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MINUTES
REGULAR MEETING
CITY COUNCIL & REDEVELOPMENT AGENCY
CITY OF YUBA CITY
FEBRUARY 2, 2010
6:00 p.m.—Closed Session
7:00 p.m.—Regular Meeting

Closed Session—Butte Room

Conferred with real property negotiators Steven Jepsen and Steve Kroeger pursuant to Government Code Section 54956.8 regarding negotiations regarding the possible purchase of the following property or portions thereof: 510 Boyd Street, APN 52-502-008.

Conferred with legal counsel regarding existing litigation pursuant to Government Code Section 54956.9(a), Leslie Allen Draper v. City of Yuba City et al., Sutter County Superior Court Case CVCS 09-1815.

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.

Regular Meeting—Council Chambers

Call To Order

The City Council of the City of Yuba City was called to order by Mayor Gill at 7:05 p.m.

Roll Call

Present: Councilmembers Dukes, Maan, Miller, and Mayor Gill
Absent: Councilmember McBride

Invocation

Councilmember Dukes gave the invocation.

Pledge of Allegiance to the Flag

Mike Tomlinson led the Pledge of Allegiance to the Flag.

Mayor Gill welcomed River Valley High School students to the meeting.

Public Communication on Items Not on the Agenda

1. **Written Requests** – Lisa Jensen-Martin, 2279 W. Ridge Rd., Sutter, President of the Yuba College Faculty Association spoke.
2. **Appearance of Interested Citizens**
Teresa Dorantes-Basile, 1750 Hunt St., Yuba City, spoke.

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Bid Openings

3. Award of Laboratory Services (Request for Proposal No. 10-06)

General Services/IT Director Devin Barber said before you tonight is a recommendation to award two contracts to two separate labs: Sierra Foothill and Caltest. The City is required by state and federal law to monitor and report water quality and wastewater quality. State certified labs must be used. Specifications were compiled by General Services and Utilities. Eight responses were received from the Request for Proposals. We asked for proposals for a large range of tests and methods of tests. Although we will not be utilizing all the tests at this time, we will have pricing should we need them later. Mr. Barber responded to questions from Council about the scoring of the labs. Mr. Barber and City Manager Steve Jepsen said we will be reviewing the scoring procedure due to the weighting given.

Councilmember Maan moved to (a) Award toxicity and microbiological laboratory services to Sierra Foothill Laboratory of Jackson, CA in the amount of \$35,000; and (b) Award laboratory services to Caltest Analytical Laboratory of Napa, CA in the amount of \$110,000. Councilmember Dukes seconded the motion that passed with a unanimous vote.

Consent Calendar

Councilmember Miller asked that Item 4 of the Consent Calendar be removed for further discussion. Councilmember Dukes moved to adopt Item 5 of the Consent Calendar. Councilmember Maan seconded the motion that passed with a unanimous vote.

5. Mid-Year Budget Adjustment to Redevelopment Professional Services, Water Fund Professional Services, and Flood Control CIP Account (Council & RDA)

Approved a Mid-Year Budget Adjustment of \$21,000 to the Redevelopment Agency; \$21,000 to Water Utility Fund and \$21,000 to Flood Control Impact Fees for The Ferguson Group of Washington D.C., and Authorize the Finance Director to make the related Supplemental Appropriations.

4. Approval of Professional Services Agreement with Peterson Brustad Inc. for Engineering Design Services of the Water Treatment Plant (WTP) High Lift Pump Station Upgrades

Councilmember Miller asked that this item be reviewed. Senior Engineer Ian Pietz said this is for approval for professional services agreement with Peterson Brustad, an engineering firm from Folsom. Staff solicited proposals from three engineering firms for a small project at the Water Treatment Plant to replace a high lift pump that pumps water into the distribution system. We need to upsize a pump and consider the electrical and piping in place. Three proposals were received, reviewed, and ranked by staff. Peterson Brustad received the highest ranking. Councilmember Miller noted they were not the lowest bid. Mr. Pietz said Coleman Engineering did not include engineering services in construction. Coleman is also a one man firm who would subcontract out the electrical and drafting portions of the project. Staff felt Peterson Brustad is better equipped to do the project.

Councilmember Miller moved to authorize the Utilities Director to sign a Professional Services Agreement with Peterson Brustad Inc. (PBI) not to exceed \$45,000 to provide the engineering services for the WTP High Lift Pump Station Upgrades Project with the finding that it is in the best interest of the City to do so. Councilmember Dukes seconded the motion which passed with a unanimous vote.

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General

6. Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2009

Finance Director Robin Bertagna introduced Derek Rampone of Moss, Levy & Hartzheim, CPA's. Ms. Bertagna said the City Council has been presented with the Comprehensive Annual Financial Report. She reviewed the CAFR and the audit results. The City utilized \$592,000 of our economic stabilization reserve fund. We ended the year \$2.6 million less than originally budgeted, as modified. Our 2008-09 audit was given an "unqualified" rating, which is the best you can receive.

Mr. Rampone said the audit went smoothly. There were no issues in getting documentation or answers to questions from staff. The unqualified opinion is the best offered. We had 2-6 auditors here for three week and transaction tests were conducted during that time. No material weaknesses were found. The CAFR was submitted for the GFOA award, which is the award for financial reporting excellence. Two minor issues were reported in the management report, and they have already been implemented. Councilmembers applauded staff for their handling of the City's funds.

Councilmember Miller moved to accept the Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2009. Councilmember Maan seconded the motion that passed with a unanimous vote.

7. Redevelopment Agency Annual Financial Report for the Year Ended June 30, 2009 (RDA)

Finance Director Robin Bertagna said this item is for the RDA financial statement acceptance.

Mr. Rampone said the big component of the RDA report is compliance with the California Health and Safety Code. He reported no compliance issues.

Director Dukes moved to accept the Redevelopment Agency Annual Financial Report for the Year Ended June 30, 2009. Director Maan seconded the motion that passed with a unanimous vote.

8. Presentation of Treasurer's Report – Quarter Ended December 31, 2009

Assistant City Manager Steven Kroeger said the City's portfolio has \$86 million, which is a \$10 million drop from the previous quarter. It is seasonal drop. On a budgetary basis, the money balances out at year end. Property taxes are received in early February or later. He reviewed fund allocation. Our portfolio showed a drop in reinvestment rates. We received slightly over 2-1/2% over the last quarter.

Noted and filed the Quarterly Treasurer's Report.

9. Town Center Property – Termination of License and Cleanup Agreement with Yuba City Steel Products Company (RDA)

Assistant City Manager Steven Kroeger said that in 1991 the Redevelopment Agency purchased property in the Town Center at the Northeast corner of Plumas and Franklin Street from Yuba City Steel. The property has contamination issues and, as part of the Acquisition Agreement, Yuba City Steel agreed to clean up and remediate any hazardous material at their cost. In 2006 the Agency entered into a Reimbursement Agreement

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whereby the Public Works staff took the lead in the cleanup effort and Yuba City Steel agreed to reimburse those costs. That agreement worked well until 2008 when they expressed the desire to take the lead on the project. We then executed a License and Clean up Agreement. In 2009 they advised us that due to cash flows they would not be able to continue in the lead role. We would like to revert to the Reimbursement Agreement whereby the Public Works Department will take the lead. A corrective action plan has been completed by a firm retained by Yuba City Steel. Our intention is to continue to use that plan and submit it to the State of California's Regional Quality Control Board to receive approval. The preferred alternative is to excavate. A repayment schedule will be determined with Yuba City Steel.

Director Maan expressed concern that the cost of the clean up could end up with the taxpayers, and we need to make sure the responsibility remains with Yuba City Steel. Director Dukes asked if there is any urgency on the project. Mr. Kroeger said no, and there are no interested buyers in this market. However, we would like to be prepared to sell the property when the market recovers. Directors questioned clean up costs. Mr. Kroeger said the foundation of the cleanup and remediation remains the 1991 agreement. Director Miller asked about security from Yuba City Steel for cleanup costs. Mr. Kroeger said there is none but in the past they have paid \$5,000/month regularly, and we have a very cordial relationship. Public Works is trying to identify grant monies available to stressed property owners. Chairperson Gill said we have spent \$170,000 to date on this project and asked if this is the amount Yuba City Steel has been paying on. Mr. Kroeger said it could be higher due to costs back to 1991 that are not included in that amount. Chairperson Gill asked what costs are necessary to reach the point of excavation. Public Works Director George Musallam responded about \$50,000. Chairperson Gill asked for repayment assurance from Yuba City Steel. Mr. Kroeger said they could return to Yuba City Steel to bolster the reimbursement provision in the agreement.

Director Miller moved to (a) authorize the Executive Director to terminate the "License and Cleanup Agreement" with Yuba City Steel Products dated November 3, 2008 and revert to the existing "Reimbursement Agreement" dated September 26, 2006, which provides for the Agency to conduct the investigation and remediation of the property located at 526 Stevens Avenue (APN 52-380-016) owned by the Redevelopment Agency of the City of Yuba City; and (b) authorize a supplemental appropriation of \$80,000 from Redevelopment Agency Unallocated Funds to Town Center Environmental Clean-up account 911046-65514. He added that Mr. Kroeger will approach Yuba City Steel Products Co. to get a secured lien on any monies the City is putting forth for them. Director Dukes seconded the motion that passed with a unanimous vote.

10. Loan from Low and Moderate Income Housing Fund to make payment to the State of California Supplemental Educational Revenue Augmentation Fund (Council & RDA)

Assistant City Manager Steven Kroeger said that as part of the State of California's 2009 budget legislation there was a taking of over \$2 billion in redevelopment funds. This translates to \$1.6 million locally. The State made an attempt to seize \$350 million the previous budget year. The California Redevelopment Association sued the State of California and won. The State then repositioned themselves and asked for more money. Locally, we have a responsibility to inform the County auditor by March 1 of how we intend to pay for this, with the payment due May 10, 2010. If the payment isn't made then, the Redevelopment Agency would go through a series of penalty phases. Due to other City cash flow requirements, we propose borrowing the funds from the low and moderate income fund account. That account is used to increase, improve and preserve our community's supply of low and moderate income housing. The loan would have to

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be repaid by June 30, 2015. There are sufficient funds, \$3.2 million, in that fund. Two separate actions need to be taken as the RDA Board and as the City Council.

Acting as the Agency Board of Directors, Director Maan moved to (a) adopt Resolution No. 10-001 authorizing a loan from the Agency's Low and Moderate Income Housing Fund to make the required payment to the County Supplemental Educational Revenue Augmentation Fund (SERAF); and (b) as the City Council, directed staff to report to the Sutter County Auditor that the Agency intends to fund the full amount of the SERAF payment from the Low and Moderate Income Housing Fund loan. Director Miller seconded the motion that passed with a unanimous vote.

Business from the City Manager

11. Review and discussion of Pension obligations and Pension Reform Alternatives

City Manager Steve Jepsen said the PERS retirement system is not sustainable. There are two initiatives in the works to put changes to program on the ballot. Increased retirement costs will create difficulties 20 to 30 years down the road which must be addressed now.

Finance Director Robin Bertagna reviewed ten years of retirement cost history. We presently have fewer employees and the City's 5% furlough program affects retirement costs. Many of the enhanced retirement costs are due to stock market losses.

Mr. Jepsen reported we spend \$5 million/year for safety employees and \$3 million for general employees. That's 25% of the budget for retirement costs. He said we have a fixed benefit program. That means when a person retires they get a fixed retirement cost no matter what happens to the stock market or whether the City has the ability to pay. He reviewed retirement comparisons between the City, the Regional City Managers' recommendation, and the constitutional ballot measure. He said one consideration could be a two tier system whereby all new employees would be on a different retirement system. It would result in disparity in pay and retirement for the same job. Recruitment could be affected. He reviewed options the Council could select. One would be to move forward with a two tier alternative; the second would be to wait on the ballot initiative, or lastly, work with the regional City Managers. He reviewed the details of each option. If the initiative is successful, it would likely override any two tier system.

Mr. Jepsen responded to Council's questions. Councilmember Dukes asked if we can go back and ask current employees to make changes to contributions. Mr. Jepsen said that would be subject to collective bargaining. It would be very difficult to go back and change something to which you've previously agreed. He said you can absolutely have a different system for new hires. Should the state initiative fail and you think you may want a two tier system, you need to begin talking about it now. Councilmember Dukes recommended exploring the two tiered system and asked staff to look at that. Mayor Gill and Councilmember Miller agreed we need to investigate the two tiered system. Mr. Jepsen responded staff can bring back the timeframe necessary.

Rick Dais, 1576 Jones Road, spoke.

12. Disposition of Animal Control

City Manager Steve Jepsen said on February 22 two members of the City Council, the Mayor and Mayor Pro Tem, will be meeting with two members of the County Board of Supervisors to discuss the animal control facility. We all agree there is a critical need to replace the existing animal control facility. It has been ongoing for over four years. We are at the point to make some decisions and move forward with the design of the facility.

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We have an agreement with the County and a \$500,000 contact with the architect named Meyers to design the facility. The City will pay 66% of the cost. We are at the 15-20% design stage. Our input is limited. The facility cost will be \$3.6 million. The County will finance the construction with a 20-30 year agreement for financing. We want to be certain of our agreement with the County for the operation of the facility if we are locked into the agreement for 20 or 30 years. The County is amenable to a JPA or MOU that would direct how the City would have input into the process, or in the case of a JPA, we might be the lead. They are open to discussions.

An item that has arisen is that Robert Bendorf, the Yuba County Administrator, is open to discussing a regional JPA for animal control. They have maxed out their animal control facility. The facility would undoubtedly need to be expanded if a JPA occurs.

The County has dismissed looking at an existing industrial building for conversion to an animal control facility but said we could go ahead and look at it if we wish. Mr. Jepsen said it sometimes costs as much as building a new facility. The benefit is that you are able to use an existing building that is vacant. An architect specializing in animal control facilities would have to take a look at that option. Mr. Jepsen has asked General Services to contact one of the architects that was in the running for the animal control facility for Sutter County to look at a conversion possibility. Councilmember Dukes said it would be good to take that information to the meeting on February 22. He asked how much have we spent on design. Mr. Jepsen responded he has heard the County has spent about \$120,000. Councilmember Miller asked if the conversion information could be available by the 22nd. Mr. Jepsen said Mr. Barber will be checking on that.

Mike Tomlinson of Meagher and Tomlinson Commercial Real Estate spoke.

Business from the City Council/Redevelopment Agency Board

13. City Council Reports

- Councilmember Maan reported he has been appointed chairman of LAFCO for the coming year. He also had a board meeting with the Yuba-Sutter EDC where Brynda Stranix was appointed as president. He has been receiving calls on the Hillcrest water meter readings and would like to see it agendaized at a future meeting.
- Councilmember McBride – absent
- Councilmember Miller had nothing to report.
- Mayor Pro Tem Dukes was a judge at St. Isidore's science fair today and was very impressed with the students' projects. Thursday he will have the Beale Military Liaison Committee meeting.
- Mayor Gill attended a Feather River Air Quality meeting where they discussed a measuring device that is to be placed on top of the Buttes. They are going to recommend it be relocated to a lower level. He also stated he and Mayor Pro Tem Dukes will be meeting with the County to discuss the County's General Plan Update and Sphere of Influence boundary expansion. He will be attending meetings of the Gilsizer Board and Yuba-Sutter Transit next week.

Mike Tomlinson complimented Public Works and the contractor of the Hillcrest Water Line Project. Mayor Gill also commented that the Plumas/Bridge Street project is complete except for the last layer of paving which will be done when the weather is warmer.

Adjournment

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Mayor Gill adjourned the regular City Council meeting of the City of Yuba City at 9:08 p.m.

Kash Gill
Mayor

ATTEST:

Terrel Locke
City Clerk