

MINUTES OF THE WILLOWS CITY COUNCIL
REGULAR MEETING HELD August 23, 2016

1. Mayor Hansen called the meeting to order at 7:00 p.m.
2. **PLEDGE OF ALLEGIANCE:** Barbara LaDoucer of the American Legion Auxiliary led the Pledge of Allegiance.

3. **ROLL CALL:**

Present: Council Members Mello, Domenighini, Williams, Yoder & Mayor Hansen.

Absent: None

4. **Presentations & Proclamations:**

- a) Mayor Hansen presented a Proclamation entitled “A Day to Remember” honoring the lives of all of those who perished during the attacks on the United States on September 11, 2001, to Barbara LaDoucer of the American Legion Auxiliary.
- b) Mayor Hansen presented a Proclamation declaring September 16, 2016 as “National POW/MIA Recognition Day” to Barbara LaDoucer of the American Legion Auxiliary.

5. **Public Comment/Written Communications:**

- April Hine, Coordinator of the Glenn County Friday Night Live program, along with other members of Friday Night Live, presented the City Council with a Certificate of Appreciation for their generous donation of Sycamore Park and free swim days to the Friday Night Live program’s third annual “Summer Movies in the Park”.
- Jody Samons, Glenn County Community Development Director, stated that she just wanted to attend tonight’s meeting to introduce herself. She has been in the Community Development Director role for three months and she has really enjoyed working with the staff at the City of Willows and she looks forward to a continued relationship as everybody works together to try to grow Glenn County in the most intelligent manner that they possibly can.

6. **Consent Agenda:**

M/S –Yoder/Williams to approve the Consent Agenda as presented. All Ayes and the motion unanimously passed 5/0 with and the following items were approved/adopted:

- a) Approval of General Checking (33769-33902), Payroll (36237-36241 & 36270-36325) and Direct Deposit Check Registers (Z07489-Z07574).
- b) Approval of the Minutes of the Willows City Council Meeting held on July 26, 2016.
- c) Approval of the Report of the Treasury schedule of cash and investments as of June 30, 2016.

7. **Public Hearings:** None
8. **Ordinances:** None
9. **Items introduced by City Council or Administrative Staff for discussion purposes only:**

Council Member Mello stated that he recently came across some interesting information on the internet about blight tax ordinances. This is an additional tax that is assessed to property owners that have blighted buildings and the tax money that is collected goes towards community development revitalization of the City. He thinks this might be something the City could look into for some of the old and rundown properties. He stated that he will look into this further and will give Council more information in the future. Finance Director Tim Sailsbery asked Council Member Mello if he found any cities in California that do this because he believes it would not be allowed in California due to Proposition 13. Council Member Mello stated that he couldn't remember if there were any California cities, but he would investigate further and let Finance Director Sailsbery know.

Council Member Williams stated that he would like to look at possibly having a projection screen that would project the agenda page-by-page during the Council Meetings. He has been to other City Council meetings that have done this and he found it very easy to follow along with what was going on. Interim City Manager Wayne Peabody stated if that is the consensus of the Council, staff will place the agenda packet on the projection screen at future meetings. Brief discussion ensued among the Council and the consensus of the Council was to have staff begin implementing the projection of the agenda face and other more pertinent information in the packet during future Council Meetings and start out small and make modifications as needed in the future.

ICM Peabody reminded the Council about the Special Meeting scheduled to occur on Thursday, August 25 at 2:00 p.m.

Finance Director Sailsbery stated that he sent the Council an email about two weeks ago informing them that the City received their first invoice and the list of activity for the first month of utilizing the new credit card machine and the service fees that were charged to the City on the first invoice. While staff is pleased to now be able to offer credit card services to customers and a handful of customers did take advantage of this service during the first month, the down-side is that of the roughly \$38,000 of credit card revenues received, the City's portion of the service fees was over \$1100. That is a fairly significant charge at about 3% of overall revenues. A few Council Members, after having received the Finance Directors email, contacted him and asked if there was a chance that this item could be revisited. Finance Director Sailsbery is seeking Council consensus to come back before the

Council with this item to see if it is something that they are open to discuss about possibly adding a convenience fee to each purchase made with a credit card in order to help off-set some of the City's fees. In doing a quick and short survey of three cities in neighboring Counties, those Cities are charging customers a convenience fee anywhere from 2 to 3%. He inquired whether there was a consensus of the Council to bring this back for discussion at a future meeting to possibly adopt a resolution implementing a maintenance fee for credit card transactions. Brief Council discussion ensued and it was the consensus of the Council for this item to come back before the Council to revisit the possible implementation of charging a certain percentage for each purchase that is captured.

10. New Business:

a) Additional Funding for South Tehama Infrastructure Project (Basin Street Project):

Council will consider 1) Authorizing the ICM to pursue additional grant funding from California Housing & Community Development via the CDBG Over-The-Counter Block Grant Program; 2) Authorizing the ICM to enter into a Packaging Agreement with 3Core for development and submittal of the Grant Application; and 3) Appropriating \$30,000 of Community Discretionary Funds (Fund 330) for the application services to be provided by 3Core:

Back in September of 2015, the City entered into a grant agreement with the EDA for the infrastructure improvements along South Tehama Street to the entrance of the Basin Street Commercial Development. The original project proposal was roughly \$3.5MM. Of the \$3.5MM, \$2,979,431 was attributed to actual construction and contingency costs. After having moved through a number of processes since the approval of the grant (environmental, design edits, development agreement, etc.), City Engineer John Wanger has completed a new Preliminary Engineer's Estimate of probable cost of construction which is now approximately \$4,465,633, or \$1,486,202 greater than the original estimate. Required re-design (including the bridge) and material cost changes since the original estimates have led to this significant change.

In staff having conversations with Marc Nemanic, Executive Director of 3Core, it appears that this project may fit the parameters of a CDBG Over-The-Counter (OTC) Grant. This appears to be the only viable option available, from a grant standpoint, to fill the funding gap. Other resources are going to be out-of-pocket or loan-based, so this appears to be the City's best viable option.

The OTC grant process is competitive and must meet certain economic development parameters, including job retention. As such, the City would be entering into this agreement without certainty that we will be awarded the grant. However, in staff's opinion, it is worth the \$30,000 for the professional assistance to apply in order to leverage approximately \$1.5MM in additional grant funds.

It should be noted that within the \$30,000 is included the completion of a Revised Program Income Reuse Plan (\$3500). The City's Program Income Reuse Plan is now out-of-date, and a revised Plan is required for any further CDBG applications. As a result, the City needs to complete this process, and the plan will be in place for up to 5 years. This will allow us to not only apply for this grant, but is also a requirement to have in place for future CDBG grant applications.

Council discussion ensued. Council Member Yoder stated that the City is already committed to this project, but he wonders if, at build-out, the City will once again find that they are short and will have to find a way to come up with even more money. Finance Director Sailsbery stated that Council Member Yoder is right in that the City is committed to the original grant and the project and also that the City will be at the function of what the actual bid estimates will eventually reflect. Additionally, based upon the fact that the City was using an estimate for as many as two years before they were ever awarded the EDA grant, some of the numbers were found to be dated; which unfortunately, is the nature of how these things work from time to time. Next, the Finance Director stated that these are Federal dollars being used, and as such, the project is not just subject to the California Environmental Quality Act (CEQA) reviews, it was also subject to NEPA reviews. As the biological and environmental studies began to take place, the bridge across the drainage channel became a whole lot more substantial and expensive because now it is required that the utilities be undergrounded; which was not part of the original Engineer's estimate. Interim City Manager Peabody also stated that he wanted to make the Council aware that he has informed our City Engineer that the City cannot and will not be seeking any more funding for this project beyond this time, therefore he asked the Engineer to add an additional 5% contingency to the bid amount – over and above the normal 10% contingency. He stated that he would rather give money back at the end than to have to go out to seek more funding.

Council Member Williams inquired where the original numbers for the project came from. Finance Director Sailsbery stated that originally when the concept of the Basin Street project was put together, it was going to be a privately financed project. Rolls-Anderson Engineering Company out of Chico provided the original estimate in conjunction with Basin Street. Finance Director Sailsbery stated that the timing of the issue, the not knowing of the additional requirements as it pertains to the bridge span, the undergrounding of utilities, etc. were all factors that led to the dramatic increase to the original estimate. He stated that he is hesitant to place blame on anybody. It's a matter of timing and a matter of the project becoming much more substantial following the issues discovered through the Environmental Review. Although this is unfortunate, Finance Director Sailsbery stated that he would not want to go so far as to say that anybody did something egregiously wrong. This is really not that unusual on large projects that have lengthy time factors involved. Council Member Williams then stated that he knows that the Finance Director is trying to tip-toe around it, but he was just trying to see if somebody was negligent in not knowing the regulations. Finance Director Sailsbery stated that he won't tip-toe around it and that he will just say outright that he has no reason to believe that negligence was an issue. Council Member Williams then inquired whether the bridge is required. Finance Director Sailsbery and ICM Peabody both stated that there has to be a bridge in order for people to gain access to the

site. Council Member Williams then asked if there wasn't already an entrance to the property off of Highway 99. ICM Peabody explained that that road is not an approved entrance for truck and vehicle traffic because it is a farm entrance. Council Member Williams then asked what would happen if the City didn't get the grant. Finance Director Sailsbery stated that if that were the case, the next step would be to go through the creation of some form of infrastructure financing district on that property and the City would have to float bonds to finance that. Then it would take property tax increments over time to pay back those bonds.

Council Member Domenighini asked if this is just a one-time shot for the City to get this grant or if there are additional opportunities to keep putting in the application. Staff responded that the opportunity to apply for the grant is on a yearly basis.

Council Member Mello asked if there was a time-line on the initial EDA grant that has previously been awarded to the City. ICM Peabody told him that the City and/or Developer has to be there and working on the project by October of 2017.

Mayor Hansen stated that the Basin Street Project is the future of Willows and the future of this Community rests on this project moving forward. The balance of the City's Community Discretionary Funds is at \$108,000 and the cost to have 3Core apply for the grant is \$30,000. He believes that this is exactly the type of thing that community discretionary funds are meant to be used for. While he appreciated Council Member Williams' questions, he stated that the vast majority of the overage is due to mitigating factors of environmental concerns by the State and Federal Governments, plus the additional infrastructure costs for getting the utilities undergrounded; it was not due to negligence. This is the type of thing that happens quite often with large projects like Basin Street. He believes that the City must move forward with this grant opportunity in order to secure the future development and growth of the city.

Jody Samons, Glenn County Community Development Director, stated that she has been involved in the Basin Street project and some other projects in that same vicinity. She stated that the Developer at Basin Street has expressed some interest in doing some other additional developments. If this grant is awarded and Basin Street doesn't have to spend the money on the infrastructure, she looks at it as a real bonus to get some other projects moving down the line. She believes that whole area is going to need that infrastructure and not just Basin Street. She has been given a verbal agreement by CalBiz that if some of the other projects that she is working on go through and move forward, they will be in the mix to help find funding from their end.

M/S – Mello/Yoder to authorize the Interim City Manager to pursue additional grant funding from California Housing and Community Development via the CDBG Over-The-Counter Block Grant Program. The motion unanimously passed.

M/S – Domenighini/Williams to authorize the Interim City Manager to enter into a Packaging Agreement with 3Core for development and submittal of the Grant Application. The motion unanimously passed.

M/S – Yoder/Domenighini to appropriate \$30,000 of Community Discretionary Funds (Fund 330) for the application services to be provided by 3Core. The motion unanimously passed.

11. Council Member Reports:

- Council Member Williams reported that he attended the last Transit and Transportation Commission Meeting. He also reported that he attended the car and bike show and had a nice time.
- Council Member Mello reported that he hasn't had to attend any subcommittee meetings in the last year.
- Councilmember Domenighini reported on the LAFCO Meeting and the Library Board Meeting.
- Mayor Hansen reported that he attended the Waste Management Regional Agency Meeting and the landfill closure is set for September of 2017 at a cost of between \$5 - \$10MM. He also gave accolades to the Willows Car and Bike Show Committee for putting on a great event for their 30 year anniversary. He stated that he was asked to make the Mayor's Pick at the event and that he chose Toad Parisio's car.

12. Executive Session: None

13. Adjournment: Mayor Hansen adjourned the meeting at 7:56 p.m.

Dated: August 23, 2016

NATALIE BUTLER

City Clerk

The City of Willows is an Equal Opportunity Provider