

SUSANVILLE CITY COUNCIL
Regular Meeting Minutes
February 7, 2018– 6:00 p.m.

Meeting was called to order at 6:00 p.m. by Mayor Garnier.

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

Staff present: Dan Newton, Interim City Administrator; Jessica Ryan, City Attorney and Gwenna MacDonald, City Clerk.

1 APPROVAL OF AGENDA:

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

2 PUBLIC COMMENT REGARDING CLOSED SESSION ITEMS: None.

3 CLOSED SESSION: At 6:03 p.m. the Council entered into Closed Session to discuss the following:

- A CONFERENCE WITH LABOR NEGOTIATORS - pursuant to Government Code Section §54957.6
 - 1 Agency Negotiator: Dan Newton
 - Bargaining Unit: SPOA
 - 2 Agency Negotiator: Dan Newton
 - Bargaining Unit: Professional/Technical
- B PUBLIC EMPLOYMENT – Pursuant to Government Code Section §54957
 - 1 Police Chief
 - 2 City Administrator
- C CONFERENCE WITH REAL PROPERTY NEGOTIATOR – pursuant to Government Code §54956.8
 - Property: APN 107-090-15
 - Agency Negotiator: Dan Newton, Interim City Administrator
 - Negotiating Parties: City of Susanville/Sierra Pacific Industries
 - Under Negotiation: Potential Purchase of Land
- D Conference with Legal Counsel for Anticipated Litigation pursuant to Government Code section 54956.9(b) regarding one case

4 RETURN TO OPEN SESSION:

At 7:05 the City Council reconvened in Open Session.

Staff present: Dan Newton, Interim City Administrator; Jessica Ryan, City Attorney; James Moore, Fire Chief; Dan Gibbs, Acting Public Works Director; Kelley Merritt, Acting Police Chief; Deborah Savage, Finance Manager; Quincy McCourt, Project Manager and Gwenna MacDonald, City Clerk.

Mr. Newton reported that prior to Closed Session, the City Council approved the agenda as submitted, and the Council provided direction but there was no reportable action.

Councilmember Schuster provided the Thought of the Day.

5 BUSINESS FROM THE FLOOR:

Gary Bridges spoke to the Council in opposition to the proposed Sales Tax measure. He suggested imposing a \$5.00 per room tax to be dedicated to law enforcement in order to take advantage of the increase in summer visitors. He stated that the Police Department is doing a good job with what they have, but that the City needs to hire more officers.

Ron Wood requested the City Council present a proclamation in honor of Welcome Home Vietnam Veterans Day on March 31st. He talked about the activities of the VFW and invited those in attendance to participate in the pancake breakfast that raises funding for various community activities.

Monte Stout spoke against the proposed tax measure, and suggested renegotiating the City's contract with CalPers.

Starlyn Claire stated she is not supportive of a potential tax increase and expressed concern that the resulting funding if a sales tax increase is imposed would not be spent on law enforcement.

6 CONSENT CALENDAR:

- A Approve minutes from the City Council's December 20, 2017 meeting
- B Approve vendor warrants numbered 200279 through 200474 for a total of \$561,961.31 including \$104,592.21 in payroll warrants
- C Approve **Resolution No. 18-5479** approving 2018 Intern Scope of Work
- D Approve **Resolution No. 18-5472** approving and authorizing the City Administrator to execute agreements for auditing services with Badawi & Associates for the fiscal year 2017-2018

Councilmember Schuster requested the removal of Item 6B for separate consideration.

Councilmember Wilson requested the removal of Item 6C for separate consideration.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Item 6A and 6D; motion carried. Ayes: Franco, Schuster, Wilson, Stafford and Garnier.

Motion by Councilmember Wilson, second by Councilmember Stafford, to approve Item 6B; motion carried. Ayes: Wilson, Stafford, Franco and Garnier. Abstain: Schuster.

Councilmember Wilson requested that staff discuss various benefits of the Intern program.

Mr. Newton explained that the City has been utilizing interns to conduct a door-to-door income survey. The work is funded through the Community Development Block Grant program, and will identify areas and neighborhoods that meet the low-income criteria needed to qualify for other types of CDBG-funded community improvements. Through the use of interns the City has been able to complete a lot of the work in-house that would otherwise need to be conducted through a consultant. As the City is able to obtain funding for other projects, the interns would be used for work that would be one hundred percent reimbursable through the grants.

Mayor pro tem Franco asked if the interns were local people and how the City went about recruitment.

Mr. McCourt responded that the City placed advertisements in the newspaper, interviewed candidates and they have been local college-aged people. The program has been very successful and he anticipates continued use of interns for various CDBG-funded projects.

Councilmember Schuster suggested that the door-to-door workers wear a tee-shirt or some other identifying uniform, since the badge that they carried to identify them as a City employee were not readily visible.

Motion by Councilmember Stafford, second by Mayor pro tem Franco, to approve Item 6C; motion carried unanimously. Ayes: Stafford, Franco, Wilson, Schuster and Garnier.

7 **PUBLIC HEARINGS:** No business.

8 **COUNCIL DISCUSSION/ANNOUNCEMENTS:** Commission/Committee reports: none

9 **NEW BUSINESS:**

9A **Approve Resolution No. 18-5480 supporting Susanville Community Garden** Mr. Newton explained that the City has been contacted by a group of community volunteers who are dedicated to the concept of a community garden. The intent is to link as many groups to support the project and a significant amount of research has gone into selecting the proposed location which is the old Susanville Orchard property. Donations have been made for labor and seeds, and the volunteers are requesting support from the City to provide power, water, approved access to the property, in addition to marketing support through the City's website, and staff time at approximately 60 hours per year. Mr. Newton referred to the attachments which depicted the location of the property and an estimate of costs for the support. The volunteers would provide the City with quarterly updates, and would be looking for staff support to approve items such as potential outside funding sources, volunteer labor, modification of the existing structure/land, education syllabi review, feedback on plot layout for vegetables and approval to make ready for or potentially sell at the Farmer's Market.

Mayor Garnier asked who would be responsible for providing oversight for the project.

Mr. McCourt responded that the volunteer group would appoint a manager who would be working to facilitate the project with City staff.

Mayor pro tem Franco asked if they would be using existing fencing and if there would be any sort of fee charged for the use of the plots.

Mr. McCourt responded that labor and materials to construct a 7 foot fence would be solicited through donations, and there has been discussion of various scenarios regarding use of the plots for educational purposes, or through the use of fees.

Councilmember Stafford asked if the neighbors have been notified and if there was any feedback.

Mr. McCourt replied that volunteers had gone door to door to discuss the project and invite the neighbors to the meeting, and while some were not home, the feedback was positive.

The Council discussed general issues related to vandalism, emergency access to the site, and various options to locate a gate to provide a second access and opportunities for increased parking.

Seth Anderson spoke in support of the community garden project. As a volunteer, he stated that it was important to bring back community pride and keep Susanville from becoming a pass-through town. One way is to encourage people to become engaged in a community project, and it provides a platform for young people to learn how to grow their own food. Through the supervision and guidance of subject matter experts, it has the potential to provide opportunities for people to learn about becoming a Farmers Market vendor. The high school has an FFA program which focuses heavily on livestock, and very little on gardening.

Mayor pro tem Franco expressed his support of the concept, adding that long-term planning should include focus on the Susan River corridor. The community garden is a positive thing for the City and involving as many groups as possible will help it be a success.

Councilmember Schuster shared her concern with safety due to the close proximity to the Little League Park.

Dawn Miller, stated that she owns a rental property in the area, and that the property owners were not all notified, since the person going door-to-door only talked about the project with whomever was at the house at the time. In her case, it was her tenant and she would not have otherwise known about the project at all, if her tenant had not informed her. She was upset by the potential for increased traffic and parking availability.

David Teeter explained that he was the volunteer who went door to door and discussed the project with the adjacent neighbors. He added that improved effort would be made to include the property owners in future discussions, and not just the tenants.

Mr. Newton explained that because the project is located on City property, that the City is exempt from laws that would apply through the Zoning Code. The laws include public notice requirements, hearings before the Planning Commission, and if the Council is concerned then staff does have the opportunity to conduct additional research and outreach regarding the project. The volunteers were anxious to move the project forward to have everything in place for the 2018 spring growing season.

The Council discussed issues related to parking and the potential for increased vagrancy in the area as well as the benefits of more activity and community involvement from the participants and supporters of the project.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Resolution No. 18-5480; motion carried unanimously. Ayes: Franco, Schuster, Wilson, Stafford and Garnier.

9B Consider Resolution No. 18-5471 approving mid-year 2017/2018 budget Ms. Savage explained that each year the City adopts a budget in June based on projections and data received from Lassen County and the State of California. Expenses are based on funding operations and establishing priorities through discussions and meetings with Department Heads and the City Council. The budget is reviewed at mid-year and adjustments made based upon current revenue allocations from the County and State. The mid-year 2017/2018 budget shows an increase in interest income due to higher than anticipated LAIF investment rates. Ms. Savage reviewed the increase in expenditures and requested direction to increase the Police Department budget to fund the purchase of a new police vehicle which would be paid through the mitigation and traffic safety funds.

Councilmember Wilson asked if there were plans to rent the house at 606 Nevada Street.

Mr. Newton explained that it is currently vacant, and with staffing changes it is anticipated that it will be utilized for transitional housing for incoming City employees.

Councilmember Schuster requested that the monthly finance reports include information that would identify the changes in the budget rather than waiting for the mid-year data so that Council could be better prepared.

Motion by Mayor pro tem Franco, second by Councilmember Stafford to approve Resolution No. 18-5471 and to move forward with the purchase of the police department vehicle; motion carried. Ayes: Franco, Stafford, Wilson, Schuster and Garnier.

9C Consider impact of increasing CalPERS liability Mr. Newton provided an update regarding the CalPERS liability and the resulting future fiscal impact to the City. He explained that the information provided is based on the City's Annual Valuation reports as of June 30, 2016, as provided by CalPERS. He reviewed the history of actions as follows:

- 2002 - City changed their retirement plans for Miscellaneous and Safety members to a higher level of benefits formula, 3% @ 60 (Misc) and 3% @ 50 (Safety). This new benefit formula was provided retroactively to all active members within the City's plan (SB 400, 1999). With the upgrade of this plan, the value of the assets held by CalPERS was less than what was required to fund the retirements of all the active participants. This caused the City to have an unfunded liability side fund for both plans.
- 2003 - City was placed in a risk pool (California Government Code 20840, 20841, 20842 required public agencies with less than 100 employees to participate) with other agencies that offered the same level of benefits.
- 2012 - Pension reform introduced new miscellaneous and safety benefit formulas for all new hires effective January 2013. CalPERS reduces the discount rate from 7.75% to 7.5%,
- 2013 - City issued \$4,907,000 in debt for a refunding loan with Umpqua Bank to pay off the side funds for the Miscellaneous and Safety plans.
- 2016 - CalPERS reduces the discount rate from 7.5% to 7%.

Mr. Newton explained that the City is facing substantial increases in CalPERS payments to fund current and future retirement benefits. The payments for unfunded liability is expected to increase by approximately 181 percent in the next ten years. The greatest impact will be to the General Fund. Each year CalPERS releases to each member their actuarial valuations that set the employer costs. Employer costs are set as a percentage of payroll. This employer percentage included normal costs for current payroll plus a percentage for the unfunded liability attributed to our plan. Beginning in 2015-2016, all CalPERS agencies began paying the normal costs through a percentage of payroll and had a separate lump sum payment for their unfunded liabilities. These unfunded liabilities increase each year because the amount of money collected by the normal contributions that needs to be invested for future benefits is not enough and has not been for years.

Mr. Newton explained that the unfunded liability represents the amount by which invested pension assets need to increase in order to earn enough to eventually pay for all the future pensions that have been promised. Most of the City's unfunded liabilities represent paying the retroactive benefits that were provided to active members who have since retired. Mr. Newton reviewed the following accrued liabilities

based upon the June 30, 2016 information, noting that the number of active members or current employees is less than the total number of members and beneficiaries receiving payments:

Legacy Plan Accrued Liabilities

Miscellaneous - \$19,391,009

Active Members	24	\$ 4,165,211
Transferred Members	13	\$ 1,427,888
Terminated Members	21	\$ 943,540
Members and Beneficiaries receiving payments	61	\$12,854,370

Safety - \$23,901,111

Active Members	13	\$ 3,485,370
Transferred Members	25	\$ 2,286,718
Terminated Members	7	\$ 301,871
Members and Beneficiaries receiving payments	59	\$17,827,152

Mr. Newton explained that the accrued liabilities are what is required to cover current and future benefit payments. The unfunded liability is the difference between the City's accrued liabilities and the market value of the assets held by CalPERS.

Miscellaneous \$ 19,391,009 accrued liability
 Subtract \$ 14,574,133 market value of assets
 Equals \$ 4,816,009 in unfunded liability

Safety \$ 23,901,111 accrued liability
 Subtract \$ 17,666,511 market value of assets
 Equals \$ 6,234,600 in unfunded liability

Mr. Newton concluded by stating that Staff is currently in contact with our CalPERS Actuarial and will continue to bring updated information forward as it is received. The annual valuation is released in September/October and so the City will not receive June 2017 information until October of 2018.

Councilmember Wilson commented that this is the first time he has seen the information presented in such detail that extends out into the future, and it is disappointing that it was not available during the discussions that the City had regarding the community pool.

Pat Holley remarked that he follows the stock market, and the numbers will be modified since CalPERS will certainly make more than 7 percent on the investments.

9D Consider Local Sales and Use Tax/Transactional Use Tax increase Mr. Newton explained that City staff has been working with Lassen County staff to develop a sales tax measure to be voted on by Lassen County voters at the June 2018 election. The proposed measure would create a tax that the City and County would share through a separate agreement. At the January 23, 2018 joint meeting of the City and County, several members of the public expressed that they would not be supportive of a general tax, but that they would support a special tax dedicated to law enforcement. A special tax requires the agency to identify what the sales tax will be used for. Based on the attached PERS analysis, a 75% - 25% split between public safety and general expenses will provide for the City to meet its PERS obligations and

provide additional capacity for increased public safety services and increased general fund services. The City anticipates receiving \$966,000 in additional revenue. Mr. Newton turned the floor over to Lassen County CAO, Richard Egan.

Mr. Egan reviewed information that had been presented to the Lassen County Board of Supervisors regarding various options for developing a joint sales tax measure to be considered at the June 5, 2018 election. Options A, B, C and D provide for a sales tax percentage ranging from one-half to three-quarters of one-percent, for a general versus special tax as well as various options for developing a sharing methodology with the City. Mr. Egan discussed the merits of each option and the intent of the County to include an advisory measure on the ballot. An advisory measure would pose the question to the public regarding the desired uses of the additional revenue that would be generated by the sales tax to identify the level of the support that the community has to dedicate the additional funding to law enforcement and law-enforcement related services.

Mr. Egan reviewed the Revenue Summary which estimated the benefit of a county-wide tax measure imposing a .75 percent increase. The current allocation is 41.21 percent for unincorporated Lassen County, and 58.79 percent to the City. The proposed allocation would increase the City's allocation on the existing tax, and new revenue generated by the ballot measure would go to the County. If the ballot measure designates any of the new revenue to be allocated to the City, that qualifies it as a special tax, according to information received from the State Board of Equalization. To that end, the new proposed allocation would be 7.46 percent of the existing tax to be distributed to unincorporated Lassen County, and 92.54 percent to the City. Based upon the proposed increase, this would result in additional revenue to the City of approximately \$998,002, and \$1,219,780 to the County, or 55 percent increase and 45 percent increase, accordingly.

Mr. Egan concluded his presentation by explaining that this proposal creates a unique relationship that is not commonly found throughout the State. On the advice of the attorneys who are working on the measure, it is the most straight forward approach to adjust the allocation of the existing tax, and dedicate all of the additional tax to the County in order to avoid the situation where the measure has to be a special tax versus a general tax.

Mayor pro tem Franco asked when the final date would be to make a decision on moving forward, and stated that it was very important to remain transparent through the entire process.

Mr. Egan responded that the County is going to consider and vote on the item at the Board of Supervisors meeting scheduled for February 13th. The purpose of having the advisory measure is to identify the level of public support for various programs and uses for the additional revenue. It would be very clear that the advisory measure, regardless of outcome, is a non-binding measure.

Mayor Garnier cautioned that it was important to not make promises or cause there to be an expectation with the public that the funds are guaranteed to be spent on a specific purpose.

Mayor pro tem Franco stated that there were many programs that are important to the City, such as the K-9 Program or improving the technology used at the Police Department, and he stated that the City and County working together to find solutions to the long-term problems that both agencies face is a step in the right direction.

Mayor Garnier asked Ms. Savage what percentage of the general fund is spent on public safety.

Ms. Savage responded that approximately 72 to 76 percent of the general fund budget is dedicated to public safety.

Mayor Garnier commented that the City already expends a large portion of the available general fund budget on law enforcement, and that in the big picture, with the upcoming CalPERS liability, \$900,000 is not going to stretch as far as it might seem. She cautioned that it was important for the City to not make promises regarding expenditures for the City, should the tax measure pass.

David Teeter spoke regarding the ballot measure, and added that public awareness is very important and getting voters to support it at the election will require a lot of public outreach and education.

Councilmember Schuster stated that she was in favor of increasing sales in lieu of just increasing the sales tax. It would accomplish the same end goal, and benefit local businesses as well as benefiting the City. A focus on Economic Development is more important than ever.

Mayor pro tem Franco commented that the public has made it very clear in the past six months to one year that public safety is their priority. The Council has members of the public speaking at most meetings regarding public safety, and the Council has a responsibility to respond and be proactive regarding their concerns, and he recognizes that the Police Department cannot do it alone, but this would be a start.

It was the consensus of the City Council for staff to continue working with Lassen County Staff to develop the MOU for tax sharing.

9E Consider Resolution No. 18-5478 authorizing Interim City Administrator to purchase natural gas Mr. Newton explained that the City is operating under a natural gas purchasing agreement with IGI Resources which expires on June 30, 2018. Under the agreement, monthly volumes are purchased at a fixed cost, and any additional volumes are purchased on a daily market or swing cost. Futures prices for natural gas have dropped below \$3.00 per decatherm, and approval of the resolution would authorize the Interim City Administrator to purchase natural gas on the futures market between 3 to 5 years, for a cost of \$3.00 or less per decatherm.

Motion by Mayor pro tem Franco, second by Councilmember Schuster, to approve Resolution No. 18-5478; motion carried unanimously. Ayes: Franco, Schuster, Wilson, Stafford and Garnier

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 Public Works Department Update Mr. Gibbs reviewed accomplishments, projects in progress and ongoing tasks and responsibilities for the Engineering, Streets, Natural Gas and Water Divisions of the Public Works Department.

14 COUNCIL ITEMS:

14A AB1234 travel reports:

- League of CA Cities 2018 New Mayor and Councilmembers Academy

Councilmember Schuster discussed her experiences while attending the League of California Cities Academy on January 17 – 19, 2018, discussing highlights from the conference that she characterized as a good learning opportunity.

15 ADJOURNMENT:

At 10:03 p.m. Mayor Garnier called for a five minute recess prior to reconvening in Closed Session.

The Council adjourned Closed Session and reconvened in Open Session. Mr. Newton announced that no reportable action had been taken.

At 10:48 p.m. the City Council reconvened in Open Session.

The meeting was adjourned at 10:50 p.m.

Kathie Garnier, Mayor

Respectfully submitted by

Gwenna MacDonald, City Clerk

Approved on: April 4, 2018