

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

Regular Meeting Minutes

June 1, 2016 – 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 pro tem McBride.

Roll call of Councilmembers present: Kathie Garnier, Rod E. De Boer, Lino P. Callegari and Nicholas McBride. Absent: 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 De Boer, second by Councilmember Garnier, to approve the agenda as submitted; motion carried. Ayes: Garnier, De Boer, Callegari and McBride. Absent: 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. All Employees
2. Independent Contractor Classification
3. Agency Negotiator: Jared G. Hancock
 Bargaining Unit: Administrative
 Miscellaneous
 Professional/Technical
 Public Works

B CONFERENCE WITH REAL PROPERTY NEGOTIATOR – pursuant to Government Code 54956.8:

Property: APN: 103-340-01
Agency negotiator: Jared G. Hancock
Negotiating parties: City of Susanville/Lassen Community College
Under negotiation: Price/Conditions/Terms

Closed Session recessed at 7:05 p.m.

4 RETURN TO OPEN SESSION: At 7:08 p.m. the City Council reconvened in Open Session.

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.

Mr. Hancock reported that prior to Closed Session, the City Council approved the agenda as submitted. During Closed Session, the City Council gave direction on three items but there was no reportable action.

Mayor pro tem McBride provided the Thought of the Day.

Chief Uptegrove introduced Sergeant Mike Bollinger who recently completed training at the Shermom Block Supervisory Leadership Institute.

Sergeant Bollinger discussed the training program and described the various aspects of leadership and personal growth that he gained from participating in the program. He thanked the City Council for providing the opportunity and for its support of the continued training of City staff.

Mr. Hancock spoke regarding the rewarding experience as a City Administrator to see employees who are provided the experience to further education and career training. He thanked the Council for providing that opportunity to its employees.

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

Mayor pro tem McBride requested the removal of Item 6C for separate discussion.

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

- A Receive and file minutes from the City Council's May 4, 2016 meeting
- B Approve vendor warrants numbered 97181 through 97311 for a total of \$484,010.03 including \$2,418.17 in payroll warrants
- C Receive and file quarterly Transient Occupancy Tax Report
- D Receive and file monthly Finance Reports: April 2016

Motion by Councilmember Garnier, second by Councilmember De Boer to approve the Consent Calendar Items 6A, 6B and 6D; motion carried. Ayes: Garnier, De Boer, Callegari and McBride. Absent: Wilson.

6C **Receive and file quarterly Transient Occupancy Tax Report** Ms. Savage reviewed the Transient Occupancy Tax history collected by quarter from fiscal year 1989-1990 through the present. The trend indicates that collections have steadily increased over previous years, and the City is on track to exceed the 2015-2016 TOT, with a current amount of \$329,636 collected from July 2015 through March 2016.

Motion by Councilmember De Boer, second by Councilmember Garnier, to approve Consent Calendar Item 6C; motion carried. Ayes: Garnier, De Boer, Callegari and McBride. Absent: Wilson.

7 **PUBLIC HEARINGS:**

7A **Consider approval of Resolution No. 16-5297 setting fees and policies for the utilities the City of Susanville and rescinding Resolution No. 12-4881, 10-4703, 08-4384, 05-3914 and 04-3748**

Mr. Newton explained that on April 6, 2016 the City Council approved the 2016 Water Rate Analysis and Calculations Report. The Report is the basis for the justification of the proposed water rate increase which will result in a revenue increase to fund water system infrastructure needs as well as operations and maintenance costs.

Mr. Newton explained that the proposed rate modification will not increase the existing base rate. The quantity rate will transition from a five-tiered rate to a two-tiered rate based on the time of year. The proposed two-tiered rate will apply equally to all account holders and is based upon the time of year when the City is required to pump ground water for irrigation. Customers who use 300 cubic feet of water or less each month will not be affected by the proposed rate modification and their bill will not change.

The proposed quantity rate will affect those customers who use larger volumes of water, and their rate will increase based upon the amount of water they use in excess of the 300 cubic foot base rate. Mr. Newton reviewed the new rates as follows:

Water Base Charge: The minimum monthly base charge for all metered services by size is indicated in the following table:

<u>Meter Size</u>	<u>Base Rate</u>
5/8 X 3/4 inch	\$ 23.65
1 inch	\$ 31.93
1-1/2 inch	\$ 41.60
2 inch	\$ 54.11
3 inch	\$ 81.37
4 inch	\$ 124.84
6 inch	\$ 217.27
8 inch	\$ 289.69
10 inch	\$ 362.10

Base Rate Minimum: For each customer regardless of meter size serving the customer, the monthly minimum base rate is \$23.65.

Quantity Rate: Quantity rates are those monthly rates for water supplied through the meter as follows:

Irrigation Season: Irrigation season rates apply to water use between the months of April through September. Irrigation water rates will commence with the first billing cycle in May and end with the first billing cycle in October.

- 0-300 cubic feet = \$0.00 per cubic foot
- 301 cubic feet and up = \$0.0257 per cubic foot

Non-Irrigation Season: Non-Irrigation season rates apply to water use that is outside of the Irrigation Season.

- 0-300 cubic feet = \$0.00 per cubic foot
- 301 cubic feet and up = \$0.0215 per cubic foot

Drought Rate: Drought Rate is a quantity rate that will become effective upon implementation of the respective stage of the City's Water Shortage Contingency Plan.

Stage 1:

- 0-300 cubic feet = \$0.00 per cubic foot
- 301 cubic feet and up = \$0.0296 per cubic foot

Stage 2:

- 0-300 cubic feet = \$0.00 per cubic foot
- 301 cubic feet and up = \$0.0321 per cubic foot

Stage 3:

- 0-300 cubic feet = \$0.00 per cubic foot
- 301 cubic feet and up = \$0.0360 per cubic foot

Connection Fees: Where there is not presently a service or when it is necessary to install a new service the following connection fees shall apply:

- A. Residential Connection Fees: \$997.00
(Single Family Unit, Each Apartment Unit, Each Motel Unit)

- B. Commercial Connection Fee: Determined from water consumption report on basis of equivalent single family, residential connection fees.

Water Source and Storage Capacity Fees:

Source Fee:

Single Family Residential Unit	\$ 697.00
Multi Family Residential Unit	\$ 513.00
Commercial/Industrial (Per Acre)	\$ 917.00

Storage Fee:

Single Family Residential Unit	\$ 1042.00
Multi Family Residential Unit	\$ 689.00
Commercial/Industrial (Per Acre)	\$ 3641.00

Application Requirements: Applicants for City Utility services shall provide a valid driver's license or state identification card, social security number, address and telephone number, current employer and current rental agreement (if applicable).

Deposits: Deposits are required for the establishment of utility service(s) provided by the City.

Residential Customers: The deposit shall be \$200.00 for natural gas service, \$75.00 for water service and \$50.00 for geothermal services. Customers who have both water and natural gas services at the same address will have a maximum deposit of \$250.00.

Commercial Customers: The deposit shall be equal to the highest monthly bill from the previous 12 months of usage at that address. In no case shall said commercial deposits be lower than as stated herein for "residential customers".

After 12 months of good payment history for homeowners and 36 months of good payment history for renters, that may include no more than one late payment, the deposit shall be credited to the customer's account. Unsatisfactory payment history will result in an additional 12 months of no more than one late payment before deposit will be credited to account. Deposits held by the City do not accrue interest. No deposit is required for those who have established a good credit history with the City, i.e. 12 consecutive months of on time payments for utilities or customers who pass a credit check. Customers who move within the City may transfer an existing deposit to another residence. In the case where the deposit has been applied to past due accounts, or no deposit was required and the service has been disconnected for non-payment the City will require a new deposit and all fees to be paid before service is restored.

Service Establishment Fees: A service establishment fee shall be charged for the establishment of service and must be paid prior to activation of the meter.

Utility Service	Fees
Water	\$10.00
Natural Gas	\$10.00
Geothermal	\$10.00
Two or More at one time	\$15.00

Establishment fee is waived for property managers, landlords, etc. who have an agreement with the City for assuming services upon vacancy.

Other Fees:

A. Restoration of Service	
- Single Service	\$ 36.00
- Multiple Services	\$ 45.00
B. Restoration of Services (After 3:30 pm)	
- Single Service	\$ 71.00
- Multiple Services	\$ 101.00
C. Meter Testing Deposit	\$ 51.00
D. Meter Tampering Charge	\$ 301.00
(criminal charges may be filed)	
E. Back Flow Prevention Devices	Actual Cost
F. Construction Hydrant Meter Deposit	\$ 1,000.00
G. Inspections (cross connections)	\$ 94.00
H. Natural Gas Safety Inspections	No Charge

Water Service Line Installation: The customer shall pay for all costs of the water service installation including, but not limited to the pipe, service tap, meter box, meter valves, hydrants, labor, trenching, backfilling, patching and administrative costs from the nearest main to the customer's property line in accordance with City standards and specifications. The applicant may have the City Water Division personnel install the service line based on the fee schedule set forth below, or may elect to hire a qualified contractor to perform this work, except that only City Water Division personnel may make the water main tap and install the water meter.

Fee Schedule	3/4"	1"	1-1/2"	2"	Over 2"
New Service	\$1,400	\$1,400	\$1,790	\$2,070	Actual Cost
New Meter	\$303	\$396	\$652	\$782	Actual Cost
New Meter	\$850	\$1,100	\$1,700	\$1,950	Actual Cost
Location					
Remove Service	\$400	\$400	\$450	\$450	Actual Cost

Water Main Tap Fees	\$140	\$155	\$180	\$255	\$475
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Construction Water:

- A. Fire Hydrant Use Deposit
 - No Meter \$ 500
 - Fire Hydrant Meter Deposit \$1,000
- B. Application Fee (non-refundable) \$ 100
- C. Hydrant Meter Monthly Fee \$ 25
- D. Quantity rate for construction water taken through a hydrant meter shall be \$85.50 per 1,000 cubic feet; \$8.50 per 100 cubic feet; or \$.8555 per 10 cubic feet of water.

Wells and Vertical Drilling:

Wells for Water, Geo, Monitoring, Testing and Heating/ Cooling systems:

	<u>Fees</u>
Application Fee	\$145
Inspection Fee	\$ 92

Mr. Newton added that it is also proposed to implement a drought surcharge which would only become effective when the City implements either Stage 1, 2, or 3 of its Water Shortage Contingency Plan. It is important to note that at the present time, no stage of the Water Shortage Contingency plan is currently in effect.

Mr. Newton explained the notification process which was followed, including a mailer and 45 notification period to property owners. The City has also notified water utility customers who may not own the property, but will be impacted by the proposed rate changes. The notices included information regarding the public hearing time and place as well as information regarding the protest process. The City has received 7 protests, and they may be submitted up to the end of the public hearing.

Mr. Newton concluded by stating that the proposed rate increase would result in approximately \$900,000 in additional annual revenue to the water system to be utilized for infrastructure improvements, operations and maintenance costs.

Councilmember Garnier requested confirmation that there would be no increase to the base rate.

Mr. Newton agreed, stating that the only increase was proposed to actual usage so that the impact to customers who use less water and are conscientious about conserving water would see no increase in their monthly bill. By replacing the quantity structure with a seasonal structure, it would also allow the addition of a drought surcharge that would be triggered only when water restrictions are in place. This allows the City to offset the reduced revenue that is associated with water conservation periods.

Mr. Hancock added that staff dedicated a lot of time to focusing on a plan that would have the least impact on fixed income or low income residents. The proposed rate modification would have the biggest impact on residents with larger lawns or who do a lot of summer irrigating.

Mayor pro tem McBride opened the public hearing at 7:27 p.m. and requested questions or comments from the public.

Sharon Olinger stated the \$900,000 figure seemed too high, and said that the City already has rules and regulations in place and if the City would enforce the rules it already has, there would be no reason to raise the rates. She provided examples of people who were in violation of the water restrictions in place last summer, and stated that the system did not spring leaks overnight and raising the rates should not be the first solution. She suggested including on the notification of water restriction dates that the City include a time restriction as well. As it stands, people were turning on their sprinklers and leaving them run for hours and hours. She claimed that her son complained about his neighbor violating the water restriction and that the City did nothing about it. People should be fined if they break the rules, and not just have multiple warnings. Ms. Olinger suggested that the City include a basic fee for a meter for those vacant properties who are not being charged a base rate. There is still a cost associated with maintaining the equipment, and she said that the water company in Leavitt Lake charges a monthly fee to property owners, just to have a water account in their name that is associated with the property, even if nobody is living in the home.

Mr. Hancock explained that the process to enforce the State Mandated Water Restriction is separate from the City's need to operate the water system. The City operates the water system as an enterprise and must periodically evaluate the cost of providing that service, and those studies and analysis was completed and prepared in the Water Rate Analysis and Calculations Report that Mr. Newton mentioned, and it was approved and accepted by the City Council at the May 18th meeting. The enforcement of the water restrictions as mandated by the State requires that those people in violation of the restriction are given a warning notice. If they choose to ignore the notice, then the City writes a letter, and after that, a fine is assessed. Those enforcement provisions are established by the Ordinance that was passed, and if no fines were assessed, it is because residents complied with the warning notices that were provided.

Mr. Newton explained the cost development process and rate structure that resulted in the estimated increase in revenue of \$900,000.

Joseph Franco commented that he would like to see a guarantee that the increased revenue would only be spent on the water system.

Mr. Hancock responded that the last water rate increase for general system operations costs was approved in 2005. The increase approved in 2008 was committed to infrastructure improvements only and the City has completed a replacement of aging meters and a number of line replacement projects. However, operational and maintenance costs have continued to increase, and it is important to be able to address those needs as equipment ages, and daily expenses increase.

Mr. Newton added that in accordance with the California Constitution, any revenue generated must be put back into the system, and it cannot be used for another activity.

Mr. Franco remarked that the suggestion regarding notifying residents of the preferred time of day to water, or perhaps including a time in the daily restriction would be useful, as watering during the middle of the day results in increased evaporation. Increasing public awareness will help in the conservation efforts.

There being no further comments, Mayor pro tem McBride closed the public hearing at 8:01 p.m.

Motion by Councilmember Garnier, second by Councilmember De Boer to approve Resolution No. 16-5297; motion carried. Ayes: Garnier, De Boer, Callegari and McBride. Absent: Wilson.

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS:** None.

Commission/Committee Reports:

9 **NEW BUSINESS:**

9A **Consider approval of Resolution No. 16-5295 authorizing execution of airport hangar space lease agreement with Matt Bussell for City-owned Hangar #14** Mr. Hancock explained that the next two were very similar in that the City received notification from two parties who were interested in renting one of three portions of City-owned Hangar #14 at the Susanville Municipal Airport. The space lease agreement with Mr. Matt Bussell will begin on June 1, 2016 and continue on a month-to-month basis. Staff is also proposing an amendment to the lease in paragraph two to reflect that limited personal property may be stored if it is related to aviation, and only if an aircraft is also stored in the hangar. The same lease modification is proposed for 172 Group, which is a partnership of six individuals who want to lease a second space in Hangar #14.

Councilmember De Boer stated that he knows people in other areas who have hangars, but when they take their plane out, they park their car in the hangar. If a person has to use their car for transportation to the airport, they should be able to park the car in the hangar for a period of time.

Mr. Hancock responded that the lease agreements allow users to park their car alongside the hangar if they are using the vehicle to get to and from the airport.

Mayor pro tem McBride stated that he would be abstaining from the vote since he has a business association with the individuals.

Mr. Hancock announced after conferring with the City Attorney that Mayor pro tem McBride's presence at the meeting counts towards the quorum needed even though he would be abstaining from voting on the item.

Mayor pro tem McBride clarified that the approval of the resolution would result in an amendment of the lease language. Mr. Hancock confirmed that it did.

Motion by Councilmember De Boer to approve both Resolution No. 16-5295 and 16-5299; Councilmember Garnier provided a second and the motion carried by polled vote. Ayes: Garnier, De Boer and Callegari. Abstain: McBride. Absent: Wilson.

Consideration and approval of Item 9B, Resolution No. 16-5299 authorizing execution of airport hangar space lease agreement with 172 Group for City-owned Hangar #14 was included in with Item 9A.

9C **Consider approval of Resolution No. 16-5300 approving contract with Xpress Bill Pay and Chase Paymentech for online bill pay services** Mr. Hancock explained that staff has researched the ability to provide utility customers the convenience of paying bills online. The City had previously considered utilizing the services of Paymentus, but due to the excessive charges that would be passed to the customer, the service was never established. The finance division has obtained bids from three vendors and viewed online presentations. Staff recommends utilizing Xpress Bill Pay, who offers full integration with Caselle software and no fee that will be passed on to the customer. Xpress Bill Pay will

allow customers to pay utility bills, business licenses, view their bill and 24 months of billing history, all online. In order to process the payments, a merchant account must be established with Chase Paymentech.

Mr. Hancock explained that the costs to the City are based on an estimate that half of the City's customers will be using the online system to pay their bills and it will take time for customers to make the transition to paying online, but over time it is estimated that customers will appreciate the convenience and take advantage of the service. This is also expected to decrease the number of phone calls received by the Finance Division, as well as the amount of foot traffic at City Hall. The initial costs involved with the implementation of the system, along with reoccurring monthly charges, are estimated to be approximately \$15,700 in year one and approximately \$10,700 each year thereafter.

Councilmember Garnier commented that the City currently accepts payments by check and credit card. Unless there are some other savings which would be realized by providing this option, the cost seems exorbitant.

Mr. Hancock responded that over time it is anticipated that there would be increased efficiencies and savings that could result in possible staffing changes, but not immediately. The current convenience fee for customers paying by credit card over the telephone is \$3.00 per transaction.

Ms. Savage commented that the City has a lot of customers who ask about online bill pay options so there has been a significant amount of interest.

Councilmember Garnier stated that staff is still assisting people who call in and pay by credit card over the phone so a convenience fee is understandable. She asks if the City would require that online bill pay customers go paperless, which would result in a cost savings to the City by not having to process and mail the bills.

Mr. Hancock responded that charges for the convenience of paying by credit card are often rolled into the rates that are charged to the customer, but the City has chosen not to go with that option.

Mayor pro tem McBride stated that it seems redundant to have a credit card machine where people can pay over the phone or in person by credit card and then a separate system for people to pay online. The estimate of fifty percent of customers utilizing the service also seems too high.

Mr. Hancock explained that the City does not charge a convenience fee to customers that are paying in person by credit card. The process to assist a customer who calls in and pays by phone with a credit card requires additional staff assistance and time, so the \$3.00 convenience fee is assessed for those payments. Mr. Hancock described additional features of the system, which would allow a customer to log in, view billing history, set up an auto pay feature which in turn would improve revenue collection. The service is not time sensitive, however it has been some time since the option was discussed and it may be that the Council would choose to pass along a portion of the costs to the customer.

It was the consensus of the City Council to table the discussion for consideration at a future date.

9D Consider approval of loan receivable write offs Mr. Hancock explained that the City has issued loans to individuals through the CDBG program and from time to time, these applicants have their properties foreclosed by the primary lender or as a result of bankruptcy. The money repaid on these loans

would normally be placed into the program income account, and City staff has been working with the State and they have other jurisdictions that have the same challenge with money that is uncollectible. The City will not be getting the money back and at this time is proposing to write off the bad debt in order to clean up the books. There is no fiscal impact to the City.

Councilmember De Boer asked what happens to the home that is foreclosed.

Mr. Hancock explained the process of notification and that the City loans are typically in second position. The first mortgage and any property taxes are typically paid first, and then if there is any money left then the City's loan would be paid. The City could buy out the first mortgage and then re-sell the house.

Councilmember De Boer responded that the City does not need to be in the real estate business.

Mr. Hancock stated that these amounts represent files that staff has gone through and there is no recourse.

Motion by Councilmember Garnier, second by Councilmember De Boer to approve the write-offs; motion carried. Ayes: Garnier, De Boer, Callegari and McBride. Absent: Wilson.

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 Golf Course Update Ms. Savage reviewed the Golf Course revenues, expenses and cash balance for November 2015 through April 2016, noting that the rounds played were down due to a rainy spring season.

A member of the audience asked if the restaurant would be opening this year.

Mayor pro tem McBride responded that the City has not received any responses to its Request for Proposals.

Mr. Hancock added that the RFP was released and it would be open until filled.

Joseph Franco talked about the feedback he received when he played golf recently, the service in the pro shop was great, course maintenance looked good and at \$40 it is a good value. The lack of restaurant and bar has an impact on events such as the men's league, where eating and drinking after play seems to be part of the golf experience. He suggested that the City consider subsidizing the restaurant.

Mayor pro tem McBride responded that the City has been subsidizing the restaurant every year, and part of the issue is that the City is not allowed to carry the liquor license so someone else has to be able to operate it.

Councilmember Garnier expressed her frustration that the restaurant was not open to sell the basic hamburgers, hotdogs, and those items. She added that it would be a money maker for the right person who could run it efficiently.

Mr. Hancock added that the City has invested a lot to create a turn-key facility that someone could literally come in, open the door, and open the restaurant. He added that the City was open to consider any offers that it receives to operate the restaurant and bar.

14 COUNCIL ITEMS:

14A AB1234 travel reports:

Councilmember Garnier asked about the condition of the dandelions and if the blades have been sharpened on the mower.

Mayor pro tem McBride stated that the turf farm needs to happen.

Councilmember Garnier asked if the inmate crew was being utilized for the clean-up.

Mayor pro tem McBride asked about the information needed for people to volunteer.

Mayor pro tem McBride noted there had been discussion to schedule the performance evaluation for the City Administrator prior to the new City Council being seated. He requested that the Council schedule a special meeting for June 8, 2016 at 5:30 p.m.

15 ADJOURNMENT:

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

Meeting adjourned at 8:59 p.m.

Respectfully submitted by

Brian R. Wilson

Gwenna MacDonald, City Clerk

Approved on: July 6, 2016