High School Resource Officer Chief Downing reported that the Lassen Union High School is interested in adding a School Resource Officer to their campus beginning with the 2014/2015 school year. The school district has allocated funding for the position to cover the salary and benefits of an additional police officer to be added to the police department's staff. It would be the intent of the police department to assign an experienced officer to the school for this service, then backfill the vacancy by hiring a patrol officer. A draft agreement has been prepared providing for a three year agreement with one year cancellation clause and has been reviewed by legal counsel for the City. The Lassen Union High

School Board will review the agreement and provide direction to their staff and if approved, City staff will bring back for final review and consideration by the City Council. The school has not had a dedicated resource officer since 2008, and was a very successful program. Chief Downing requested comments or questions from the City Council.

Mayor pro tem Wilson asked if the school decided in three years to eliminate the program, if the City would then be negotiating with the affected bargaining group to add an additional position to the City's staff.

Chief Downing responded that he did not envision it becoming a bargaining issue. The School Resource Officer position would be filled by a tenured member of staff, and a patrol position backfilled on a temporary basis. The logistics of scheduling the School Resource Officer's time during the summer when school was not in session was still being reviewed.

Mr. Hancock added that the program does represent a significant commitment by the City and School District, and believes that it was important to have these discussions at this stage. The same agreement and dialog would be occurring at the School Board level, and the purpose of the discussion at this meeting was to receive input from the Council and decide whether to move forward with the program.

It was the consensus of the City Council to move forward with the program and report back with the School Board's decision.

13B Smoking Lounges and E-Cigarette Update Mr. Hancock explained that the City had received a lot of valuable information at a prior meeting from Laura Roberts, Lassen Smoke Reduction Task Force, regarding hookah lounges and the increasing use of electronic cigarettes. Staff has been researching what other communities are doing to successfully address the issue, and the first is an expansion of existing language regarding tobacco use to include electronic cigarettes. The second issue relates to land use, and the City's current ordinance is considered a permissive ordinance which means that the use has to be listed in order to be prohibited. If it is a similar or equivalent use, then it goes through the Use Permit process for approval. The City does not currently have smoking lounges, and to leave the ordinance as it exists has not been a successful tool in other communities and regulating the use would require a modification to the Susanville Municipal Code to prohibit smoking lounges by ordinance.

Laura Roberts commented that her organization was standing ready to help with research, training, or identifying consultants if needed.

Councilmember Callegari suggested obtaining a letter from a local doctor to support the findings that Ms. Roberts shared regarding the health dangers of electronic cigarettes to gain the advantage of medical support.

It was the consensus of the Council to bring back draft language for Council consideration.

Mayor pro tem Wilson asked Mr. Chapman, District 3 Supervisor, if the County was taking any similar action.

Mr. Chapman responded that he has not discussed the item at the Board of Supervisors level, however he has been speaking with Ms. Roberts and there were other issues that have come up regarding civil liberties, freedom of speech etc. (LISTEN TO TAPE)

13C General Plan Updates Mr. Hancock explained that the General Plan provides the framework by which a City regulates and monitors the development of the community and represents the goals, policies, and vision of the community. It is required by State law, with seven mandatory elements and an option to add additional elements. The City's General Plan is made up of nine elements, including the mandatory elements of land use, circulation, open space, housing, conservation and safety and noise. The City voted to include two optional elements; economic development in 1991 and community character in 1990. The land use element was updated in 2006, and the Housing element, which is subject to a mandatory update every five years, was updated for the 2009 – 2014 period. The circulation, open space, safety and noise elements have not been updated and there have been significant changes in the community since the original adoption in 1990. The Economic Development element was updated by the adoption in 2002 of an economic development strategy, and the community character element has components that are covered in other elements and as an optional element, is not subject to mandatory updates. He explained that staff was moving forward in an approach to update individual components as opposed to a holistic update that can be time consuming and very costly.

Councilmember Callegari that the circulation element has been updated since 1990 in part due to the Skyline Extension.

Mr. Hancock agreed, describing the process of conducting traffic circulation studies through projection modeling. The update would require the expertise of a specialized consultant for the modeling process, and that the outcome of the studies was an important component in identifying traffic control projects to work into a mitigation fee schedule.

Councilmember Callegari remarked that he participated in the 1990 General Plan adoption and it is a lengthy process.

Councilmember McBride observes that the update for the General Plan has been an item that has been put on the back burner, and as an important component of the community's development and growth, should be made a priority.

13D Susanville Municipal Airport Update Mr. Hancock explained that the City receives funding through the FAA for airport improvements in the amount of \$150,000 per year. The funding can be carried forward every year for an accumulation of up to \$600,000. The City is now very close to that amount, and in October, \$150,000 in funding will drop off and no longer be available. Projects are required to have a ten percent cash match, and the City has set aside \$15,000 in the 2013/2014 fiscal year, and budgeted an additional set aside in the 2014/2015 fiscal year. The options for spending include either swap out funding years with another jurisdiction, or just spending it. The City's smallest project is the apron taxi-way project at \$900,000. The runway lighting project would be an appropriate project and certainly the first choice but the eligibility process is lengthy and would take approximately four or five months to meet the FAA process of including it on the project list. C & S Consultants has been working to phase the taxiway project into two components, with the first being approximately \$450,000. The City has historically relied on Caltrans to contribute four and a half percent towards the project match, however they have indicated this year that the funding source through the aeronautics division may not be available to provide the additional financial assistance.

Mr. Hancock explained that the City has \$30,000 of the required \$45,000 match, and reviewed options to move forward with the project, including committing \$15,000 from the 2015/2016 fiscal year. The

contribution of in-kind services was discussed, with Mr. Newton clarifying that FAA requirements for in-kind services allows for the City to charge costs to the project, and then bill the FAA for reimbursement for that particular component of the project.

It was the consensus of the City Council to finalize phase one of the project, identify the funding source for the additional cash match, and bring back for Council consideration and approval.

Councilmember Callegari requested that the airport manager should be in attendance when the council considers and reviews airport projects.

13E Mitigation Funds Mr. Hancock explained that the City Council considered the annual mitigation fund report, reviewed the funds that had been implemented for projects that were completed, and were working to consolidate and close out those funds based on direction given by City Council. Specifically, the two culvert funds were to be closed and funds moved to street mitigation, and the two skyline traffic signal funds would be combined into a Paul Bunyan/Ash Street traffic signal mitigation fund. A resolution to memorialize that action would be brought back at a future meeting if necessary.

14 COUNCIL ITEMS:

14A AB1234 travel reports:

15 ADJOURNMENT: There being no further business, at 8:23 p.m. Mayor De Boer called for a five minute recess before reconvening to closed session.

Meeting adjourned at 9:00 p.m.

Respectfully submitted by

Rod E. De Boer, Mayor

Gwenna MacDonald, City Clerk

Approved on: August 6, 2014