

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

**Regular Meeting Minutes  
December 2, 2015 – 6:00 p.m.**

**City Council Chambers 66 North Lassen Street Susanville CA 96130**

Meeting was called to order at 7:00 p.m. by Mayor 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; Jessica Ryan, City Attorney; and Gwenna MacDonald, City Clerk.

**1 APPROVAL OF AGENDA:**

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

**2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS:** No comments.

**3 CLOSED SESSION:** At 6:04 p.m. the Council recessed to Closed Session to discuss the following:

A PUBLIC EMPLOYMENT – pursuant to Government Code §54957:

- 1 Agency Negotiator: Jared G. Hancock  
Bargaining Unit: SPOA
- 2 Employee Status Report

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

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

Mr. Hancock stated that prior to Closed Session the agenda was approved as submitted, and in closed session the City Council gave direction but there was no reportable action taken.

Dan Newton provided the Thought of the Day.

**5 BUSINESS FROM THE FLOOR:**

**Vincent Presher** presented a letter containing statements of complaint by his neighbors regarding nuisance dog barking. It is an ongoing concern and he requested the City take action.

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

- A Approve vendor warrants numbered 95696 through 95826 for a total of \$334,060.39 including \$105,766.42 in payroll warrants

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 Resolution No. 15-5235 accepting the City of Susanville's Audited Financial Statements for the Fiscal Year ending June 30, 2015** Ms. Savage explained that the firm of Badawi & Associates, CPA's has completed the audit of the City's Financial Statements for the fiscal year ended June 30, 2015. The audit included the financial statements, business-type activities, each major fund, and the aggregate remaining fund information of the City, which collectively comprises the City's basic financial statements. The City received an unmodified or clean opinion on these financial statements and has continually received this unmodified or clean opinion since 2004. Ms. Savage introduced Ahmed Badawi, President of Badawi & Associates, who was present to provide the audit report to the City Council.

Mr. Badawi thanked the Council for allowing him the opportunity to present the report, describing the third year of working with the City as a very smooth and pleasant process. Mr. Badawi reviewed the topics of discussion pertaining to the engagement team, deliverables and scope of audit, areas of primary emphasis, the audit report and financial statements which include assets and liabilities, changes in net position, required communications, new accounting standards and discussion.

Mr. Badawi presented a PowerPoint presentation and reviewed the following information:

Auditors Report

The City has received an unmodified or clean opinion. The audit was performed in accordance with Generally Accepted Auditing Standards, Government Auditing Standards, and OMB A-133 requirements. The financial statements are presented in all material respects, significant accounting policies have been consistently applied, estimates are reasonable and disclosures are properly reflected in the financial statements.

Government-Wide Financial Statements – Assets

Mr. Badawi compared the City's Cash and Investments, Restricted Cash, Accounts Receivable, Loans Receivable, Other Assets and Capital Assets for the period of 2013, 2014 and 2015.

Government-Wide Financial Statements - Liabilities

Mr. Badawi compared the City's accounts payment, deposits, interest and wages payable, unearned revenue, compensated absences, early retirement incentive and sick leave conversion, net pension liability, capital leases, notes and bonds payable for the period of 2013, 2014 and 2015.

Government-Wide Financial Statements – Net Position

Mr. Badawi compared the City's Net Investment in Capital Assets, Restricted and Unrestricted funds for the period of 2013, 2014 and 2015 for a Net Position of \$863,918 in 2015.

Government-Wide Financial Statements – Net Cost of Service

Mr. Badawi reviewed a slide depicting the net cost of service to tax revenue for the period of 2013, 2014 and 2015. The 2015 Net Cost of Services is \$4,445,419 compared to the Tax Revenue of \$4,522,217.

General Fund Expenditure Coverage

Mr. Badawi explained that the measure of the City's ability to operate with no revenues using available net position is 6 months, which is more than the 2 to 4 months recommended by the Government Finance Officers Association.

#### Other Financial Information

Mr. Badawi reviewed the City's annual pension costs for 2013, 2014 and 2015, explaining the calculation and increase based upon shared exposure by other agencies in the State pool. The estimated cost for 2015 is \$992,261.

#### Required Communications

Mr. Badawi described the communication requirements and responsibilities for conducting the audit. The audit is an expression of an opinion on whether financial statements are fairly stated, to evaluate internal control over financial reporting, to evaluate compliance with laws, contract and grants, to evaluate the tone of management, to ensure financial statements are clear and transparent, to communicate those findings with the governing body and to maintain independence and strict adherence to the AICPA and the Board of Accountancy rules and regulations. Management is responsible for the financial statements, to establish and maintain internal controls to prevent and detect fraud, make all financial records available, inform the audit firm of any known fraud and suspected fraud, to comply with laws and regulations, and to take corrective action on any findings.

Mr. Badawi concluded his presentation by stating that there were no disagreements with Management and no significant risks or exposures were identified. He stated that the City of Susanville has always been prepared and cooperative throughout the audit process, and he thanked the City for the opportunity to provide audit services.

Mayor Wilson asked if the Council or public had any questions for Mr. Badawi. There were no comments or questions.

Mayor Wilson asked if the \$40,000 for the Skyline property had been fixed or if it was still allocated to the General Fund.

Ms. Savage responded that it was still allocated to the General Fund, and to make the transfer would require action by City Council. She stated that the item would be brought back for consideration at the next meeting.

Motion by Councilmember Callegari, second by Councilmember Garnier, to approve Resolution No. 15-5235; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

**9B Consider request to escheat unclaimed funds** Ms. Savage reported that in April 2015, the City Council adopted Resolution No. 15-5152 establishing the City's unclaimed check policy. In accordance with the policy, staff prepared a public notice of all unclaimed checks from 2005 through 2012 and published in the September 29 and October 2, 2015 edition of the Lassen County Times. The public notice established a deadline of November 12, 2015 for claimants to file paperwork with the City requesting release of these funds. The notice was also placed on the City's website. Staff cross referenced the names and accounts on the list with the accounts receivable collections list and eight individuals had their unclaimed funds applied to their collections amounts for a total of \$267.88. Three claims were received and a total of \$80.29 was released to these claimants. The remaining \$2,609.64 in unclaimed funds

became the property of the City on November 12, 2015 and can now be escheated back to the water and natural gas funds.

Mayor Wilson asked how this process was different from other organizations who have to go through the State to have the funds returned.

Ms. Savage responded that the City is a municipality, and the regulations are different than those for privately-owned businesses.

Mayor Wilson confirmed that if someone comes looking in three years for their money, that it will then be property of the City. Ms. Savage stated that it would.

Councilmember De Boer asked what the time limit is for people to get their money back.

Ms. Savage responded that according to the policy, the deadline is 45 days after the date of publication to claim funds.

Motion by Councilmember De Boer, second by Councilmember Callegari to escheat unclaimed funds as requested; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

**9C Consider Resolution No. 15-5236 approving Memorandum of Understanding with Administrative Bargaining Unit** Mr. Hancock reported that an agreement had been negotiated with the employees of the Administrative Bargaining Unit and a Memorandum of Understanding has been prepared for the period of December 2, 2015 through June 30, 2016. He reviewed the changes which included an 8 percent increase in the Global Range and Step Matrix, and a corresponding 8 percent increase in the employee share of the CalPERS contribution. In addition, two positions have been added to the Unit; the Assistant Civil/Air Quality Engineer and the Assistant Engineer.

Motion by Councilmember Callegari, second by Mayor pro tem McBride, to approve Resolution No. 15-5236; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

**9D Consider Resolution No. 15-5237 approving and authorizing submittal of Caltrans Sustainable Communities Grant Application** Mr. Hancock explained that the City receives funding from the State to complete road maintenance and improvement projects through the STIP program. The funding is available in 5-year cycles and has been used for repairs and capacity-enhancing projects. Staff has been working to identify additional funding opportunities to enhance public pedestrian and bicycle transportation in an effort to improve connectivity between recreational facilities within the community. The application process is very competitive, with a significant number of points being awarded for community outreach and planning. The plans and community outreach are often expensive and a number of potential projects in the north part of Susanville adjacent to Susanville Ranch Park have been proposed and potential funding opportunities have been identified. The Caltrans Sustainable Communities Grant would be used to prepare descriptions for potential projects and conduct public outreach. This will help prioritize projects and lead to more competitive applications for project funding.

Staff is proposing to submit a grant application through the Sustainable Communities Program to address safety and connectivity concerns in north Susanville, particularly on Paul Bunyan Road and Skyline Road. Through extensive community outreach, the project will identify improvements to make walking and biking safer and more convenient for residents and visitors in the area. The Plan intends to address

transportation deficiencies by providing recommendations for improvements as well as future implementation and funding strategies.

City Staff is currently soliciting letters of support from local agencies and community groups which will strengthen the application as stated by Caltrans. The total Project Cost is \$126,000 with a match of 11.47 percent. If the application is funded, the City will request \$9,394 from the Regional Planning Assistance funds from the Lassen County Transportation Commission in addition to \$5,058 of in-kind funds.

Mayor Wilson asked if the \$126,000 was just to provide the public outreach and analysis, and if so, is there an estimate of what the project cost would be to make the connection between Skyline and Paul Bunyan.

Mr. Hancock stated that the City does not have any preliminary costs to complete the project so there is no way to provide an estimate, and it is common for these types of projects to be completed in phases as funding sources become available.

Mayor Wilson asked if the City would be including the dirt portion of Bunyan in the project, and if so, stated that this would be an opportunity to annex that portion of the road into the City limits.

There was a lengthy discussion regarding ownership of the section of Paul Bunyan road that extends east of the Susanville city limits into the County, and the process needed to include the County in the project discussions, and a proposal to clean up ownership and responsibility for the road.

Vincent Presher asked how the City came up with the \$126,000 dollar amount.

Mr. Hancock responded that engineer's estimates are used for similar projects that have been completed in other communities, then the City would put the project out to bid and the project would be awarded to the lowest responsible bidder.

There were no further questions or comments.

Motion by Councilmember Garnier, second by Councilmember De Boer, to approve Resolution No. 15-5237; motion carried unanimously. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

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

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

**12      CONTINUING BUSINESS:**

**12A      Consider Ordinance No. 15-1002 amending Title 17, Zoning, of the Susanville Municipal Code to add Chapter 17.104.140 prohibiting the cultivation of marijuana within the city limits: Waive second reading and adopt**

Mr. Hancock reported that the proposal to regulate the cultivation of medical marijuana has been discussed by the City Council and Planning Commission for more than a year at several public hearings and workshops to provide an opportunity for the community to provide input and comments. The City Council voted to waive the first reading and introduce the ordinance at its November 18, 2015 public hearing. The amendment adding Chapter 17.104.140 to the Susanville Municipal Code would not prohibit the use of marijuana for medical purposes in accordance with the Compassionate Use Act (California Health and Safety Code Section 11362.5) and the Medical Marijuana Program Act (California Health and Safety Code Section 11362.7 et seq.), but it would prohibit the

cultivation of all medical marijuana within the City limits. If adopted, the ordinance will become effective January 2, 2016.

Mayor Wilson requested comments from the public.

**Vincent Presher** asked if the ordinance would make it against the law to smoke in public places like cigarettes in hospitals or businesses.

**Dorothy Nichols** read from a prepared statement in opposition to the ordinance.

**Annie Westerbeke** stated that she wrote a letter that was published in the December 1<sup>st</sup> issue of the Lassen County Times, and compared the cultivation of marijuana with gun ownership, stating that it's the responsibility of the grower or gun owner to be responsible with the product. She stated it was a crime for the Council to use their power and authority to pass an ordinance that harms people and deprives them of their State authorized medicine, and talked about the City subjecting itself to law suits. She believes that it will be voted for approved recreational use at the next election, and believes the ordinance will be challenged for preventing a legal use.

Mr. Hancock responded that the cultivation of recreational marijuana is currently illegal based on Federal and State laws, and he is confident that the City Council understands the difference between marijuana grown for medical use and recreational use. The complete ban of cultivation was imposed by the City of Live Oak, and upheld at the appellate level when challenged in court.

Ms. Westerbeke responded that the City has attorneys to consult with, and stated that if patients are harmed, the City has to know that people will step forward and take legal action.

Mr. Hancock responded that while people can choose to sue the City at any time, the City has consulted with several attorneys throughout the process and has been advised that the ordinance places the City on strong legal ground.

Mayor Wilson thanked her for her comments.

**Michael Mankins** asked the City Council if they had looked at the crime statistics that he provided, stating that there were only 6 crimes in 6 years related to marijuana. He discussed the cost of the referendum process which would be borne by the people of Susanville.

**Steve Mankins** commented that the City had been in discussions regarding the regulations of cultivating marijuana, and then in response to his contacting the ACLU, the Council turned around and banned cultivation completely. He stated that the ordinance hurts people, and speculated what the Council might come up with next.

Councilmember Callegari moved to waive the second reading and adopt Ordinance No. 15-1002.

Michael Mankins stated that he would like the ordinance to be read in its entirety.

Mr. Hancock responded that the Government Code requires an ordinance to read in its entirety however the City Council is authorized to waive the reading as stated in the motion.

Mayor Wilson stated that there was a motion on the floor by Councilmember Callegari to waive the second reading and adopt the Ordinance and asked if there was a second. Councilmember De Boer provided a second to the motion.

Mayor Wilson requested that the City Clerk poll the Council.

Motion by Councilmember Callegari, second by Councilmember De Boer, to waive the second reading and adopt Ordinance No. 15-1002; motion carried unanimously by polled vote. Ayes: Garnier, McBride, De Boer, Callegari and Wilson.

**13      CITY ADMINISTRATOR'S REPORTS:**

**13A      Golf Course Update: September and October 2015** Ms. Savage reported that the Golf Course was closed for the season on November 29, 2015. Staff released an RFP for the lease of the Course, and did not receive any proposals. Staff has been following up with individuals and firms who had expressed interest but did not submit a proposal. There are a few outstanding invoices so numbers will reflect expenses in December that were accrued during the golf season.

Councilmember Garnier asked what type of invoices had not been received.

Ms. Savage responded that one was for the restaurant and one was for the golf side.

**14      COUNCIL ITEMS:**

**14A      AB1234 travel reports:**

**15      ADJOURNMENT:**

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

Meeting adjourned at 8:04 p.m.

Respectfully submitted by

---

Brian R. Wilson, Mayor

---

Gwenna MacDonald, City Clerk

*Approved on January 6, 2016*