

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

**Regular Meeting Minutes
February 18, 2015 – 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 Brian R. Wilson.

Roll call of Councilmembers present: Kathie Garnier, Nicholas McBride, Rod E. De Boer, Lino P. Callegari and Brian R. Wilson.

Staff present: Jared G. Hancock, City Administrator and Gwenna MacDonald, City Clerk.

1 APPROVAL OF AGENDA:

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

2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS: No comments.

3 CLOSED SESSION: At 6:01 p.m. the Council recessed to closed session to discuss the following:

- A PUBLIC EMPLOYMENT – pursuant to Government Code §54957:
 - 1 Fire Chief Recruitment
- B CASE REVIEW OR PLANNING – pursuant to Government Code §54957.8
- C CONFERENCE WITH LABOR NEGOTIATOR – pursuant to Government Code §54957.6:
 - 1 Agency Negotiator: Jared G. Hancock
 - Bargaining Unit: Administrative Professional/Technical
 - Firefighters Public Works
 - Management SPOA
 - Miscellaneous

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

Staff present: Thomas Downing, Police Chief; James Moore, Fire Battalion Chief/Interim Fire Chief; Dan Newton, Public Works Director; Deborah Savage, Finance Manager and Gwenna MacDonald, City Clerk.

Mr. Hancock stated that prior to closed session the agenda was approved as submitted. In closed session Council took action on Item 3A and gave direction to staff on Item 3C.

Mayor pro tem McBride provided the thought of the day.

Chief Thomas Downing asked for a moment of remembrance for Jack Burk and support for his family. Mr. Burk served the City of Susanville Police Department from 1967 to 1995.

5 BUSINESS FROM THE FLOOR:

Christi Myers, Lassen County Public Health, provided an update regarding the events which occurred on February 6, 2015, as a result of a severe storm. The public health department was actively involved in the

evacuation of the Country Villa River residents due to facility roof damage, and she thanked City public safety staff and City Council for the support and assistance given to their agency during that process. She also provided information regarding the State-wide measles outbreak, stating there have been no substantiated cases of measles in Lassen County.

6 **CONSENT CALENDAR:** Mayor Wilson reviewed the items on the Consent Calendar:

- A Receive and file minutes from the City Council's January 21, 2015 meeting
- B Approve vendor warrants numbered 93174 through 93317 for a total of \$371,151.84 including \$98,218.77 in payroll warrants
- C Receive and file Finance Reports: January 2015

Motion by Councilmember Callegari, second by Councilmember De Boer, to approve the Consent Calendar; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

7 **PUBLIC HEARINGS:** No business.

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS:** None.
Commission/Committee Reports:

9 **NEW BUSINESS:**

9A **Consider appointment of representatives to the Airport Commission** Mr. Hancock reported that the City of Susanville Airport Commission consists of five members who are responsible for advising the City Council and making recommendations related to the Susanville Municipal Airport. The City has been recruiting for two commission vacancies, and have also been notified of one Commissioner who will be leaving the area. Mr. Hancock explained the requirements to serve on the Commission and the process of appointment. The City received six letters of interest, and it is necessary to appoint three members to fill the vacancies. The Mayor has recommended William Heyland and Cameron Farrell to fill two of the vacancies, and Richard Hrezo to fill the remainder of Commissioner Apel's term. The appointment of Mr. Farrell creates a vacancy in the alternate position, and it is recommended that Larry Beck fill the alternate position with a term ending November 2015.

Motion by Councilmember De Boer, second by Councilmember Callegari, to approve the appointment as requested; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

9B **Consider approval of Resolution No. 15-5137 approving maintenance agreement with Thompson Garage Doors** Mr. Hancock explained that many of the City's facilities feature roll-up doors which require regular maintenance to ensure their proper function. Rather than address repairs as they occur, staff has solicited maintenance proposals to enter into a preventative and annual maintenance agreement for all City facilities. Thompson Garage Doors submitted the most responsive proposal for facilities located at the Fire, Police, Public Works departments and the Parks & Recreation shop located on Sierra road. The terms of the agreement provide for minor repairs and replacement parts up to \$50 with no annual contract charges. Additional time will be billed at \$94 per hour as needed for additional time.

Councilmember Callegari asked if there were any local businesses that could perform the work.

Mr. Hancock responded that the City always prefers to shop local, but in this case there were no responsive businesses.

Mayor pro tem McBride asked if there was a trip charge included in the cost.

Battalion Chief Moore responded that Thompson Garage Doors normally tries to bundle their jobs and the Fire department has never been assessed a trip charge for the work they complete.

9C Consider approval of Resolution No. 15-5138 authorizing annual Certificate of Materiel status for static display at Susanville Municipal Airport Mr. Hancock explained that the City has equipment on display at the Susanville Airport, including two helicopters, and each year the City is required to recertify that the property is being displayed in the same manner and condition as originally intended. The City provides the certification as well as photographs and proof of insurance annually.

Motion by Councilmember De Boer, second by Councilmember Callegari, to approve Resolution No. 15-5138; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

9D Consider approval of Resolution No. 15-5139 authorizing agreement with National Museum of the US Air Force for static display at Susanville Municipal Airport Mr. Hancock explained that the recertification is also required for the Phantom Jet FC on loan from the National Museum of the United States Air Force. The City must renew the loan agreement on an annual basis in addition providing pictures and proof of insurance.

Motion by Councilmember Callegari, second by Councilmember De Boer, to approve Resolution No. 15-5139; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

9E Consider approval of Resolution No. 15-5140 authorizing annual Certificate of Materiel status for static display at Memorial Park Mr. Hancock reported that in addition to the static displays at the airport, the City Council authorized a Conditional Deed of Gift accepting responsibility for the GPF M1917/18 Series Gun on display at Memorial Park and must also certify annually that the equipment is still in the possession of the City and is being displayed in the same manner and condition as indicated by the original photograph.

Motion by Councilmember Callegari, second by Councilmember De Boer, to approve Resolution No. 15-5140; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

Councilmember Callegari requested that the City install a plaque with the names of all local area service members who have been killed in action, as the original intent of Memorial Park was to honor the community's military service members.

9F Consider approval of Resolution No. 15-5141 adopting the City of Susanville mid-year Budget Ms. Savage reported that each year, the City adopts a budget that sets the appropriations for the new fiscal year. Revenues are based on projections received from Lassen County and the State of California and expenses are estimated based upon City Council priorities and department requests for the upcoming year. The City reviews the budget at mid-year and adjusts these projections based on current revenue allocations from the County and State, and any expense changes that have occurred during the first six months. The mid-year adjustment recommendations include an increase in revenues in the amount of \$23,344, and an increase in expenditures in the amount of \$86,894, for an overall budget deficit of \$191,425. In addition, Ms. Savage pointed out that the City has been notified of an increase in the CalPERS Risk Pool which will result in an increase to unfunded liability costs for all members. For the City, this increase will result in an additional \$323,459, in payroll costs for fiscal year 2015-2016.

Mayor Wilson requested clarification regarding ownership of the property that the City acquired through foreclosure on the north side of town.

Mr. Hancock responded that the property was acquired through the general fund, and must be transferred to the Susanville Municipal Energy Corporation in order to effectuate ownership of the property by the water fund.

Councilmember Garnier asked if there was a cost associated with the new phone system at City Hall.

Mr. Hancock responded that the cost related to the new phone system was related to server upgrades, and that the equipment had been obtained at no charge.

Mayor Wilson requested clarification regarding the additional CalPERS charges.

Ms. Savage explained that as part of a risk pool, the City is subject to paying additional costs that may be assessed due to unforeseen things that impact the rate of return such as more retirements than anticipated. It is similar to SCORE in that it is a self-funded pool and what affects one member has an impact on all members.

Mr. Hancock added that CalPERS reviews the rate of return and a number of factors every few years and when there are higher than expected returns then it is referred to as super funded, and factors such as disability retirements are identified and referred to as unfunded liabilities. The additional cost that Ms. Savage alluded to is assessed for one year only.

Mayor Wilson asked what the total cost was for airport depreciation. Ms. Savage responded that the amount was \$130,000.

There was a general discussion regarding property values and the potential increase in tax that would mean an increase in City revenue as the real estate market recovers.

Motion by Councilmember De Boer, second by Councilmember Garnier, to approve Resolution No. 15-5141; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

10 SUSANVILLE COMMUNITY DEVELOPMENT AGENCY: No business.

11 SUSANVILLE MUNICIPAL ENERGY CORPORATION:

At 7:46 p.m., the City Council recessed and reconvened as the Susanville Municipal Energy Corporation with all members present.

11A Annual Report: Solicit and consider comments relative to the annual SMEC report Mr. Newton explained that the Public Works department prepares an overview of the operations of the City's Water, Natural Gas and Geothermal divisions to the SMEC Members for their review. The Water Division crew works consistently to repair and replace aging water main lines and service lines. The City works to coordinate line replacement projects with street overlay projects. The City Council approved a significant project to replace a deteriorating waterline on Main Street near Walmart and Johnstonville Road, an area

where there had been a number of leaks prior to the replacement project. In June 2008 water fees were increased to provide funding and the revenue was placed in a special operational fund for the replacement of the aging water system, and these funds have been utilized to replace aging water infrastructure as well as water meters. The water meter replacement project is nearing completion and there has been an increase in baseline low-end water usage which is not usually picked up by aging water meters. As of June 30, 2014, the Water Fund cash balance of \$3,887,552.90 and there were 3,806 residential and commercial customers.

Director Garnier asked which areas of town are a particular concern regarding the water system and major leak potential.

Mr. Newton explained that typically the focus is on streets with a number of leaks where in some cases the pavement is a patchwork of repairs. The Capital Improvement fund established by City Council provides much needed funding, however the extent of repairs and cost are such that the fund will not cover all of the costs. He referred to a Water Capital Improvement plan which is being developed to identify and prioritize the City's short and long term goals.

Chairperson Wilson asked if the department considered natural gas overlay projects as well.

Mr. Newton responded that the Susanville Sanitary District and Plumas Sierra Rural Electric Cooperative are consulted and working together so that whenever there is an open trench, the City can minimize the occasions of cutting through new pavement.

There were no further questions regarding the water system report.

Mr. Newton explained that the Natural Gas division has continued with a steady influx of new customers which the crew is able to connect in a timely manner. There has been an increase in commercial development as well. He explained that the SCADA system, which also is in operation for the water system, ensures that all key systems are monitored and communicate electronically 24 hours per day, seven days a week to keep City crews aware of potential problems. The City is working to install radio meters which allows the meter reader to obtain the reading without having to enter backyards. The meters have a higher standard of accuracy and will be inspected on a quarterly basis to ensure that they are still working properly. The Division has a 24 hour, 7 day per week emergency telephone number to ensure the safe operation of the system and provide the best possible service to customers. The Natural Gas Enterprise Fund revenue continued to exceed expenses in 2013-2014, and commercial development within the City will increase the amount of gas sold over time and the winter temperatures have an effect on the revenues as well. As of June 30, 2014, the Natural Gas Fund cash balance was \$3,579,111.99, and there were 3,075 commercial and residential gas customers.

Chairperson Wilson asked if the department has an estimate of the number of potential customers.

Mr. Newton responded that the customer number is measured by the number of meters, and in the instance of multi-family properties, it is misleading as to the actual number of homes utilizing natural gas. It would be good information to identify.

There were no more questions regarding the natural gas system.

Mr. Newton explained that the City continues to operate its commercial geothermal well, located on South Lassen Street, which serves City and County facilities, Lassen High School, Credece High School, Diamond View Middle School and a large apartment complex. The system is also connected to the SCADA system and notifies City crews when the system goes down due to power outages or system failures of any kind.

At 8:06 p.m., Director Callegari exited the Council Chambers.

Mr. Newton explained that the geothermal system operates differently from the water system in that the supply line discharges into a return line. The return line can build pressure based on outlet settings and this can cause problems providing adequate flow to certain facilities within the system. Problems of this nature were experienced in 2013/2014 and affected Diamond View School, but they have since been resolved. Staff is considering obtaining a generator at the location of the South Lassen Street well in order to ensure that the system still operates during power failures. As of June 30, 2014, the Geothermal fund cash balance was \$276,338.48.

Motion by Director De Boer, second by Director Garnier, to accept the annual report as presented; motion carried unanimously. Ayes: Garnier, McBride, De Boer and Wilson. Absent: Callegari.

The SMEC Board of Directors adjourned at 8:08 p.m. and reconvened as the City Council.

At 8:09 p.m., Councilmember Callegari returned to the chambers and assumed his seat on the dais.

12 **CONTINUING BUSINESS:** No business.

13 **CITY ADMINISTRATOR'S REPORTS:**

13A **Federal Grant funds for Public Safety** Chief Downing explained that the federal funding which was previously dedicated to funding the Narcotics Task Force for the past 20 years has been approved by the State and Community Corrections Board in the amount of \$16.6 million in federal dollars for a wide range of public safety projects. The focus is on projects designed to reduce school violence, gang involvement, provide detention alternatives to low-risk juveniles and increase graduation rates. Lassen County has been awarded \$220,000 and Chief Downing offered statistics for how Lassen County ranks in issues related to juvenile crimes and arrest rates, and provided an update regarding the collaborative effort between the City and Lassen County to develop local programs. Chief Downing proposed funding fifty percent of the salary and benefits for a full-time Community Services Officer to be the designated program liaison, indicating that he would be returning with a revised job description for consideration at a future meeting.

Mayor pro tem McBride expressed concern regarding the potential for conflict given the current responsibilities of the Community Services Officer.

Chief Downing responded that the programs would implement a holistic approach with other agencies, including Lassen Family Services, involved in a self-guided program that would be facilitated by the CSO.

Councilmember Garnier asked how the \$220,000 in funding would be allocated between the respective agencies.

Chief Downing responded that the Sheriff would be funding one full-time Community Services Officer, Lassen Family Services receive \$55,000, ten percent of the funding would be dedicated to data collection, and there were other costs covered including materials, travel, and training. The Office of Education will be donating office space, and the City will receive \$14,379 per year plus benefits.

Councilmember Callegari stated that juvenile problems run deep, and that local agencies have to start somewhere and he supported the concept.

Mayor Wilson confirmed that it was a three year plan.

Chief Downing responded that the program was established as a three year plan with evaluations and modifications taking place in year two and three. He reminded the Council that this same revenue funded the drug task force for 20 years, it is just a different priority, and in the event that the money were to become unavailable as it did with the drug task force, he would approach the problem the same way by working to identify new and innovative ways to address the problem that those particular crimes have on the community. He acknowledged that it may also include tough decisions regarding staffing at the end of that three year period.

There was a general discussion and consensus to proceed with the program.

13B Consider establishing natural gas rate for City facilities Mr. Newton explained that staff had been asked to investigate the feasibility of setting a natural gas rate for City facilities that would represent the raw cost of natural gas which is the price that the City pays for gas from BP including transmission on two pipelines, the Gas Transmission Network (GTN) and the Tuscarora pipelines. It would not include operational costs, or debt service and principle payments. The savings estimate is based on a three year history that would result in a savings to the general fund of approximately \$25,000 dollars annually. The average gas sales revenue over the same period is \$4,504,224, so the net decrease in revenue to the Gas enterprise fund would be less than one percent. Mr. Newton indicated that if the City Council desires that the rate structure is updated, staff would confirm that the rate would not have a negative impact on bond ratings, and would follow the public hearing process required prior to revising any rates or charges.

Mayor pro tem McBride requested that the figures be modified to include the savings if infrastructure and debt service costs were included.

Mayor Wilson remarked that the idea is to retain money in the General Fund, which provides more flexibility to the City, rather than keeping it in the restricted fund. LMUD employs the same practice, and while it was necessary for the General Fund to prop up the natural gas utility, it has proven that the utility can operate without contributions for the general fund.

Councilmember Callegari stated that his primary concern is with the bond rating, and provided there is no negative impact, then he has no problem with charging a raw cost. The citizens expect that the utility be operated like a business and it is good business practice to retain the money in the General Fund.

Mr. Hancock explained that the discussion of charging a raw cost for City facilities occurred during the bond process, and in the early years of the utility the General Fund was supporting the utility. Even when the rates were revised to provide a \$1.85 rate for high volume users, the City facilities which would have qualified for that rate continued to pay at the \$2.25 rate. He added that he understands the priority to clarify the impact, if any, on the bond rating, and staff will have those discussions.

13C Shooting Range Chief Downing explained that there is continued discussion regarding the City pursuing the creation of a shooting range. Staff had secured an agreement with the prison in order to fulfill training and certification requirements for the department, and the concept of building a range was put on hold. Staff had previously identified a property and if the City Council desires to continue with that option, staff is requesting comment and direction from the City Council. If the City Council desires to pursue the project, staff will continue on the environmental review, prepare a preliminary design and scope of work and seek grant funds to aid with construction costs.

Councilmember De Boer commented that he is interested in continuing with the concept of a City owned range. He stated that the City has identified potential sites, and it is important to have officers trained in the proper use of a firearm. He envisions it being restricted to use by law enforcement and retired law enforcement who are required to remain certified to carry a weapon.

Councilmember Callegari remarked that the site previously discussed has the potential to be in conflict with uses that may be proposed for the surrounding land which is being bought up by other agencies. He recommended a site further up Highway 139 that would be easy to limit access.

Councilmember Garnier added that she was not comfortable with the site that had been proposed, and asked how the use would be restricted and if it would be available for private use or Correctional Officers.

Chief Downing responded that his initial response would be to limit use to on duty officers or retired peace officers.

Mr. Hancock summarized the discussions to date with other agencies and one of the challenges is there is not a lot of support in California to build new shooting ranges. There has been a tax assessed on the purchase of ammunition which was intended for investment use for shooting ranges, but no mechanism in place to appropriate the funding for use. Staff will continue exploring that as a funding opportunity.

Mayor pro tem McBride commented that the site on Highway 139 had received opposition for the location of a shooting range, and excluding access to CCC Correctional Officers is not something that he would ever support.

Chief Downing clarified that his issue pertained to an on duty officer versus off duty, and not one of excluding a particular agency. The shooting range that he would recommend would be for on duty officers acting in an official capacity and not a recreational or sportsman type of use.

There was a general discussion regarding potential locations and it was the consensus to identify potential locations and funding sources and bring back at a future date.

13D City Owned Bus Update Mr. Hancock explained that the City Council had previously approved the transfer of two buses to Lassen Community College and were subsequently notified that they are no longer interested in obtaining them. The Sierra Cascade Nursery had also expressed interest and offered \$100.00 for each bus but staff has determined that the offer is below the scrap value. Staff is recommending that the buses be declared surplus and a scrap value determined to be utilized as a

minimum bid at sale. There was a general discussion regarding the restrictions on the use of the buses and options for disposal.

14 COUNCIL ITEMS:

14A AB1234 travel reports:

A AB1234 travel reports:

Councilmember Callegari requested that a proclamation be brought forward recognizing the local media and their contributions during the recent power outage. He added that many home bound seniors rely very heavily on radio communications during storms, and he would like the newspaper and radio to be recognized for their contribution to the safety of the community.

15 ADJOURNMENT: Motion by Councilmember De Boer, second by Councilmember McBride to adjourn; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

Meeting adjourned at 9:11 p.m.

Respectfully submitted by

Brian R. Wilson, Mayor

Gwenna MacDonald, City Clerk

Approved on: March 4, 2015