

**SUSANVILLE CITY COUNCIL**  
**Regular Meeting Minutes**  
**December 20, 2017– 6:00 p.m.**

Meeting was called to order at 6 p.m. by Mayor Garnier.

Roll call of Councilmembers present: Brian Wilson, Kevin Stafford, Mendy Schuster, Mayor pro tem Franco, and Mayor Garnier.

Staff present: Dan Newton, Interim City Administrator; Jessica Ryan, City Attorney and Ruth Ellis, Administrative Staff Assistant.

**1      APPROVAL OF AGENDA:**

Motion by Councilmember Stafford, second by Mayor pro tem Franco to approve the agenda as submitted; motion carried unanimously. Ayes: Stafford, Franco, Wilson, Schuster and Garnier.

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

**3      CLOSED SESSION: At 6:01 p.m. the Council entered into Closed Session to discuss the following:**

- B      PUBLIC EMPLOYMENT – Pursuant to Government Code Section 54957  
         1 City Administrator
- A      CONFERENCE WITH LABOR NEGOTIATORS – pursuant to Government code  
         Section 54957.6  
         1 Agency Negotiator: Dan Newton  
         Bargaining Unit:    Fire Fighters

**4      RETURN TO OPEN SESSION:**

At 7:00 p.m. the Council reconvened in Open Session.

Staff present: Dan Newton, Interim City Administrator, Jessica Ryan, City Attorney, Dan Gibbs, Acting Public Works Director, Deborah Savage, Finance Manager, Ruth Ellis, Administrative Staff Assistant.

Mr. Newton reported that prior to Closed Session, the City Council approved the agenda as submitted.

He also reported that during Closed Session, the Council extended the application deadline for the City Administrator position to February 1, 2018.

Mr. Newton offered the Thought of the Day.

**5      BUSINESS FROM THE FLOOR: None**

**6      CONSENT CALENDAR: Councilmember Schuster requested the items be considered separately.**

**6A     Approve minutes from the City Council's November 15, 2017 meeting**

Motion by Councilmember Wilson, second by Councilmember Schuster to approve the minutes from the City Council's November 20, 2017 meeting; motion carried unanimously. Ayes: Wilson, Schuster, Stafford, Franco and Garnier.

**6B** Approve vendor warrants numbered 101965 and 200000 for a total of \$522,597.60 including \$155,269.12

Motion by Councilmember Stafford, second by Mayor pro tem Franco to approve vendor warrants; motion carried. Ayes: Stafford, Franco, Wilson, Garnier. Abstain: Schuster

**9** **NEW BUSINESS** Mr. Newton requested moving Item 9B, Consider Resolution No. 17-5462 accepting the City of Susanville's Audited Financial Statements for the Fiscal Year ending June 30, 2016, ahead of 9A, Consider development of lease agreement with property owner to lease the Bank of America parking lot for public use, because he believed more people were going to be in attendance for the discussion.

**9B** **Consider Resolution No. 17-5462 accepting the City of Susanville's Audited Financial statements for the Fiscal Year ending June 30, 2016**

Ms. Savage explained the audit is conducted by Badawi and Associates, an independent auditing firm hired by the City to conduct the audit for the last several years. The audit included the financial statements of the governmental entities, business-type activities, each major fund and the aggregate remaining fund information of the City, which comprises the City's basic financial statements. The City is also audited on the annual appropriations limit calculation that is adopted along with the budget for the following fiscal year. The audit was completed on the appropriations limit calculations for the fiscal year ending 2018.

Ms. Savage introduced Ahmed Badawi who was on conference call.

Mr. Badawi introduced Mitesh Desai, who assisted with the audit, and was also on the phone. He continued by briefly reviewing the matters he would be addressing related to the Engagement Team, Deliverables and Scope of the Audit, Areas of Primary Emphasis, Auditors report and Financial Statements, Required Communications and New Accounting Standards.

#### Deliverables and Scope of the Audit

Mr. Badawi explained the audit procedures and the scope of the audit, which includes the independent auditor's report of the City's basic financial statements, internal control over financial reporting and on compliance and other matters, the Lassen County Air Pollution Control District, appropriations limit agreed upon procedures, and communications with those charged with governance.

He reviewed the three areas of primary audit emphasis – management override controls, revenues and receivables (tax, grants, notes and others): improper revenue recognitions and pension: complex accounting treatment.

#### Auditor's Report

Mr. Badawi said it is the auditor's opinion that the City received an unmodified, clean opinion and the audit was performed in accordance with Generally Accepted Auditing Standards and Government Auditing Standards. It was also determined that the financial statements are fairly presented in all material respects, significant accounting policies have been consistently applied, estimates are reasonable and disclosures are properly reflected in the financial statements.

Mr. Mitesh provided information from the auditor's report.

#### Government-Wide Financial Statements – Assets and Deferred Outflows of Resources

Mr. Mitesh compared the City's Cash and Investments, Restricted Cash, Accounts Receivable, Loans Receivable, Capital Assets and Deferred Outflows of Resources for the period of 2015, 2016 and 2017.

#### Government-Wide Financial Statements – Liabilities and Deferred Inflows of Resources

Mr. Mitesh compared the City's accounts payable and wages payable, other current liabilities, compensated absences, early retirement incentive and sick leave conversion, net pension liability, capital leases, notes, payable and bonds payable for the period of 2015, 2016 and 2017.

#### Government-Wide Financial Statements – Net Position

Mr. Mitesh gave an overview of the City's net investment in capital assets and restricted and unrestricted funds from 2015, 2016 and 2017 and commented that the unrestricted is less negative than last year.

#### Government-Wide Financial Statements – Changes in Net Position

Mr. Mitesh reviewed a slide showing the changes in net position from 2015 to 2017.

#### Government-Wide Financial Statements – Net Cost of Service to Tax Revenue

Mr. Mitesh reviewed a slide showing the Net Cost of Service to Tax Revenue from 2015 to 2017.

#### General Fund Expenditure Coverage

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

#### City's Annual Pension Contributions

Mr. Mitesh stated that the PERS contribution is increasing every year and the City's annual pension contribution for 2017 is \$848,438.

#### City's Pension Plan Funded Status

The City's Net Pension Liability for 2017 is \$9,833.36 and the unfunded status is going up slightly.

#### City's Pension Plan Sensitivity to Discount Rate

Mr. Mitesh provided an overview of the City's Plan Sensitivity to Discount Rate and the Net Pension Liability based on a 2016 measurement date.

#### Required Communications

Mr. Mitesh gave an overview about the required communications and responsibilities for both the auditors and City for conducting the audit. He explained it is the auditor's responsibility to provide

an expression of an opinion on whether financial statements are fairly stated in accordance with U.S. GAAP, evaluate internal control over financial reporting, compliance with laws, contracts and grants, ensure financial statements are clear and transparent and communicate with the governing body.

Management is responsible for financial statements, establishing and maintaining internal control over financial reporting, making all financial records available to the auditor, adjusting financial statements to correct material misstatements, establish internal control to prevent and detect fraud, inform auditors of all known and suspected fraud, comply with laws and regulations and take corrective action on audit findings.

He noted the City's adoption of new pronouncements during the year and significant management estimates impacting the financial statements. He noted no difficulties were encountered during the audit, no disagreements with management and no material weaknesses identified during the audits.

Mayor Garnier thanked Mr. Badawi for his presentation.

Councilmember Wilson commented on Slide 18 which addressed the current discount rate for Cal PERS. He noted that the numbers are prepared using the 7.65 percent discount rate, but Cal PERS is very likely to start using 6.65 percent in the future.

Motion by Mayor pro tem Franco, second by Councilmember Stafford to approve Resolution No. 17-5462 to accept the City of Susanville's Audited Financial statements for the Fiscal Year ending June 30, 2016; motion carried unanimously. Ayes: Franco, Stafford, Schuster, Wilson and Garnier.

Police Chief John King arrives at the meeting during audit report.

**9A Consider development of lease agreement with property owner to lease the Bank of America parking lot for public use** Mr. Newton reported that the owner of the former Bank of America building may be closing off the parking lot, however, it is used by patrons of the Uptown Susanville businesses. A local businessman has been in contact with the property owner and is discussing preliminary terms for leasing the property.

The Historic Uptown Susanville Association will contribute \$200 to the lease and will also pay Impact Construction for snow removal costs. Mr. Newton stated he has been in contact with the property owner's attorney and the lease will be \$600 per month and the City will take on the liability and maintain the lot. Staff is requesting a motion for the Interim City Administrator to develop a lease agreement to lease the parking lot for public use.

Mayor pro tem Franco asked if the City will have to stripe and resurface the lot.

Mr. Newton responded that striping would be done on an annual basis, but there is no need to resurface the parking lot.

Mayor pro tem Franco asked how many spaces were available.

**David Teeter**, District 2 Board of Supervisor, stated he believed there were around 30 spaces. He added it is his understanding that the property value drops if parking lots are barred off. Continuing,

he said a short-term lease would be in the interest of all and he assumes HUSA doesn't want to be in the parking lot business, nor does it want that liability. He stated HUSA is looking at possible fundraising ideas and won't give up on their funding commitment.

Councilmember Wilson asked if HUSA is only interested in a one-year lease.

Mr. Teeter responded that HUSA does not have a time limit.

Councilmember Wilson asked what the current owner would do if it was a short-term or long-term lease.

Mr. Newton responded he that he believes there is enough parking to make the building attractive if it was a long-term lease. He had also asked the attorney if the owner would be interested in selling the lot, but the attorney was uncertain.

Councilmember Wilson asked if public parking would be available if it becomes a City lot.

Mr. Newton said the City could open up the lot for public use as it would be difficult to restrict.

Chief King said the vehicle code cannot be enforced in a public parking lot and another concern is who would ultimately be responsible for an abandoned vehicle and for towing it.

Mayor Garnier stated that would be information that would have to be put in the lease.

Chief King commented that the only things that are enforceable are red curb and emergency vehicle parking.

Councilmember Wilson stated he is in favor of making the lot a public space and not reserving spots.

Mr. Teeter concurred.

Mayor pro tem Franco asked if signs will be posted to inform people that the lot is available for public parking.

Mr. Newton responded that he would assume so.

Mayor pro tem Franco stated the responsible thing to do would be getting the word out to the public.

Councilmember Wilson commented that he wanted to be able to cordon off the lot for events, which they haven't been able to do in the past.

Mayor Garnier said she personally doesn't think they needed to pay \$600, nor is she interested in a long-term lease. She continued that it is a major parking area for Uptown merchants and she was under the impression the lease would only be for \$400.

Mayor pro tem Franco stated a short-term lease would send a message to the property owners.

Councilmember Schuster asked what the liability costs would be.

Mr. Newton responded that is something staff would have to look at, but he didn't think it would be that much.

Mayor pro tem Franco commented that if you don't ask about negotiating the price, you don't know.

Mr. Teeter said it would be fair to negotiate.

Motion by Mayor pro tem Franco, second by Councilmember Stafford to move forward and open negotiations with the property owner; Motion carried unanimously. Ayes: Franco, Stafford, Schuster, Wilson, Garnier

**Jerry Askey**, public member, commented that everything is negotiable.

**9C Consider local sales and use tax/transactional use tax increase** Mr. Newton stated he attended the Lassen County Board of Supervisors December 19 meeting where the Board discussed a local sales and use tax/transactional use tax increase.

He explained that at its November 1, 2017 meeting, the City Council directed staff to open negotiations with the County to come up with an agreement to increase the sales tax starting at one-half percent. A general tax would require a 50 percent plus one voter approval and is available for a variety of uses. A special tax requires a 2/3 majority vote and would be restricted for a published purpose.

He stated the belief is a tax measure will not be successful if the City and County had separate items on the ballot. The County can create a special district incorporating the City, which is a major tax generator because the retail volume is mostly within City limits.

Mr. Newton said he met with County Administrator Officer Richard Egan and they discussed going for a 3/4 percent tax increase which would generate \$2.1 million. One option would be splitting the funding based on population resulting in the County receiving 65 percent and the City getting 35 percent.

Another option would be a flip flop where the County receives 65 percent of the City's portion and the City receives 35 percent of the County's share, which results in less competition. They are also looking at ways to equitably split or increase the tax to 7/8 percent, resulting in 57 percent for the County or 43 percent for the City.

Mr. Egan, County Administrative Officer, said the County is looking at some method of increasing revenue because it can't keep up with the services it provides and there is a particularly high demand in the area of public safety. Staff has been focusing on that area, while keeping the rest of the County stable, but in order to do so, the County has been dipping into reserves, which is not sustainable.

He added that he appreciates working with Mr. Newton in making the City and County fiscally healthy. It is his belief that the City is the economic hub because people travel from all over the County to conduct commerce in Susanville and those residents will also be paying the increased taxes.

Mr. Egan added that the County does provide services to both the County and City including the District Attorney, Public Defender and jail. He stated that none of the numbers are going to entirely solve all of the problems and there also has to be growth in the area, but property values are expected to increase.

Mr. Egan said the Board of Supervisors directed him to meet with City staff to come up with ideas to split the tax and he is happy to engage in those discussions and develop a methodology.

Mayor Garnier asked if there was a preferred formula.

Mr. Newton responded they are looking at something that will have an impact years from now and the City and County are still a little ways apart in coming up with a fair split. There are benefits to developing a percentage and splitting it 50/50 or the flip flop.

Mr. Egan said the flip flop idea is intriguing and it could change the interest they all have.

There was general discussion about staying under Reno's new 8 percent tax increase and anything less than 8 percent would sound better to the public.

Mr. Egan stated that in some instances an agency will come into a jurisdiction and do a poll on what the people are more in favor of. He said the consensus is the best way is to be up front and frank about what is being put on the ballot.

Mayor pro tem Franco commented that they will have to be accountable in how those funds are used.

Mayor Garnier said there has already been a reduction in services and the City cannot cut anymore.

Mr. Egan said any share of a half cent is not going to make a difference.

Mr. Wilson stated his support for doing a combined tax measure and the 50/50 split option.

Mr. Egan responded that amount doesn't do enough for the health of the County.

Mr. Egan stated a 65/35 percent share is something the County can work with, but it's difficult to recommend anything lower.

Councilmember Wilson asked if the  $\frac{3}{4}$  cent takes care of where the City needs to be.

Mr. Newton said he doesn't think it would, but stated that a 43 percent share of a  $\frac{7}{8}$  percent tax is almost identical to a 50/50 split of a  $\frac{3}{4}$  percent tax.

Mayor Garnier responded that it doesn't matter what the split is, the City and County needs to bring in some industry.

Mr. Egan responded that is one aspect of a fiscal problem.

Mayor pro tem Franco stated accountability is key to the voters.

Mr. Egan said they are willing to explain all of that and the County and City do have a track record of being frugal with what they do have.

Mr. Askey stated if they are talking about a sales tax, a 2/3 required vote will fail if they don't hold a public forum and educate people about what they are voting for.

Mr. Newton commented that the County and City are also both prepared to move forward separately.

Mayor pro tem Franco stated they have to combine efforts, but they also have to be accountable and he likes the suggestion of having a public forum.

Mr. Newton asked what the Council is in favor of.

Mayor Garnier responded that a half cent increase is not worth it.

Councilmember Wilson stated a half cent increase is a lot of money but it doesn't fix the problem. He is happy with a 50/50 share of  $\frac{3}{4}$  cent or a  $\frac{7}{8}$  increase with 43 percent going to the City because essentially they are getting the same amount of money. He continued that he didn't think the City and County should be negotiating against each other.

Councilmember Schuster stated she would like to see no tax increase, but the flip flop idea is intriguing.

Councilmember Wilson stated they would have to look to legal counsel for what they can and can't say on the ballot measure.

Mr. Egan stated one critical issue is if they are doing a general tax, there will be some semantics of priorities of the agencies. Another issue is once the Board calls for an election, it can't be campaigning for it.

Mr. Newton acknowledged Mr. Egan's efforts to sit down and meet with him.

**9D Consider approval of Lassen County Board of Supervisor/Susanville City Council joint meeting scheduled for January 23, 2018**

Mr. Newton stated the Lassen County Board of Supervisors is interested in having a joint meeting at 1 p.m. Tuesday, January 23. The County provided potential topics for discussion, including the sales tax.

Mayor Garnier commented that the joint meeting was a good idea and a long-time coming but she asked if the regular meeting of the Lassen Regional Solid Waste Management Authority would be held that day.

Staff was directed to check to see if there would be a meeting conflict.

Mr. Egan commented that with the City being in transition, it was a good idea to see what ways they can come together.

### **13 CITY ADMINISTRATOR'S REPORTS**

**13A Susanville Deer Population** Mr. Newton explained that community members have expressed concern about the deer population in Susanville and the problems they cause such as destroying gardens, lawns, fences, attacking pets and threatening children's safety. He said the City's role in addressing the matter has not been discussed at City Council in recent years.

He introduced Brian Ehler, a biologist with the Department of Fish and Wildlife, who was in attendance to discuss the item.

Councilmember Wilson said the deer population in the City seems to be growing and expressed concern that there may be some in-breeding and something needs to be done to thin the herds.

Councilmember Schuster asked about the possibility of using birth control methods.

Mr. Ehler responded a community in San Jose attempted such a method, but he was not aware of how well it worked.

Mayor Garnier stated there is a huge number of does giving birth to twins or triplets and some of the bucks' horns don't seem to be normal. In addition, people are feeding them and they need to educate the public not do that.

Mr. Ehler said there is no indication of in-breeding and there is a small percentage of bucks that do have weird antlers. He explained one reason the herds are larger is because typically only one fawn will survive in the wild, but there aren't natural predators hunting them within the City.

Councilmember Schuster asked what solutions other communities have come up with.

Mr. Ehler responded that communities on the East Coast have seen an increase in deer populations and some areas have held sport hunts, which temporarily knocked down the numbers.

Mayor pro tem Franco asked Mr. Ehler what he would suggest.

Mr. Ehler stated the City is surrounded by deer habitat and while some of the feeding is intentional, there are also gardens and flowers that attract them. There are generations of deer within City limits and this is all they know.

There was general discussion about an auditory solution used in Alaska to keep the moose away, but there is no indication that type of method, such as using deer whistles on vehicles, actually works.

There was general discussions about how the City's six foot fencing doesn't keep deer out of yards and options such as birth control or moving deer out of the area are very expensive.

Mayor Garnier stated the public needs to be educated that it is against the law to intentionally feed the deer.

Mr. Ehler commented that while it is illegal, it's also difficult to prosecute, but the City could look at adding a fine for people caught intentionally feeding the deer.

Mayor Garnier responded the City could pass a no feed ordinance.

Council directed staff to include flyers in the monthly water billing educating people to not feed the deer.

#### **14     COUNCIL ITEMS**

Mayor pro tem Franco stated he sat through some recent Planning Commission meetings and one agency on Richmond Road has done a lot of work cleaning up their property. However, a similar business on Alexander Avenue has trash alongside the building and the standard for those types of businesses should be the same.

Addressing a separate matter, he added that when he was leaving a business the other day, he could see the campfires along the river.

Chief King stated his officers do patrol the area along the Susan River Trail.

Councilmember Wilson stated that he wanted the councilmembers email addresses added to the City web site because he believes they should be available to the public.

Mayor Garnier commented that she and Mr. Askey had discussed some of his concerns including loitering and panhandling ordinances.

Chief King stated he and the City Attorney have been looking into what other Cities have done to address blight, shopping carts and public intoxication, but the water gets muddy between the penal code and municipal code.

Councilmember Schuster asked what is considered aggressive panhandling.

Chief King responded any time someone is forced to wait in line or be in contact with someone.

Mayor Garnier asked Mr. Egan if the County had an ordinance against camping. Mr. Egan said the County does not because there are campgrounds in the County.

Motion by Councilmember Stafford, second by Mayor pro tem Franco to adjourn; motion carried unanimously. Ayes: Stafford, Franco, Wilson and Garnier.

Meeting adjourned at 9:30 p.m.

Respectfully submitted by

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Kathie Garnier, Mayor

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Ruth Ellis, Administrative Staff Assistant

Approved on: February 7, 2018