

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF
YREKA HELD IN SAID CITY ON SEPTEMBER 19, 2019

On the 19th day of September 2019, the City Council of the City of Yreka met in the City Council Chambers of said City in regular session, and upon roll call, the following were present: Deborah Baird, Joan Smith Freeman, Duane Kegg, and Norman Shaskey - Absent - Paul McCoy.

Consent Calendar: Mayor Freeman announced that all matters listed under the consent calendar are considered routine and will be enacted by one motion unless any member of the Council wishes to remove an item for discussion or a member of the audience wishes to comment on an item:

- a. Approval/ratification of payments issued from September 6 – September 19, 2019
- b. Approval of Minutes of the meeting held September 5, 2019.

Following Council discussion, Councilmember Kegg moved to approve the items on the consent calendar as submitted.

Councilmember Shaskey seconded the motion, and upon roll call, the following voted YEA: Baird, Freeman, Kegg, and Shaskey.

Mayor Freeman thereupon declared the motion carried.

Authorize the City Manager to contract with HdL Companies for Transit Occupancy Tax auditing and consulting services.

Finance Director Rhetta Hogan reported to the Council that best practices call for periodic audits of tax revenues, and one of the City's significant revenue sources are transient occupancy taxes (TOT), sometimes known as hotel taxes received. In the past TOT revenue received has exceeded three-quarters of a million dollars. It has been over 10 years since any TOT audits have been performed within the City. In part, audits were delayed in efforts to avoid any negative impacts or disruption during the formation and startup of the tourism improvement district. The TBID is stable and mature now entering into its second renewal term.

City staff researched from other cities, references and input from reputable TOT auditors. HdL Companies was highly recommended for their comprehensive approach and experience performing sales tax audits. HdL Companies (you may have known them as Hinderliter, de Llamas & Associates in the past) provides client auditing services for the City with respect to state and local sales tax compliance monitoring and audit services. HdL companies has expanded services to include business license and tax, economic development, lodging tax and expertise in Sales, Use and Transaction Tax services.

The Audit Debt and Investment Committee met to discuss evaluate a proposal with two different approach options from HdL Companies for Transient Occupancy Tax Services to perform:

- (1) full turnkey collection, monitoring and audit services or services or
- (2) stand along single audits.

Option 1 - Turnkey HdL TOT Administration \$750 per year per monthly filer at \$10,500 per year and over three years continuous audit of establishments.

- Advantages of turnkey is client variance monitoring and following up with establishments.
- Ability to make payments and file returns 24/7 online
- Historic reports and analysis of all returns filed to City
- Historic reports and analysis of returns to each establishment for its own returns
- Research tax status in change of ownership filing (e.g. equivalency of an estoppel guaranty)
- Customer support center for establishments

Option 2 - Stand-alone audits: \$1,500 per client (14 clients at \$1,500 or \$21,000 over three years if auditing all 12 businesses subject to TOT assessment).

Following Council discussion, Councilmember Shaskey moved to authorize the City Manager to contract with HdL Companies utilizing option number 1, submitted as the “Turnkey” option, upon verification that the “90-day termination clause” is included in the contract.

Councilmember Baird seconded the motion, and upon roll call, the following voted YEA: Baird, Freeman, Kegg, McCoy and Shaskey.

Mayor Freeman thereupon declared the motion carried

Adopt Resolution # 2019-34 authorizing application for, and receipt of, SB 2 Planning Grants Program Funds.

City Manager Baker provided the Council with the following report regarding the grant:

Senate Bill 2 (SB 2) (2017) is part of a 15-bill housing package aimed at addressing the state’s housing shortage and high housing costs. Specifically, SB 2 established a permanent source of revenue intended to increase the affordable housing stock in California. Housing program grants are funded through 50 percent of the revenues collected during the first calendar year (January through December 2018) and the remaining 50 percent is allocated to homeless assistance programs. Among other provisions, SB 2 provides financial and technical assistance to local governments to update planning documents in order to:

- Accelerate housing production;
- Streamline the approval of housing development affordable to owner and renter households at all income levels;
- Facilitate housing affordability, particularly for all income groups;
- Promote development consistent with the State Planning Priorities; and
- Insure geographic equity in the distribution and expenditure of allocated funds

Through SB 2 grant awards, planning staff estimates that the City of Yreka has the potential to secure up to \$160,000 in grant funding available for small localities of less than 60,000 people. All applicants must meet the following Eligibility (Threshold) Requirements to receive SB 2 funding:

1. Have an HCD-compliant Housing Element
2. Have submitted a recent Annual Progress Report
3. Demonstrate a nexus to accelerated housing production (must demonstrate in the grant application)
4. Demonstrate that the application is consistent with State Planning Priorities (see below).

State Priority Policy Areas

Project activities that utilize one of the following *State Priority Policy Areas* are essentially seen as a priority for receiving grant funding. State Priority Policy Areas streamline processing and add a level of certainty in receiving a grant award. The Priority Policy Areas are as follows:

1. Rezone to Permit By-Right;
2. Objective Design and Development Standards;
3. Specific Plans or Form-Based Codes Coupled with CEQA Streamlining;
4. Accessory Dwelling Units or Other Innovative Building Strategies;
5. Expedited Processing;
6. Housing Related Infrastructure Financing and Fee Reduction Strategies.

Alternatively, a grant application may include non-State Priority Policy Area actions and/or State Priority Policy area actions, and as long as the actions can be shown to accelerate housing production.

Eligible Activities

Applicants proposing priority policy areas are automatically deemed to accelerate housing production without any documentation or demonstration to the Department. From the SB 2 Planning Grant Guidelines and HCD website, the following activities are considered eligible to receive grant funding:

- (a) Eligible activities must demonstrate a nexus to accelerating housing production.
- (b) Eligible activities may include:
 1. Updates to general plans, community plans, specific plans, local planning related to implementation of sustainable communities strategies, or local coastal plans;
 2. Updates to zoning ordinances;
 3. Environmental analyses that eliminate the need for project-specific (CEQA) review; and
 4. Local process improvements that improve and expedite local planning.

- (c) Eligible activities are not necessarily jurisdiction-wide and may include a smaller geography with a significant impact on housing production. Eligible activities also include an overlay district, project level specific plan or development standards modifications proposed for significant areas of a locality, such as corridors, downtown, or priority growth areas.
- (d) Eligible activities may include the creation or enhancement of a housing sustainability district pursuant to AB 73 (Chapter 371, Statutes of 2017), workforce housing opportunity zone pursuant to SB 540 (Chapter 369, Statutes of 2017), zoning for by-right supportive housing, pursuant to Government Code section 65651 (Chapter 753, Statutes of 2018), zoning incentives for housing for persons with special needs, including persons with developmental disabilities, rezoning to meet requirements pursuant to Government Code Section 65583.2(c) and other rezoning efforts to facilitate supply and affordability, rezoning for multifamily housing in high resource areas (according to Tax Credit Allocation Committee/Housing Community Development Opportunity Area Maps), pre-approved architectural and site plans, regional housing trust fund plans, SB 2 funding plans, and infrastructure financing plans. Eligible activities may include environmental hazard assessments, data collection on permit tracking, feasibility studies, site analysis, or other background studies that are ancillary and part of the proposed activity.
- (e) Eligible activities may be part of a larger planning effort (e.g., a comprehensive zoning code update) if proposed activities have not been completed prior to the NOFA date, are distinct, and demonstrate a nexus to accelerating housing production.

USES FOR SB 2 FUNDING

Staff does not yet have final recommendations for projects under this grant. The applications are due November 30. In talking with our Planning Consultant, as well as the liaison for the program, some of the items we were initially looking at may not be approved by the state. Updating our Housing Element was high on our list, but unless we can show how this would directly result in new housing getting built, it is difficult to get state approval. Some of the other ideas include focusing on individual sites to increase density or remove barriers to housing development, creating a “permit by right” zone, streamlining review of accessory dwelling units or looking at infrastructure that might be a barrier to new housing. One of the ideas that we discussed with the program liaison was technical assistance to form a locally based housing non-profit or entice a regional housing non-profit to Siskiyou County, however, the liaison indicated that the state would not be able to see the near-term housing acceleration of that initiative enough to allow funding.

Staff will bring recommendations for specific policies or programs for application under this grant program back for Council consideration at an upcoming meeting.

Following Council discussion, Councilmember Shaskey moved to adopt Resolution # 2019-34 as submitted.

Councilmember Baird seconded the motion, and upon roll call, the following voted YEA: Baird, Freeman, Kegg, McCoy and Shaskey.

Mayor Freeman thereupon declared the motion carried

CLOSED SESSION:

1. Conference with Labor Negotiator Government Code Section 54957.6 (a)
 Agency negotiators: City Manager, Finance Director, and Human Resources Coordinator.
 Employee Organizations: Yreka Management Team Association, Confidential Unit, Yreka Employees Association, Yreka Police Administration Association, and the Yreka Peace Officers Association.
2. Conference with Legal Counsel - Anticipated Litigation
 Initiation of litigation pursuant to Subdivision (c) of Section 54956.9 of the Government Code: (Number of cases to be discussed – 1 - The names of the parties are not disclosed, as it is believed that that to do so would jeopardize the City's ability to serve process or to conclude existing settlement negotiations to the City's advantage).

RETURN TO OPEN SESSION: Upon return to open session, City Manager Baker reported out that no reportable action was taken in closed session.

ADJOURNMENT There being no further business before the Council the meeting was adjourned.

Attest:

 Joan Smith Freeman, Mayor
 Minutes approved by Council
 Motion October 3, 2019

 Elizabeth E. Casson, City Clerk