

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

Regular Meeting Minutes

May 18, 2016 – 7:00 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, Lino P. Callegari and Brian R. Wilson. Absent: Rod E. De Boer

Staff present: Jared G. Hancock, City Administrator, Jessica Ryan, City Attorney; Jim Uptegrove, Interim Police Chief; James Moore, Fire Chief; Dan Newton, Public Works Director; Deborah Savage, Finance Manager and Gwenna MacDonald, City Clerk.

1. APPROVAL OF AGENDA:

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

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

3. CLOSED SESSION: No business.

4. RETURN TO OPEN SESSION: Mr. Hancock announced that the City Council did not meet in Closed Session, and that the meeting would be closed in memory of former Public Works employee, Tommy Yett, who recently passed away.

Chief James Moore provided the Thought of the Day.

Mayor Wilson presented Crossroads Ministries with a certificate of appreciation on behalf of the City Council for their contributions for the Susan River Clean-up day that had taken place on Friday, April 22nd in preparation for the Annual Junior Fishing Derby.

Chief Moore introduced Halvor Philips who would be joining the Susanville Fire Department as a Fire Captain.

5. BUSINESS FROM THE FLOOR: There were no comments.

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

- A Receive and file minutes from the City Council's April 20, 2016 meeting
- B Approve vendor warrants numbered 97072 through 97180 for a total of \$366,606.07 including \$145,281.49 in payroll warrants

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

Mr. Hancock stated that it would be appropriate for the City Council to consider Item 7A and 7B together. The City is limited to the number of General Plan updates that can be approved in one year. The update of the City's Safety Element has been included in the resolution which would approve the rezone and amendment of the General Plan Land Use Diagram which would be the next step in the process of approval for the rezone.

7. PUBLIC HEARINGS:

7A Consider approval of Resolution No. 16-5290 adopting a Negative Declaration as the Environmental Document to amend the General Plan Land Use Element Diagram and Rezone Assessor's Parcel Number 105-130-06; and Consider Ordinance No. 16-1006 amending Title 17, Section 17.04.070 of the Susanville Municipal Code to rezone parcel APN 105-130-06 to R-3 Duplex and Triplex Residential: Waive first reading and introduce Mr. Sanders explained that the public hearing is to review an amendment to the City of Susanville General Plan Land Use Element map to change the land use designation and zoning of a 2-acre parcel from R-1 Single Family Residential to R-3 Duplex and Triplex Residential designation. The site is located at 460 Russell Avenue and is currently developed with a single family dwelling which the applicant is planning to convert into a triplex and is accessed from Russell Avenue from an existing driveway. There are no plans to develop the rest of the property at this time, but any future development would require architectural and site plan review for the construction of a triplex or multiple triplex structures. To ensure compatibility with the existing neighborhood, staff would recommend that any two-story structures be located towards the north side of the property adjacent to the church and existing apartments and reserving the south portion for access, parking and/or single story buildings. This would be reviewed and considered during the Architectural and Site Plan Review stage.

Mr. Sanders continued explaining that approving the request would increase the inventory of land suitable for multi-family development which could be used for low to moderate income housing to help fulfill the City's need for affordable housing, a goal in the City's Housing Element. The Planning Commission reviewed this project at the April 12, 2016 meeting and approved Resolution 16-1038 recommending that the City Council approve the project as presented with the environmental finding that the project will not have a significant effect on the environment and recommending the adoption of a Negative Declaration.

Mr. Sanders explained that approval of Resolution No. 16-5291 would adopt a Negative Declaration as the Environmental Document for File GZ 15-008. Approval of Resolution No. 16-5292 would amend the City of Susanville General Plan Land Use Diagram as related to the rezone, and it would also approve and update to the Safety Element Section of the Susanville General Plan. Amending the City's General Plan to update the Safety Element is one of the required elements of the General Plan and it identifies potential hazards in the City of Susanville, including risks of injury, death, and property damage resulting from both naturally occurring and man-made hazards. Addressing the potential threats to human and environmental safety provides a starting point for recommending corrective or preventative actions that will minimize public exposure to harm.

Mayor Wilson opened the public hearing at 7:17 p.m. and requested comments either for or against the rezone.

Mike Smith stated that he lived around the corner from the area on Russell Avenue and that he was against the installation of a multi-family development. He is discouraged that it is so easy for a developer

to come in and buy property and then have the zoning changed on a whim. It affects everyone who lives in the neighborhood.

Marlene Smith commented that the traffic on the street was already too busy, and the existing triplex in the neighborhood has created issues with privacy. She is concerned with the loss of the view from her home if a two-story building is put in.

Mr. Abbott lives right next door to the property and he also is concerned with increased traffic and lack of privacy. He has lived on the street for 34 years and does not like the planned second story building. Those people will be able to look right into his yard from the second story.

Pam Hunt commented that she lives across the street from the subject property and she has lived on the street for 34 years. Ms. Hunt expressed a concern that her home would become a fish bowl. There are already too many cars traveling on Russell Avenue, and to say that there will be no traffic impact from the development seems inaccurate.

Harold Horsely discussed the 2008 attempt to rezone and develop the property. He has looked at the plans and layout and the development does not seem to be in keeping with the character of the existing neighborhood.

Glenn Motts stated that he supported and agreed with the comments that have been made by the other speakers. He commented that the street is like a raceway with all of the traffic, and people walk in the street which is not safe.

Alicia Motts said that she was born on Russell Avenue, and has lived there for 61 years. She talked about growing up on what she characterized as a quiet street, and that there are more and more people who are not good people, trespassing through the property. She stated that development of an apartment building at the site will only encourage more transient type people in what is a single family neighborhood. She does not want to see more traffic in the neighborhood.

Everd McCain, representing StoneCo Construction, explained that this is a classic case of a community that is growing, and somewhere between the big fields and downtown you have to balance the needs of the future community with those of the existing community. Providing housing to people who are moving to Susanville is important because most people do not move to town and buy a home right away.

Gentry Standiford spoke in support of the project which she said was a long time coming. She described the project and features of the apartments which she said were luxury apartments, and the challenge that newcomers to the community have in finding high quality rental accommodations. She shared that one property manager in town manages 400 properties and has a 4 percent vacancy rate which is very low.

Everd McCain remarked that he is concerned with the traffic flow on Russell Avenue, and that it makes more sense for Paul Bunyan to be extended to Skyline Avenue in order for the traffic coming from the neighborhoods in the northern part of town to exit down Paul Bunyan and Skyline without having to travel through the more residential areas.

Pam Hunt agreed that the apartments that have been built by the developer are nice, and that they are quality rentals, she just objects to the proposed location, stating that there has to be property located somewhere else in Susanville that would not be a single family neighborhood.

Mr. Abbott discussed issues related to crime and theft in the neighborhood.

Marlene Smith remarked that the extension of Bunyan to Skyline would just create a longer raceway and result in another traffic related problem.

Larry Standiford spoke regarding the property as the builder. He said that he built his first house in Susanville in 1976, and builders do not go where they aren't needed. He bought the property in 1993 when it was zoned R-4. It was downgraded from 20 dwelling units per acre to 12 dwelling units per acre. The project has been adapted to the neighborhood, and it is important to not create a leapfrog development in the community and this location and development is the natural progression to fill the needs of new comers to Susanville. He spoke regarding the quality of his rental properties.

Mayor Wilson asked why the project proponents were asking for a rezone as the first step in the project.

Mr. McCain explained that the builder does not typically invest a lot of money into the development of plans and specifications for the project before you have the rezone. The biggest factor in the design is the density of the dwelling units and that drives the design of the project.

Councilmember Callegari stated that he has a problem with changing the neighborhood from what it was when the homeowners bought their single family homes.

Councilmember Garnier commented that she knows Mr. Standiford builds quality apartments for the community. She has a concern with the impact on traffic and the fact that it is a two story building. She would like to see more information related to the traffic study.

Mayor pro tem McBride agreed that it is hard to see things changing from the way that they have always been, but development and growth are needed for the community and along with that comes the need to provide what is best for the existing citizens and also what newcomers to the community need. He thanked everyone for their comments.

Mr. Standiford stated that in looking at a community the idea is to build multi-family properties close enough to the urban area, since the addition of multifamily units will increase foot traffic, and you don't want pedestrians having to walk a long way to do their shopping or go out to eat. To build the units further out actually increases traffic because then everyone has to get in their car and drive when they want to go somewhere.

Mayor Wilson asked if there were any relevant comments from the Planning Commission, and if there was a lot of public comment at those meetings.

Craig Sanders responded that there had not been a lot of public in attendance at the Planning Commission hearing. He stated that the issue of traffic congestion is often a matter of perspective for the neighbors, and explained the methodology of conducting a traffic study. In Susanville, there really is not a lot of traffic, and while there may be an increase in the number of cars, that does not necessarily create congestion according to the guidelines that regulate traffic studies.

Mr. Sanders explained the process of rezone, development, architectural review, site plans, thorough detail, and there is a lot of opportunity to address concerns that the neighbors have expressed as the

council moves through the process. Given the size of the parcel, with parking and landscaping requirements, it could be that the 30 dwelling units per acre could never be realized because the property simply isn't large enough. He said that it was important to note that even the two-story buildings are limited in height by the zoning code to 35 feet.

Councilmember Garnier asked what the current density is on the property.

Mr. Sanders responded that it is currently 7 dwelling units per acre, and it would be increased to 15.

Councilmember Garnier commented that it would be very helpful to have more information regarding the development that was being proposed.

Mr. Sanders answered that typically the specific information regarding the development and design is reviewed and considered during the Architectural Review portion of the process, and it further addresses CEQA requirements.

Mr. Smith asked if that information was contained in the General Plan, which was adopted not that long ago by the City.

Mr. Sanders replied that the Land Use Element of the General Plan addresses those priorities, however the document is not that new. The initial document was adopted in 1990, and was amended somewhat in 2000. There have been some trends identified over the years, specifically that 20 years ago, there was a sixty-forty split in the number of owner occupied dwellings versus rentals, and now the City is seeing a fifty-fifty split between owner occupied and rental dwellings.

Councilmember Garnier commented that a lot of that has to do with the increase in foreclosures and people walking away from home ownership.

Mayor Wilson stated that he appreciates all of the high-quality projects that Standiford Construction builds for the community, but he is not ready to approve the R-3 zoning on this property when there are already plenty of other properties with the appropriate zoning for multi-family construction located in Susanville.

Mr. McCain suggested that the applicants modify the project to address the single large dwelling on the property that is proposed for conversion to a tri-plex, and amend the rezone so that it only affects part of the property, and not the entire parcel.

Councilmember Garnier commented that rezoning only a section of the property now would only create additional problems five years from now when the owner wanted to move forward with the development of the rest of the property.

Marlene Smith stated that rezoning part of the property was just saying that it was alright at some point to rezone the rest of it.

Mr. Hancock said that he has participated in a number of these types of hearings over the years, and stated that he had a lot of respect for everyone who was participating in the discussion. It is a huge credit to the community that the speakers have all remained courteous and respectful in expressing their concerns. The property in question is unique in the sense that it is a two acre parcel which is zoned 7 units

per acre, with a house in the front which prevents installing a standard road to access the property. Two acres is a large property for a single family dwelling in town, and the goal is to create a smooth transition between a single family neighborhood and multi-family homes. He discussed alternatives including establishing a lower maximum density, a planned development overlay, and providing additional time for the developer to review and determine what would be the best way to accommodate the needs of the neighborhood.

Councilmember Garnier asked if the proposed rezone could be approved with restrictions on future development.

Mr. Hancock responded that would be addressed at the design phase, and suggested various ways that the developer could design the project to address the concerns of the neighbors, such as restricting the second level building to areas that were further away from the existing single family homes.

Mr. Sanders commented that if the applicants were to put forth a proposed design that was significantly different than what is before the City Council, then the project should go back to the Planning Commission to go through the public hearing process.

Mr. Hancock added that the process is set up so that the specifics of design and impacts to the neighborhood can be discussed and worked through by the Planning Commission who then makes its recommendation by resolution to the City Council. He encouraged those present to attend the Planning Commission meeting which is the best venue to voice concerns and make suggestions regarding the project.

Mayor Wilson stated that the Planning Commission should be made aware of why the project is coming back for further review.

There being no further comments, Mayor Wilson closed the public hearing at 8:31 p.m.

It was the consensus of the City Council to not move forward with the project and staff was directed to work with the applicant and Planning Commission to address the concerns that had been expressed by the public.

7C Consider approval of Resolution No. 16-5281 establishing and adopting Schedule of Fees for Services and rescinding Resolution No. 15-5153 Ms. Savage reported that the City Council considered the schedule of fees for services on May 4, 2016. These fees are charged for non-utility based services provided by the City Clerk, Finance Department, Community Development/Building Department, Police and Public Works Department and fees related to the use of City-owned facilities, including parks and the Community Center, are included. The fees are reviewed annually to determine that costs are being recovered and adjusted when necessary. The schedule of fees will go into effect on July 1, 2016, and all existing fees will remain in effect until the waiting period has passed. For fiscal year 2016-2017, the amount estimated to be collected for all fees under the current fee structure is approximately \$237,433.

Mayor Wilson opened the public hearing at 8:36 p.m. and requested comments and questions from the public.

There being no questions, Mayor Wilson closed the public hearing at 8:37 p.m.

Motion by Councilmember Garnier to approve Resolution No. 16-5281; Councilmember Callegari provided a second and the motion carried. Ayes: Garnier, McBride, Callegari and Wilson. Absent: De Boer.

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

9. **NEW BUSINESS:**

Councilmember Garnier announced that she would have to recuse herself from consideration of the following item.

Mayor pro tem McBride stated that he would also recuse himself from consideration due to owning a business in the uptown.

Mayor Wilson directed staff to proceed with consideration of Item 9B while the City Attorney prepared a method to maintain a quorum for the item.

*9A Consider approval of **Resolution No. 16-5293** approving annual report and scheduling public hearing to set assessments for Fiscal Year 2016/2017 for the Historic Uptown Susanville Association (HUSA)*

9B Consider approval of Resolution No. 16-5294 authorizing submittal of an application to CalRecycle for any and all payment programs Mr. Hancock explained that State regulations have changed regarding the method used to distribute funding to communities for recycling and community clean-up activities in the past. The Lassen Regional Solid Waste Management Authority utilized the funding to sponsor community clean-up events, however with the new regulations they will not be applying for funding for the 2015-2016 program. The City is proposing to apply on its own behalf and if awarded, would receive approximately \$5,000 for community clean-up costs. The City would be responsible for spending the funds as allowed by the program guidelines.

Mayor Wilson asked if the cost of dump fees would be an allowed expense under the program.

Councilmember Garnier asked if the money had to be spent first and then reimbursed from the program.

Mr. Hancock responded that the City has scheduled clean-up projects that will be completed, and while this process is somewhat more cumbersome it does allow for a small portion of those costs to be reimbursed.

Mayor pro tem McBride asked what sorts of projects would be completed.

Mr. Hancock described a few of the ongoing projects, adding that Susan River Clean-up was the top priority.

Councilmember Callegari stated that it is better to have a little extra money than not, and if the City has to apply for it they should, otherwise it will just be sent to another jurisdiction.

Motion by Councilmember Callegari to approve Resolution No. 16-5294; Mayor pro tem McBride provided a second and the motion carried. Ayes: Garnier, McBride, Callegari and Wilson. Absent: De Boer.

9C Consider approval of Resolution No. 16-5296 authorizing purchase of 2005 Elgin Pelican Broom Street Sweeper Mr. Newton reported that the Public Works Department is in need of a street sweeper. Staff has researched new and used equipment and the availability of used equipment is limited. A quality machine has been identified and is available from Truck Site in Sacramento. This street sweeper is a 2005 Elgin Pelican Broom Street Sweeper priced at \$64,731.13 including tax and delivery to Susanville. The purchase of the equipment would be funded by Street Mitigation and Snow Removal funds.

Motion by Mayor pro tem McBride to approve Resolution No. 16-5296; Councilmember Garnier provided a second and the motion carried. Ayes: Garnier, McBride, Callegari and Wilson. Absent: De Boer.

Mayor Wilson asked what would be done with the old street sweeper.

Mr. Newton responded that the Department had planned on keeping it for back-up but was also notified that the Lassen County Public Works Department may be interested in purchasing it to use for parts. Staff would bring that back to City Council for approval if the County moves forward with the purchase.

9D Consider approval of Resolution No. 16-5298 authorizing execution of construction contract with Dutra Construction for upgrades to Police Department Mr. Hancock explained that the Police Department has identified the need to make building modifications to the evidence storage area and to create an appropriate office space that is separated from the evidence room. The City's engineering division prepared preliminary project plans, and conducted a walk-through of the building with interested contractors and two proposals were received. Staff recommends awarding the contract to Dutra Construction the lowest responsive bidder. The project would be funded by the Police Facilities and Equipment Fund in the amount of \$26,985.86.

Motion by Councilmember Garnier to approve Resolution No. 16-5298; Mayor pro tem McBride provided a second and the motion carried. Ayes: Garnier, McBride, Callegari and Wilson. Absent: De Boer.

Mayor pro tem McBride asked if there were any plans to reroof the building.

Mr. Hancock responded that the latest repair to the roof was 1-1/2 years ago, and they were able to address most of the leaks but the indication at that point was that there is not much more that can be done to repair it and we are looking at moving towards a resurfacing at some point. The current project is a higher priority due to the safety concerns with the Community Service Officer's office being in the evidence room, and the need to have a separate office space away from the evidence.

Councilmember Garnier asked what the estimated remaining life of the existing roof would be.

Mr. Hancock discussed the challenges for the Duralast brand of roofing, with a varied quality in material durability and the poor adhesion in areas around seams and chimneys. There is a lot of upkeep and with an older building it is more challenging.

Councilmember Garnier asked how long it takes to accumulate funding for these types of repairs.

Mr. Hancock explained that at the end of the year, according to current City Council policy, any savings in the General Fund is allocated by putting fifty percent towards the reserve until the reserve is fully funded. Thirty percent of department operational savings, minus payroll, will go into a maintenance and

equipment fund. Payroll is deducted so that there is not an incentive to leave positions vacant within the departments. Once the reserve is fully met, it is recommended that fifty percent of the department operational savings roll into that fund so that the money can be accumulated at a faster rate.

Mayor pro tem McBride asked if any of the money from fees generated by the departments was put back towards that fund.

Mr. Hancock replied that it happens indirectly. During the budget process, the revenue generated through fees and services is recognized when establishing the budget for each department. Any savings at the end of the year is rolled over at a thirty percent rate, and any excess fee-based revenue generated at that point is put towards the fund as savings.

Mayor pro tem McBride gave the example of the out of area fires budget for the Fire Department, stating that any extra revenue from that source has never gone back into the department budget.

Mr. Hancock explained that the prior method for out of area fires was to establish a low revenue and expense budget, normally \$30,000, and then as the fire fighters were sent out, the amount was exceeded typically during the first fire and the budget would be increased incrementally over the fire season. Chief Moore has identified a more realistic amount, and this year the budget is established at \$120,000 in revenue and \$150,000 in expenses. That savings will be recognized at the end of the year and distributed according to the existing policy.

Mayor pro tem McBride stated that the money should be recognized and budgeted up front for things such as fees, tickets, or out of area fires, and not just rolled over after the fact. The City should be budgeting for those activities that the departments do which generate fees and revenue, and identify that during the budget process at the beginning of the year.

Mayor Wilson stated that four years ago, the program did not even exist and the operations were based on a use it or lose it mentality. That is not happening anymore, and he is uncomfortable with including things such as writing more tickets to build up a maintenance and equipment budget, as it sends the wrong message to the community. The City is doing the right thing with the existing policy and he would rather tie the maintenance and equipment fund to the whole budget.

Mr. Hancock explained that from the Departmental standpoint, there is a real incentive to be fiscally responsible, as it is being rewarded. Expenses are included in the line items for routine maintenance and expenses, however it is important to create a fund for those bigger projects that will accrue year over year and allow the City to plan and budget for larger projects. There is often a lot of waste in government agencies that if you do not spend it, you do not get it back. The City does not operate that way. The reality is, that money has been extremely tight for a long time, so some of the larger maintenance projects have been put off, and the current policy has allowed the City to start to get back on track for taking care of some of those projects.

Mayor Wilson announced that the Council was ready to consider Item 9A.

Mr. Hancock explained that it is the responsibility of elected officials to identify potential conflicts of interest when considering matters of business. Both Councilmember Garnier and Mayor pro tem McBride have identified a conflict of interest in consideration of the HUSA Annual Report, and due to the absence of Councilmember De Boer, it will necessary for either Councilmember Garnier or Mayor pro tem McBride

to participate in the discussion as determined by drawing straws to determine who would remain to constitute a quorum.

The City Attorney provided straws to determine the participation of one councilmember in the discussion. Councilmember Garnier drew the short straw to remain, and Mayor pro tem McBride exited the Council Chambers.

Mayor Wilson requested the report.

9A Consider approval of Resolution No. 16-5293 approving annual report and scheduling public hearing to set assessments for Fiscal Year 2016/2017 for the Historic Uptown Susanville Association (HUSA) Mr. Hancock reported that the City Council is required by the Streets and Highways Code to receive and consider the annual fiscal report of the Historical Uptown Susanville Association (HUSA) and approve it by resolution. The resolution of approval sets a public hearing to consider the levy of assessments in the parking and business improvement district for the 2016-2017 fiscal year. If the City Council approves the report, the public hearing for setting assessments would be scheduled for Wednesday, June 22, 2016 at 7:00 p.m. to consider the levy of assessments.

David Teeter, HUSA President, thanked the City Council and staff. He stated that last year, he had requested the City issue a check to HUSA for advance payment of assessments due to issues with collections. The City stepped up and for the first time he is seeing one hundred percent assessment collection and he congratulated Heidi Whitlock and Alicia Cordova for all of the hard work that went into making that possible. He discussed issues related to membership in the District, adding that the addition of 8 new assessees in the District indicate that businesses are starting to move in to the uptown.

Mayor Wilson asked if the majority of the businesses were in favor of the District.

Mr. Teeter responded that it is the priority of the HUSA Board to provide education and support to the businesses in the District so that they can continue to see the value of being located in the uptown area. In addition to the community events such as the Safe and Sane Halloween and Magical Country Christmas celebration, it is important to promote the District as being a unique location that offers additional benefits to new businesses. He takes advantage of opportunities to discuss the benefits of HUSA with any business owners that may be dissatisfied with the assessments, and it is an ongoing process.

Motion by Councilmember Garnier to approve Resolution No. 16-5293; Councilmember Callegari provided a second and the motion carried. Ayes: Garnier, Callegari and Wilson. Abstain: McBride. Absent: De Boer.

Mayor pro tem McBride returned to the Council Chambers.

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 Airport Fee Schedule Mr. Hancock reported that staff recently completed research for the airport fee schedule. It is proposed that all companies with 4 employees or more, companywide, be charged the current large commercial operator agreement fee of \$10,579.45. Any company with 3 or fewer employees, companywide, will be charged 40 percent of the large operator fee \$4,231.78. Companies wanting to enter into a commercial operator agreement with the City will need to provide the most recent quarterly Federal Employee Report. This will provide the needed information regarding employee count in order to charge the correct fee.

Mayor pro tem McBride asked if staff had discussed this with the FAA.

Mr. Hancock responded that it had been discussed but not submitted for approval. Staff has spent a lot of time and research looking at other airports and they have not been able to identify any that would be similar. The challenge is to make the rate inviting to new small business start-ups, while charging a fair price to larger businesses. It is simplifying the process and determining what constitutes a small company that has proved to be very challenging.

Mayor Wilson commented that leaving the fee alone and charging one fee to any business would be the simplest method. It is not that expensive and he would rather offer a payment plan to a small business than create a different rate structure.

Mr. Hancock responded that staff has learned that a number of communities are just not getting involved or taking advantage of the opportunity to develop their small airports for economic benefits. The smaller airports tend to have a looser fee structure than Susanville.

Councilmember Garnier asked how the City came up with the \$10,575 figure.

Mr. Hancock responded that the City looked at expenses for the airport, the types of projects that are being done, and considered the expenses that should be borne by the users and operators of the airport. The calculation is a rate-based method where the capital and operating costs are calculated and a percentage of those costs are charged. The fee is based on a 7.5 percent of the City's annual operating costs, less depreciation for federally funded projects.

Councilmember Garnier stated that she was fine with the structure as it is written, and perhaps if the City is seeing an increase in small businesses coming in then the Council could revisit the creation of a small operator fee.

Mr. Hancock discussed the criteria for creating a small business operator fee including basing it on the number of employees, the airport is an asset that should be developed, and users should be supporting it through usage fees and operator fees to offset the expenses that are incurred through use of the airport for their business. Staff has conducted exhaustive research and in fact other smaller airports are looking to the City and asking what we are doing. The larger commercial airports have structures in place that are cumbersome to implement at a smaller level, and determining a methodology that is fair and equitable and consistent for larger business as well as a smaller business has proven to be difficult.

Mayor Wilson discussed the challenges of identifying smaller businesses and keeping the process fair and equitable. The challenges of basing the business size on number of employees could present problems when it comes to issues such as family-owned businesses or partnerships.

The City Council discussed issues related to fairness if the companies were categorized based on business type and size.

It was the consensus of the City Council to consider the information provided and revisit the topic at a future date.

13B Susanville Municipal Airport Hangar Lease Options Mr. Hancock explained that the Susanville Municipal Airport has two land lease options for privately owned hangars, private leases and commercial leases. Staff has reviewed the leases and identified the primary differences regarding the length of the lease, the storage of personal property and terms of sublease. Based upon the feedback from the City Council, staff recommends that the City no longer enter into commercial leases, and amend the language in the private leases to allow the sublease of the hangar for commercial use, to remove the prohibition of commercial or business activity on the premises, and to require conformance with City ordinances regarding commercial operations.

Councilmember Callegari discussed the problem of having a hangar owner who does not own an aircraft utilizing the space for storage of boats, RV's or other equipment and eventually it can turn into an airport with no airplanes. He discussed the clean-up that was required years ago when the City actually had to evict people from the airport. He does not like to see the City giving up control and allowing people to utilize a public facility for personal gain.

Mr. Hancock responded that former City Attorney Lazard developed a lease that addressed many issues of concern, however there are some areas in the lease that cause issues, and the land around the hangar is still City property.

Mayor Wilson stated that the City has a hangar owner leasing the land at a private lease rate, then subletting to a business and making money.

Mayor pro tem McBride asked which provides more benefit to the City, as the City could potentially lose money if the \$.79 per square foot rate meant that the Commercial Operator Agreement percentage is lost.

Mr. Hancock stated that the existing leases contain almost no language addressing the issue of the commercial sublease.

The City Council was in agreement that the lease rate should be based on the usage of the hangar, and a commercial operation should be charged the fee for a commercial use, regardless of the status of the owner of the hangar. It was the consensus to clean up the language in the commercial leases to be more specific and bring that back as a future agenda item.

14 COUNCIL ITEMS:

14A AB1234 travel reports:

Mayor pro tem McBride stated that the blades on the mower at the Golf Course need to be sharpened. Dandelions are in full swing, and the City needs to create a turf farm for cost-effective method of replacement turf.

Mayor Wilson thanked Chief Uptegrove for placing the speed limit trailer around town, as it is effective in slowing down traffic in the residential areas.

15 ADJOURNMENT:

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

Meeting adjourned at 10:48 p.m.

Respectfully submitted by

Brian R. Wilson, Mayor

Gwenna MacDonald, City Clerk

Approved on: July 6, 2016