

**MINUTES
REGULAR MEETING
CITY COUNCIL & REDEVELOPMENT AGENCY
CITY OF YUBA CITY
JULY 1, 2008
Closed Session – 6:00 P.M.
Regular Meeting – 7:00 P.M.**

Closed Session

Conferred with labor negotiators Steven Jepsen and Steve Kroeger regarding negotiations with the following associations: Yuba City Police Officers, Police Sergeants, Yuba City Firefighters Local 3793, Yuba City Fire Management, Confidential Employees, Executive Services Employees, First Level Managers, Mid Managers, and Yuba City Employees, pursuant to Section 54957.6 of the Government Code.

Conferred with legal counsel regarding potential litigation pursuant to Government Code Section 54956.9(b)–one potential case.

Regular Meeting

Call To Order

The City Council of the City of Yuba City was called to order by Mayor Ramirez at 7:00 p.m.

Roll Call

Present: Councilmembers Gill, Maan, McBride, Miller, and Mayor Ramirez
Absent: None

Invocation

Police Chief Richard Doscher gave the invocation.

Pledge of Allegiance to the Flag

Councilmember McBride led the Pledge of Allegiance to the Flag.

Presentations and Proclamations

1. **Senior Commission Presentation** – Commissioner June Bone gave the report.

Public Communication on Items Not on the Agenda

2. **Written Requests** - none
3. **Appearance of Interested Citizens** - none

Consent Calendar

Councilmember Gill moved to adopt the consent calendar as presented. Councilmember McBride seconded the motion that passed with a unanimous vote.

4. **Street Rehabilitation Project - 2008**

Adopted Resolution No. 08-054 approving the plans and specifications for the Street Rehabilitation Project - 2008 and authorizing advertisement for bids on the project.

5. **2008 Major Street Rehabilitation Project**

Adopted Resolution No. 08-055 approving the plans and specifications for the 2008 Major Street Rehabilitation Project and authorizing advertisement for bids on the project.

6. **Garden Highway Reconstruction Project – 2nd Street to Franklin Avenue**

Adopted Resolution No. 08-056 approving the plans and specifications for the Garden Highway Reconstruction Project – 2nd Street to Franklin Avenue and authorizing advertisement for bids on the project.

General Items

7. **Hillcrest Water System (HWS) conversion to surface water, setting a rate and protest hearing**

Councilmember Miller recused himself due to a conflict of interest.

Utilities Director Bill Lewis began his presentation with the conclusions reached by the Ad Hoc Committee, which was formed on October 16, 2007. The Committee was to study the Hillcrest water issues and make recommendations to the full Council. The Ad Hoc Committee is recommending: (1) regions 1, 2 and 3 will have the opportunity to upgrade to City surface water; (2) annexation would not be required for residents currently in the County; (3) a plant fee would not be charged, which is currently around \$3,000; (4) a surcharge would be charged, and it would not be indexed; (5) a fee of \$3,570, or \$19.80/month, would be charged for residents requiring a meter and a fee of \$3,070, or \$17.00/month, would be charged for residents who have a meter; (6) surcharge implementation would begin no sooner than one month after the receipt of surface water (This is due to the fact that the project may be phased in depending upon the construction of infrastructure); (7) prepayment of the fee may be allowed at any time; (8) private well customers will be charged the same fee, plus other normal fees at current City rates; (8) adoption of the Ad Hoc Committee Report; (9) adoption of the guidelines for the Proposition 218 process, including adoption of a resolution; (10) approval of the Proposition 218 notice; and (11) set the protest hearing date.

Mr. Lewis said the City bought the Hillcrest Water System (HWS) in 2001. At that time it consisted of five regions. Since that time two regions, the Darrough area and Tierra Buena, have converted to surface water. Only one of the sixteen wells in the HWS now meets water quality standards without treatment. Drilling new wells is not likely to succeed in finding water that meets standards without treatment. About 4,000 homes and businesses are in Regions 1, 2 and 3. After the purchase of HWS the federal EPA lowered the arsenic standard from 50 parts per billion to 10 parts per billion. A chemical treatment process was begun to attempt to reduce the arsenic levels. It takes high chemical loads to treat the water resulting in less water. It also has resulted in brown water at times. The high cost of treatment has resulted in higher operating expenses. The treatment plants were not designed for the removal arsenic but for the removal of iron manganese which requires fewer chemicals. Regions 2 and 3 also have a nitrate issue. A well was taken off line due to excessive nitrates and the City brought in surface water to replace that well water. On a daily basis, 1.3 million gallons of surface water is brought in to supplement these regions. If these areas were still on the HWS, this option would not have been available.

Outreach meetings were held in July and September, 2007. These meetings resulted in the formation of an Advisory Council in October, 2007. Fifteen members comprised the Advisory Council. On May 19, 2008 there was a meeting to present information and answer the public's questions.

If this item is approved by Council tonight, staff would mail the protest hearing notice and that would start the protest hearing period. Staff recommends the protest hearing be held on August 18, 2008 at the Veteran's Memorial Hall at 7:00 p.m. At that meeting the public may provide testimony, and they may submit their protest. Protests can also be delivered or mailed to City Hall at any time before the end of the public hearing portion of the protest hearing. The City Clerk will evaluate whether there are sufficient protests. If there are an insufficient number of protests, the City Clerk may make a decision that there is no need to tabulate them. If it is close, the City Clerk will likely ask for a continuance to allow time to tabulate the protests and determine their validity. It requires 50% plus 1 of affected parcels to defeat the conversion to City surface water. If less than 50% are submitted, staff would return to Council for a formal rate adoption. About 800 residents would probably go on surface water in about 30 days from approval. It would take until approximately 2010 to get all HWS residents on City surface water due to having to complete the infrastructure. The project consists of pipelines, tanks and storage.

Mayor Ramirez asked if fees are "not to exceed" numbers. Mr. Lewis responded yes, another Prop 218 hearing notice would be required to increase the numbers.

Mayor Ramirez invited the public to make comment. He stated staff will compile questions and answer them at the end of the public comments. The following Yuba City citizens spoke:

Scott Sorensen, 1815 Nand Drive
Cheryl Dahlman, 1469 Lincoln Road
Dennis Jones, 2016 Falls Drive
Tony Galyeon, 1400 Sherman Court
Phil Treanor, 1570 Richland Road
Mike Vinsonhale, 860 Mariner Way
Stephen Elliott, 1718 Triff Way
Darin Gale, 1945 Phillips Road
Deloris Barnett, 1048 Yolanda Drive
Barry Schroeder, 1209 Theresa Way
Rick Dais, 1576 Jones Road
Suzanne Connelly, 1660 Alicia Drive

Janet Baur, 1532 Rancho Way
Dr. Larry Ozeran, 1731 Rich
Elaine Miles, 487 Anita Way
Randolph Dawes, 1494 Alicia Drive
Donald Kessel, 1964 Pebble Beach Drive
Roberta Osgood, 238 S. Palora Avenue
Noel Miles, no address given
Lynn Horn, 1999 Nepal Court
Roger Davies, 1005 Celestial Way
Paul Hellwig, 1799 Tracy Drive
John Dukes, 1985 Nand Drive
Joan Knorr, 365 S. Barrett Road
Ed Holland, 1592 Jones Road

Mayor Ramirez closed the public comment portion of the meeting.

Mr. Lewis asked Michael Colantuono, Esq., to respond to the recurring question of spreading the costs to all residents of Yuba City. Mr. Colantuono said the City must show it is not collecting more money than serves that particular parcel. The cost of services must be related to the parcel. He also stated that if the costs were to be spread among the surface water customers and we were to be challenged, we would most likely lose the challenge. It was his belief that the legal option is to only charge the groundwater customers.

The question was asked, "does the City own the whole surface water system?" Mr. Lewis explained that the Utilities Department has three funds for sewer, groundwater and surface water. The City owns all three but they are accounted for separately.

A statement was made that Oroville Dam was owned by Los Angeles. Mr. Lewis responded that the City of Yuba City owns a piece of Oroville Dam. We are a member of the state water contractors. There are about 29 contractors. This year Yuba City sold water and stored water.

Questions were asked about the protest process and who can protest. Mr. Colantuono responded to a variety of questions. (1) Prop 218 states the Record Owner of the property is the only person entitled to protest. The legislature voted to allow the City to choose to give the right of protest to the property owner or the customer. The customer is the person on the City's utility records. (2) He noted a question also came up asking why the City won't provide a list of customers. The answer is the Public Record's Act states we can not disclose utility information about utility customers. (3) The Trustee is the person who can protest for property held in a Trust. (4) The City can not provide a list Assessor Parcel Numbers. They can be obtained from the County. (5) Every person entitled to protest must find the means to communicate their wishes to the City and it must be legible. A typed statement with the required information and their signature meets the criteria.

Someone asked why the money used to build the Gauche Aquatics Park or Plumas Streetscape could not have been used to pay for this project. Mr. Lewis responded that money was primarily redevelopment funds that can not be used for this type of project, as mandated by law.

Mr. Lewis, Mr. Colantuono, Mayor Ramirez, and Councilmembers responded to other questions posed by residents.

Mayor Ramirez said he feels conversion to surface water is in the best long-term interest of the residents of the HWS, but the residents will make that decision. If the protest hearing defeats the conversion, the current system would need to be repaired. If the residents defeated another Prop 218 protest hearing for the repair of the HWS, the City would be in the position of having a subsidiary that is a potential financial drain. Since he is responsible to every citizen of the City, the Mayor stated that at that point in time he would recommend the citizens of the City vote to sell the HWS to a private operator.

Mayor Ramirez read the conclusions of the Ad Hoc Committee. Councilmembers thanked the members of the Ad Hoc Committee for all their hard work.

Councilmember Gill moved to: (a) accept and adopt the HWS Ad Hoc Committee report and all the policies and recommendations stated in that report; (b) adopt Resolution No. 08-057 approving guidelines for the submission and tabulation of protests in connection with the rate hearing; (c) set the protest hearing for Monday, August 18, 2008 at 7:00 p.m.; and (d) approve a Notice of Proposition 218 Protest hearing. Councilmember McBride seconded the motion that passed with the following vote:

AYES: Councilmembers Gill, Maan, McBride, and Mayor Ramirez
NOES: None
ABSENT: Councilmember Miller

Business from the City Council/Redevelopment Agency Board

Mayor Ramirez noted that there was no action taken during this evening's closed session, only direction to staff.

8. City Council Reports

- Councilmember Gill wished everyone a happy and safe 4th of July.
- Councilmember Maan – none
- Councilmember Miller – none
- Mayor Pro Tem McBride – none
- Mayor Ramirez said he attended a meeting yesterday on gang intervention with school district officials Nancy Aaberg and Fred Northern.

Adjournment

Mayor Ramirez adjourned the regular City Council meeting of the City of Yuba City at 11:09 p.m.

Rory Ramirez
Mayor

ATTEST:

Terrel Locke
City Clerk