

**MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF
YREKA HELD IN SAID CITY ON APRIL 6, 2021**

On the 6th day of April 2021, the City Council of the City of Yreka met in regular session, and upon roll call, the following were present: Deborah Baird, Joan Smith Freeman, Duane Kegg, Paul McCoy, and Corey Middleton.

1. Information Item: County of Siskiyou Public Health Department COVID-19 update.

County of Siskiyou Director of Public Health Department Shelly Davis provided information to the Council regarding the move from the “Red” tier to the “Orange” tier.

Following Council discussion, Councilmember McCoy suggested moving item #9 on the Agenda to #2, and the Council agreed. No motion was necessary at this time.

2. Discussion/Possible Action: Continuation of Urgency Ordinance #855

Following Council discussion, Councilmember McCoy moved to continue Ordinance #855.

Mayor Kegg seconded the motion, and upon roll call, the following voted AYE:
Baird, Freeman, Kegg, McCoy and Middleton.

Mayor Kegg thereupon declared the motion carried.

3. Discussion/Possible Action - Consent Calendar:

Mayor Kegg 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:

The City Manager recommended approval of the following consent calendar items:

- a. Approval/ratification of payments issued from March 8, 2021 through March 28, 2021.
- b. Approval of Minutes of the meeting held March 16, 2021.
- c. Acceptance of Treasurer’s Report and Budget to Actual for the month of February 2021.
- d. Waive Full Text Reading of All Ordinances on the Agenda. Ordinances shall be introduced and adopted by title only.

Mayor Kegg recused himself from item #2a due to a conflict of interest (e.g., potential personal gain). Councilmember Freeman abstained from item #2b due to her absence from the Council meeting on March 16th, 2021.

Councilmember McCoy moved to approve the Consent Calendar.

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

4. Discussion/Possible Action: Approve the Transportation Claim for the FY 2020/2021 Local Transportation Fund and Authorize the Mayor to Sign the Claim on Behalf of the City.

Local Transportation Funds (LTF) are distributed to cities and counties in California because of the Transportation Development Act (TDA) that was passed in the late 1970's to subsidize public transit. The County receives \$.25 of each \$7.25 of State sales tax collected from the County. The major use of the funds is for public transit. However, counties with a population of less than 200,000 are allocated a portion of the funds for streets and roads after the County transit needs are met and a public hearing on Unmet Needs is held. Siskiyou County distributes any remaining funds to the County and the cities in Siskiyou County based on population.

The City Council is required to approve the attached Transportation Claim, and the Mayor is required to sign it before the Local Transportation Commission considers it for approval.

Following Council discussion, Councilmember Freeman moved to approve.

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

5. Discussion/Possible Action: Hold a Virtual Public Hearing for the CDBG FY 2021 NOFA Dated January 29, 2021 Regarding the Following Project: Planning Grant - New Fire Station for the Yreka Volunteer Fire Department.

On March 16, 2021, the City Council held a public meeting to discuss potential applications for the Community Development Block Grant (CDBG) Notice of Funding Availability (NOFA) for 2021 and to solicit citizen input regarding community needs and project ideas. Several activities were mentioned at the meeting, including programs for homeless assistance, affordable housing, homebuyer assistance, relocation assistance, housing rehabilitation programs for seniors, and planning for a new fire station. Staff has researched available partners and programs to find that essential public services to help the homeless population require more coordination than this grant cycle will allow to submit an application, but that hard work and planning now could create an opportunity to apply for CDBG grant funding in the next fiscal year. As a result of this research, a future workshop is planned to discuss priorities and next steps.

One named project for this CDBG grant cycle is a planning study for a new fire station for the Yreka Volunteer Fire Department. Relocating the fire department is a high priority for the City and it requires a careful, multi-phase plan for the work and the necessary funding. Applying for a planning grant now is the first step in a very long process and doing the planning work would place the City in a good position to find construction funding later. The application resolution required by the CDBG program will be presented at a future Council meeting. No motion was necessary at this time.

6. Discussion/ Possible Action: Adopt a Resolution of the City Council of the City of Yreka Updating the City's Development Impact Fee Phased in Implementation Plan.

At the March 2, 2021 City Council meeting, staff presented two options to the City Council for increasing the City's Development Impact Fees. Development fees bring in revenue to help mitigate the cost impacts to the City's infrastructure from development.

The City Council reviewed and heard input from the public on modifying the phased in fees, that has been at a 50% subsidized rate since 2008. The City Council gave direction to staff to bring

back a resolution to increase the fees to 100% within twelve months, where fees will be 75% of the full rate is six months (September 6, 2021), and 100% (fully phased in) within twelve months (April 6, 2022).

Yreka Municipal Code 11.23.180 Municipal Utility Services, Impact and Connection Fees – Implementation allows for the City Council who may by resolution at its regularly schedule council meeting, set the fees up to the full amounts as set forth in the City of Yreka Impact Fee Report, which fee modification, if adopted, shall be effective six months after the order of the City Council.

Prior to the meeting on March 2, 2021, the Finance Committee discussed the development fees at its public meeting on February 4, 2021, and City Council at a its workshop held February 9, 2021, reviewing the revenue effect of retaining since 2007 of the development impact fee subsidy. During this period, many businesses (primarily national chains) have benefitted from that subsidy. And over time, the City has experienced lost revenue from development that presently are affecting the City’s ability to fund and finance projects, most recently its police station and now future fire station. Development consumes capacity of existing infrastructure systems like water and sewer, where growth will trigger expansion of system facilities. Failure to collect fees from those impacts spreads the cost of future improvements to the existing rate payers.

The table below shows the historic revenue received and revenue not received from development.

	<u>Projects</u>	<u>Collected Amt</u>	<u>Discount</u>	<u>Total</u>
Institutional	5	\$ 125,535.06	\$ 125,535.06	\$ 251,070.12
Residential	28	182,059.62	253,072.35	435,131.97
Commercial	33	791,201.69	1,005,524.75	1,796,726.44
	66	\$1,098,796.37	\$1,384,132.16	\$2,482,928.53

Following Council discussion, Councilmember McCoy moved to approve.

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

7. Discussion/ Possible Action: Adopt a Resolution by the City Council of the City of Yreka Establishing an Advance Hire Policy.

Staff and Council have discussed and identified horizon issues with the City of Yreka’s personnel and staffing levels. Highlighted was the concern in the volume of employees who have given advanced notice of retirement and or employees experiencing long-term leaves (arising from illnesses) that have created vacancies within the organization.

Normally the City waits until the employee submits a letter or resignation and retires prior to hiring, or in some cases will request approval and appropriation for that position from the City Council to allow for an over-hire to facilitate cross training in key positions. Many times the lead time needed for key positions leads to no more than a few weeks, if any, of cross training.

Due to higher-than-normal number of upcoming retirements, the City Manager would like to introduce an Advance Hire Policy that allows the City Manager to notify the City Council of

upcoming posted positions that will be recruited through an advance hire placement. This policy can be re-evaluated on effectiveness, but it would allow for the City to:

- (1) become more proactive in filling vacancies to allow for adequate cross training or minimize vacancy time. City staff is at a point where cross training is not going to cover the training needs or adequately cover the noticed or expected retirements.
- (2) Place internal recruitments more quickly, we are also experiencing position shifts as employees' express interest in other positions within the organization. These are not and have not been normal times and doing business the same way does not allow for the nimble flexibility needed right now in both recruitment and training.
- (3) Reduce risk exposure by not allowing for adequate coverage, training, and employee development.

The advance hire model would cost between 0-6 months of wages depending on time to recruit and place personnel. In many of these positions, the differential in the new hire salary placement and position being replaced would offset the advance hiring cost resulting in budgetary cost savings.

Following Council discussion, Councilmember Freeman moved to approve.

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

8. Discussion/ Possible action, contribute \$2,000,000 to the California Employers Prepaid Pension Trust Account for the City's pension liability.

Annually, McCloud and Watts (the City's actuary) prepares our GASB68 – Accounting and Financial Reporting for Pensions report that analyzes the City's pension position within the CalPERS Cost-Sharing Multiple Employer Defined Benefit Pension Plan, hereafter referred to as the "megapool".

With the decline in overall market rates (and realized return), the City's pension liability will continue to grow. One of the ways that CalPERS achieves its expected 7.15% rate of return, is to compound that rate (charge) on the City's unfunded share of pension liability (debt) of \$9,145,520. As of June 30, 2020, the City's total pension liability is \$35,331,572 of which the City has invested in CalPERS \$26,186,052, with a remaining \$9,145,520 of unfunded pension liability (debt).

In addition to Investment Return (market risk), the unfunded liability fluctuates from the normal actuarial assumptions of Mortality Rates (life expectancy) and Expected Growth in Payroll Cost (step increases and COLAs).

CalPERS funds are “megapooled”, so the City shares the pooling impacts of the City’s proportional share of the pool vis a vie all other pooled agencies, that share not only the same dynamics, but the demographics of the employees are not the same for each agency in the pool, nor it the percentage share of payroll. Each of these fluctuations affect the City’s proportional (allocated) share of cost.

The first step was taken, when in December of 2019, the City entered into a CEPPT agreement with CalPERS, and General Fund contributed an initial \$1.2 million contribution (Resolution 2020-5, and Resolution 2020-6).

The enterprise funds (water and sewer) are now in a good position to contribute. Staff is recommending a one-time contribution of \$2 million to the CEPPT trust from the enterprise funds. At present:

- (1) the City has excess cash in its enterprise funds that are returning near or at 0%,
- (2) the City has been notified that it is expected to receive 40-year 1.75% full loan from USDA on its share of the CalTrans project. The City may have cash match requirement of \$500,000 that can go to project management, including City staffing so long as it does not supplant existing resources.
- (3) The City is expected to receive additional \$1.4 million in federal (American Rescue Plan Act of 2021) fiscal recovery funds, that may will need to be used within twenty-four months, and may go to water and sewer infrastructure projects, among other activities.

Following Council discussion, Councilmember McCoy moved to approve.

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

9. Discussion and Possible Action: Adopt a Resolution of the City Council of the City of Yreka For the Employment of a Grant Fiscal Compliance Manager and authorizing the City Manager to execute an agreement regarding such limited term employment together with any and all other necessary documents.

The City of Yreka does not have an internal audit department however grant compliance and performance remains one of the highest elements of financial risk for the City. With active capital and operating grants totaling \$15 to \$20 million (nearly double its total budget in fiscal year 2020-21) in the upcoming fiscal years of 2020-2021 continuing through fiscal years 2023-2024, employing on contract for staff accounting services (a CPA or equivalent experience and training) would be a prudent and reasonable cost.

In addition, the City has pending grant applications totaling over \$16 million (Park/Pool, Water Tank Replacement), where a funding decision is expected in fiscal year 2020-2021.

The role of Grant Fiscal Compliance Manager is to complement the Municipal Project Managers, auditing for areas of grant administration, fiscal performance, and compliance. Grants will remain under the responsibility the respective grant manager and this position is not to diminish that role or responsibility, but to provide independent fiscal review and grant document review. Many grant decisions are made at application, funding and through contracting for professional and construction services. At present most of these decisions are made by Public Works administration and the first opportunity for fiscal review is generally post bid award.

The individual in this position should be familiar with federal grant awards, sub recipient monitoring requirements, financial accounting and have a strong understanding of construction and cost accounting. The individual in this position will need to be a strong team player, but also understand their role is assuring compliance and accountability.

Finance and Administrative Services is seeking authority to recruit under a limited term contractual agreement, where the resources for this position are not to supplant existing resources, but to ensure that federal and state grants are monitored for compliance within grant award budgets, accounting, and reporting requirements.

Staff recommended recruitment for a Grant Fiscal Compliance Manager on an initial two-year employment agreement, renewable thereafter annually not to exceed four years, as developed by the staff and the City Attorney.

Following Council discussion, Mayor Kegg moved to approve.

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

City Manager/Staff Reports

The City Manager and City Staff made brief announcements and reports.

Council Statements and Requests:

Councilmembers reported on various community events and meetings attended.

CLOSED SESSION:

1. 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).
2. Conference with Real Property Negotiator (Government Code Section 54956.8)
Property: Assessor Parcel Nos. 062-051-240, -260, and -300
Third Party Negotiator: Ladd E. and Kyle S. Johnson
City Negotiators: City Manager, Public Works Director, and Municipal Projects Manager
Under Negotiation: Possible purchase including price, terms of payment, or both.

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

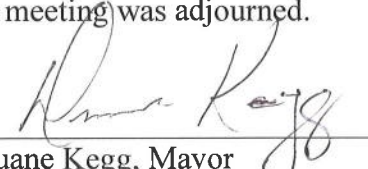
2 RETURN TO OPEN SESSION: Upon return to open session, City Manager Baker reported that no reportable action was taken in closed session.

ADJOURNMENT:

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

Attest:


Arthur Boyd, City Clerk


Duane Kegg, Mayor
Minutes approved by Council,
Motion April 20, 2021