

MINUTES OF THE ORLAND CITY COUNCIL
REGULAR MEETING HELD NOVEMBER 1, 2022

CALL TO ORDER

Meeting called to order by Mayor Hoffman at 6:30 p.m.

Meeting opened with Pledge of Allegiance led by Vice Mayor Jeffrey Tolley.

ROLL CALL

Councilmembers present:	Councilmembers Bruce Roundy, Chris Dobbs, Billy Irvin, Vice Mayor Jeffrey Tolley and Mayor Dennis Hoffman
Councilmembers absent:	None
Staff present:	City Manager Pete Carr; Assistant City Manager/Director of Administrative Services Rebecca Pendergrass; City Clerk Jennifer Schmitke; City Attorney Greg Einhorn; City Engineer Paul Rabo; Police Chief Joe Vlach; City Treasurer Letty Espinosa
Staff via Zoom:	Fire Chief Justin Chaney and Public Works Director Ed Vonasek

ORAL AND WRITTEN COMMUNICATIONS

PUBLIC COMMENTS:

Jenny Scheer, Chico resident, shared how she has been involved the last few years working with a group of landowners and farmers in the area on an annexation project into the Orland Artois Water District. The project would bring surface water to the landowners to serve them where they currently only have access to groundwater. Ms. Scheer spoke about the Colusa Subbasin (Colusa and Glenn Counties) and Glenn Groundwater Authority, where Councilmember Roundy is the representative, working together on a grant application to the Department of Water Resources (DWR) that could bring funding to the area potentially to help landowners and farmers without water. Ms. Scheer asked Council to consider adding a letter of support for Glenn Water Ground Authority to a future agenda item.

Mayor Hoffman asked, for the record, where Orland Artois Water District received their water. Ms. Scheer stated that the Orland Artois Water District is a CVP (Central Valley Project) service contractor where water comes from Lake Shasta.

Council was in agreeance and directed City Manager Pete Carr to add the letter as a future agenda item.

CONSENT CALENDAR

- A. Warrant List (payable obligations)
- B. Approve City Council Minutes for October 18, 2022
- C. AB361 Compliance
- D. Vacation of a Portion of Central Street (Agreement and Resolution)
- E. Receive and file Recreation Commission minutes of June 22, 2022

Councilmember Billy Irvin pulled Item D and Vice Mayor Jeffrey Tolley pulled Item E from the consent calendar.

Action: Councilmember Dobbs moved, Vice Mayor Tolley seconded, to approve items A, B, and C on the consent calendar. The motion carried by a voice vote 5-0.

Councilmember Irvin asked if all the businesses on the portion of Central Street that is being vacated were notified and agreed on the new easement. City Manager Pete Carr shared he had personally spoken to the two business owners on the street and they were in agreement. Mr. Carr stated that the City could get an agreement between the two businesses in writing before going forward.

Action: Councilmember Irvin moved; Councilmember Dobbs seconded to table Item D until the City receives a written letter of acknowledgement from both business owners about the easement. The motion carried by a voice vote 5-0.

Vice Mayor Tolley questioned the math on the Recreation Commission minutes regarding the skate park surveys. Mayor Hoffman stated that the minutes from the Recreation Commission can only be changed at the Recreation Commission meeting.

Action: Councilmember Irvin moved, Vice Mayor Tolley seconded to table Item E until the correction is considered to the Recreation Commission minutes of the June 2022 meeting. The motion carried by a voice vote 5-0.

ADMINISTRATIVE BUSINESS

A. PENSION FUNDING UPDATE & PUBLIC SAFETY CENTER FUNDING OPTIONS

Jeffrey Small, Capitol PFG Consultant reported to Council on results from the 2022 Pension Obligation Bond (POB) noting a net savings of approximately \$70,000 to date. Mr. Small briefly advised Council on options for risk management of potential future pension obligations as well as advised the City on objectives of planning for funding of a Public Safety Center (PSC).

Mr. Small spoke about Section 115 Irrevocable Exclusive Benefit Trust (Pension Trust) which would be used exclusively for reimbursing or paying pension benefits and for accumulating funds to help buffer against future pension costs. Mr. Carr stated that some cities around the Orland region are using the Section 115 as their main tool for pension cost management, reminding Council that not everyone went with the POB like Orland. Mr. Small stated that the Pension Trust is discretionary and can be established at any time.

Mr. Small spoke briefly on using Section 115 Trust for Capital Reserves, that they are an excellent way to set aside money for capital needs such as a PSC.

Councilmember Roundy agreed that the Capital Reserve funding is a great way to protect Measure A funding, making sure the money is protected from future councils using money inappropriately that was set aside for public safety. Councilmember Roundy liked that the Capital Reserve will be set aside and specifically used for the future Public Safety Center when the City is ready.

Councilmember Irvin asked what happens to the money set aside into the Capital Reserve if the economy goes into another recession and the City is in desperate need of the money, asking if Council can vote to disregard trust parameters. Mr. Small explained that with Capital Reserves the City would set up a policy defining how funds would be used such as capital improvements or safety center. Mr. Small shared that limits or constraints can be added when defining the City's policy.

Councilmembers asked questions and shared concerns about the Capital Reserve. Mr. Carr shared that both Fire and Police Chiefs are very supportive of this concept to help with the future of the Public Safety Center.

B. TREASURER AND INVESTMENT COMMITTEE REPORT

City Treasurer Leticia Espinosa updated Council on the City's quarterly investment reports. Ms. Espinosa met multiple times with the City's Investment Committee who advised Ms. Espinosa on the City's investment portfolio and debt management. Ms. Espinosa asked Council for authorization to utilize cash resources to pay down or off two lease agreements (loans) before their maturity date. Ms. Espinosa went over both loans giving the payoff amounts and shared what the City would be saving by paying them off early. Ms. Espinosa stated neither agreement has an early payoff penalty.

1. Blue Frog wastewater treatment pond aerators @ 5% interest with current expiration 2024; City will save \$9,448.71 in avoided interest plus two annual fees for personal property tax (\$7500 per year) for a total savings \$24,448.71. Payoff is \$ 251,568.36. Note that the Blue Frog project is a Sewer Fund expense.
2. Fire Ladder Truck @ 3% with current expiration of 2026, saving \$15,086.02 in avoided interest. Payoff is \$300,262.24. Note that the Ladder Truck is a Measure A / Public Safety Fund expense.

Ms. Espinosa asked Council to consider approving two Certificates of Deposit (CD) from Northern California National bank. Ms. Espinosa stated she has done research on rates for alternative investment funds and explained that the City could be reallocating \$1 million into one 12-month (CD) at 1.75% interest and \$1 million into one 24-month CD at 2.00%.

Mayor Hoffman shared his support for paying off the two loans early and using the savings from the paid off loans for new City investments.

Mr. Carr asked Council to consider the approval on the recommendation that would authorize the City Treasurer to utilize current cash assets to pay off all or a portion of the proposed lease agreement. Mr. Carr clarified for the Council that neither agreement affects the General Fund.

Councilmember Irvin asked if there are different rates or limits for personal and business funds. Ms. Espinosa responded that personal and public funds have different rates.

Councilmember Roundy mentioned that part of the funds being invested into the two new \$1 million CD's were from matured CD's (\$600,000 each) and felt it was important that the City use the matured CD's to reinvest back into new investments.

Councilmember Dobbs moved, Vice Mayor Tolley seconded to authorize Treasurer to utilize current cash assets to pay off all or a portion of the proposed lease agreement indebtedness. The motion carried by a roll call vote 5-0.

AYES: Councilmembers Bruce Roundy, Chris Dobbs, Billy Irvin, Vice Mayor Jeffrey Tolley and Mayor Dennis Hoffman
NOES: None
ABSTAIN: None

C. WATER & SEWER RATES

City Engineer Paul Rabo presented to Council the annual review and possible adjustment of water and sewer rates. Mr. Rabo briefly went over highlights of what utilities the Public Works Department is responsible for.

Mr. Rabo explained that the City can use two different indexes to adjust rates; one being the Consumer Price Index (focuses on maintenance and operation cost of utility systems) which has shown over the last year a 4.8% increase in water and sewer rates and the other being the Engineering News Record (which focuses on construction costs) which has shown an increase of 5.7% over the last year.

Mr. Rabo stated that staff does not recommend increasing the bi-monthly water rates this year but to maintain last year's rate which would stay \$63.31 (for two months) for residents inside City Limits and \$126.63 (for two months) for residents outside City limits. Mr. Rabo shared that for sewer rates staff is recommending increasing the bi-monthly sewer rates from \$61.61 to \$64.57 for residents inside City limits and for residents outside City limits rates would change from \$123.22 to \$129.13.

Mr. Rabo shared that the increased revenues would be put toward projects shown in the Capital Improvement Plan (CIP) and maintenance operations.

Councilmember Roundy suggested that the City continue its current policy on raising rates incrementally as well as keep the CPI the same as it has done historically. Councilmember Roundy stated now is not the time to stop increasing rates as costs are going up for the infrastructure.

Councilmember Irvin asked about the revenue that would be increased with the 4.8%. Mr. Rabo stated that the bulk on the revenue would be coming from the bi-monthly rate. Councilmember Irvin stated that he felt the amount that is being increased is so minimal that in the economy/inflation that people are in currently, asking people to pay a little more to only bring a small amount of revenue into the City's funds to fund million-dollar problems is not the right direction the City should be going right now. Councilmember Irvin asked that since the City is saving money paying off the Blue Frog, if the City could hold off on raising sewer rates for another year.

Mr. Rabo stated that in 2014 the City did a water analysis and passed a resolution on set increments that the rates for water and sewer would go up each year, and once those years passed the next resolution stated water rates would go up by the CPI. Mr. Irvin asked why the City is not increasing both water and sewer rates. Mr. Rabo stated that the City can also agree in increase water rates by 4.8%.

Mr. Carr stated that it is Council's policy that both rates for water and sewer went up significantly three years in a row then after that the rates would increase by the CPI and that it was his decision to stray away from the current policy. Mr. Carr felt that so many planned projects were being funded or partially funded by state and federal grants which took a lot of pressure off of the rate increases. Mr. Carr stated he felt that the City could go a year without increasing the water rates and the City would still be financially fine. Mr. Carr mentioned that the 180 residents that are being connected as part of the DWR project had all been quoted the current rates and that it would be nice to not change the rates before they are connected.

Councilmember Dobbs asked if City residents will be hearing about Prop 218 next year if Council would still make the decision to increase rates. City Attorney Greg Einhorn stated that Prop 218 requires notice to all property owners of rates, the study, the justification as to the increase. Property owners are then given a certain amount of time to object to the increase, if the majority of property owners object, then the rates do not go into effect. Councilmember Dobbs asked if \$860,000 in sewer reserves would cover something that unexpectedly happened having to do with sewer, Mr. Rabo stated the City could probably go a year and be fine. Public Works Director Ed Vonasek felt that the reserve funds for sewer would be adequate for one year as long as nothing catastrophic goes wrong.

Vice Mayor Tolley stated he approved of the recommendation to only raise sewer rates, sharing he felt that residents will not be happy about raising the water rates.

Mayor Hoffman shared that he was on the Council when the City decided to raise rates dramatically. At that time Council had decided to raise the rates because the City was putting out more money to pump water than what they were collecting from residents. Mayor Hoffman state he felt that the City must continue to build reserves and increase rates annually, so residents understand that the cost to produce water is incrementally increasing.

Mr. Rabo explained if the CPI was raised on water the 4.8% the water rates would go from \$63.31 to \$66.35 inside City limits and the rates outside City limits would go from \$126.63 to \$132.71 for the bi-monthly bill. Mr. Carr shared the revenue increase resulting from the 4.8% for water would be about \$90,000 and \$68,000 for sewer.

Councilmember Dobbs moved, seconded by Councilmember Roundy to approve 2023 water and sewer rate increases of 4.8%. The motion carried by a roll call vote 3-2.

AYES:	Councilmembers Bruce Roundy, Chris Dobbs, and Mayor Dennis Hoffman
NOES:	Councilmember Billy Irvin and Vice Mayor Jeffrey Tolley
ABSTAIN:	None

D. VERBAL UPDATE ON DROUGHT CONDITIONS AND WATER SUPPLY PROJECT

City Manager Pete Carr provided an update on reported dry wells, stating there have been 3 new wells reported since the last City Council meeting. Currently the total of dry or at-risk wells being reported this year is 123. The total number of wells affected for this drought is now listed at 420.

Mr. Carr shared with Council that connections within City Limits are in progress (phase 1). Currently City and DWR engineers are working to get the contracts out to bid by this fall.

Mr. Carr stated that the City's municipal wells remain stable. Mr. Carr stated the October well usage reports were not available, but he will make sure to have the report at the next Council meeting.

CITY COUNCIL COMMUNICATIONS AND REPORTS

Councilmember Roundy:

- Will be attending the Glenn Groundwater Authority meeting November 14, 2022.
- The Arts Commission has a music presentation November 4, 2022.
- Will be attending the Transportation and Transit November meeting.

Councilmember Dobbs:

- Nothing to report.

Councilmember Irvin:

- Shared that his family attended Treat Street and they noted it was a great turn out.

Vice Mayor Tolley:

- Attended the GSRMA meeting October 21, 2022.

Mayor Hoffman:

- Will be attending the Chamber of Commerce meeting October 19, 2022.

MEETING ADJOURNED AT 8:16 P.M.

Jennifer Schmitke, City Clerk

Dennis G. Hoffman, Mayor