

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF  
YREKA HELD IN SAID CITY ON OCTOBER 6, 2016

On the 6<sup>th</sup> day of October 2016, 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, John Mercier and David Simmen. Absent - Joan Smith-Freeman.

Consent Calendar: Mayor Mercier 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 16, 2016 through October 6, 2016.
- b. Approval of Minutes of the meeting held September 15, 2016.
- c. Adopt Resolution extending the suspension of Section 13.76.010 of the Yreka Municipal Code allowing installation of banners on Fairlane Road.
- d. Acceptance of Treasurer's Report and Budget to Actual for the month of July and August 2016.
- e. Approval by Yreka City Council of the City of Yreka the 2015-2016 Operating Budget Closing Revisions.

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

Councilmember Baird seconded the motion, and upon roll call, the following voted YEA: Baird, Mercier and Simmen.

Mayor Mercier thereupon declared the motion carried.

Adopt Resolution authorizing the City to change the Water Conservation Stage from Stage Two (Water Alert) to Stage One (Basic Stage).

City Manager Steve Baker reported that Under the State Water Board's emergency water conservation regulations, Yreka was initially required to reduce water use by 32% as compared to the same month in 2013, the year before emergency conservation measures were implemented. The regulation was revised this summer to allow Urban Water Suppliers to make an adjustment to their conservation standard based on a "Stress Test" of water supply reliability.

PACE Engineering was able to document that water supplied from Fall Creek meets the regulatory requirement of being sufficient to withstand three more years of continuous drought. The self-certification documentation was submitted to the state and accepted. With Fall Creek calculated at meeting 100% of the City's water demand over the next three years, our new conservation standard is now at 0%.

The City received a Compliance Order from the State Water Board in December 2015 based on not meeting the conservation standards then in effect. The Order required the City to take a

number of actions to encourage water conservation. City staff implemented the actions required to the extent feasible. Because the City made a good faith effort to meet the terms of the Compliance Order and because the city's conservation efforts exceed the new standards shown above that take into account local conditions, the State Water Board has rescinded the Order.

With the new standards, the City may now reduce some water conservation requirements from mandatory to voluntary. The Resolution proposed tonight changes our water conservation requirements from Stage 2 (Water Alert) which requires among other things, mandatory watering schedules to Stage 1 (Basic) which has voluntary watering schedules.

City Manager Baker further reported that it is important to note that the State Water Board's emergency water conservation regulations are still in effect until January 2017. And all of the prohibitions on wasting water are still in effect. Although Cities were allowed to calculate a lower conservation target for the purpose of state enforcement, we are still expected to continue to promote and achieve water conservation at a local level. Statewide conservation efforts and drought conditions will be reassessed in early 2017 and the Board may re-impose higher mandatory restrictions if needed.

Following Council discussion, Councilmember Simmen moved to adopt the Resolution as submitted.

Councilmember Baird seconded the motion, and upon roll call, the following voted YEA: Baird, Mercier and Simmen.

Mayor Mercier thereupon declared the motion carried.

Adopt Five Resolutions Authorizing Membership in Joint Powers Authorities (JPAs) Offering Property Assessed Clean Energy (PACE) Programs, Inclusion of City Properties in Each Program Territory, and the Approval of Agreements with PACE Providers.

- a) Resolution of the City Council of the City of Yreka Consenting to the Inclusion of Properties Within the Territory of the City in the **CSCDA Open PACE Programs**; Authorizing the California Statewide Communities Development Authority to Accept Applications from Property Owners, Conduct Contractual Assessment Proceedings and Levy Contractual Assessments Within the Territory of the City; and Authorizing Related Actions
- b) Resolution of the City Council of the City of Yreka, California, Consenting to the Inclusion of Properties Within the City's Jurisdiction in the **California HERO Program** to Finance Distributed Generation Renewable Energy Sources, Energy and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure and Approving the Amendment to a Certain Joint Powers Agreement Related Thereto
- c) Resolution of the City Council of the City of Yreka, California, Approving Associate Membership by the City in the California Enterprise Development Authority; Authorizing the Execution of an Associate Membership Agreement Relating to Associate

Membership of the city in the Authority; Authorizing the City to Join the **Figtree PACE Program**; Authorizing the California Enterprise Development Authority to Conduct Contractual Assessments Within the Territory of the City of Yreka; and Authorizing Related Actions

- d) Resolution of the City Council of the City of Yreka, California, Consenting to Inclusion of Properties Within the City's Jurisdiction in the California Home Finance Authority Community Facilities District No. 2014-1 (Clean Energy) to Finance Renewable Energy Improvements, Energy Efficiency and Water Conservation Improvements and Electric Vehicle Charging Infrastructure, and Approving Associate Membership in the Joint Exercise of Powers Authority Related Thereto ("**SB 555 PACE Program Resolution**")
- e) Resolution of the City Council of the City of Yreka, California, Consenting to Inclusion of Properties Within the City's Jurisdiction in the California Home Finance Authority AB 811 PACE Program to Finance Renewable Energy Generation, Energy and Water Efficiency Improvements and Electric Vehicle Charging Infrastructure ("**AB 811 PACE Program Resolution**")

City Manager Baker reported that Property Assessed Clean Energy (PACE) programs provide an innovative way to finance the installation of renewable energy, energy efficiency, water efficiency, and seismic strengthening improvements, as well as the installation of electric vehicle charging infrastructure. Property owners who participate in these programs repay the loans through a voluntary contractual assessment collected with their property taxes for up to 20 years. One of the most notable characteristics of PACE programs is that the loan is attached to the property as opposed to belonging to an individual. Therefore, when the owner sells the property, the loan remains attached to the property and is paid off by the new owner, who also benefits from the completed upgrades.

PACE financing enables individuals and businesses to defer the upfront costs of the improvements. PACE loans are paid over a long period of time, while energy costs are generally reduced as a result of the improvements, potentially providing the PACE consumer with net gains. Another benefit of PACE financing is that the credit score of the loan applicant is not a consideration for eligibility. Rather, eligibility criteria are focused on the loan to value ratio of the property and whether property tax payments are current. By eliminating upfront costs, providing low-cost long-term financing, and allowing property owners to transfer payment obligations to a new owner upon sale, PACE programs overcome challenges that have hindered adoption of sustainability measures for many property owners.

In 2014, the State of California established the PACE Loss Reserve Program, a \$10 million loan guarantee fund to provide security for PACE loans. This program is intended to mitigate potential risk to first mortgage lenders by making them whole for losses incurred due to the existence of a first-priority PACE lien on a property during a foreclosure or forced sale. Following the adoption of this program, residential PACE loans began to be issued across the State.

In order to participate in the PACE programs described in the following discussion, the City must (1) become a member of the Joint Powers Authority (JPA) that oversees each PACE program, and (2) adopt a resolution authorizing the inclusion of properties within the City of Yreka in the program territory and the levy of assessments or a special tax on participating properties within the City.

It is recommended that the City Council authorize the City to become an associate member of the following Joint Powers Authorities and allow the inclusion of City properties in each program territory so that Yreka property owners may participate in these PACE programs.

The recommended action would provide additional alternatives for Yreka property owners to finance renewable energy development, water and energy efficiency projects, seismic improvements and electric vehicle charging infrastructure on their properties. All of the PACE programs in the proposed resolutions are participants in the Loss Reserve Program. Allowing multiple PACE programs to operate within the City limits provides competitive benefits to property owners. Several Siskiyou County cities including Dunsmuir, Weed and Mt. Shasta have recently adopted similar resolutions.

The PACE programs named in the resolutions submitted for approval are offered by the following joint powers authorities:

1. California Statewide Communities Development Authority (CSCDA) Open PACE Program

CSCDA is a joint powers authority consisting of over 500 California cities and counties, which was founded and is sponsored by the League of California Cities and the California State Association of Counties. The City of Yreka passed Resolution 2499 on December 16, 2004 authorizing City membership in the CSCDA, which allows the City to participate in CSCDA programs. The OpenPACE Program offered by the CSCDA prequalifies PACE Administrators and saves communities the time and resources required to approve standalone PACE programs.

Enrolling in the CSCDA OpenPACE program will allow the City to be included in three different PACE programs, administered by Renewable Funding LLC (CaliforniaFIRST), AllianceNRG, and PACE Funding LLC. Once the City is a participant of the OpenPACE program, any future administrators that become authorized by OpenPACE can operate within the City of Yreka without the City taking further action.

Following Council discussion, Councilmember Simmen moved to adopt the Resolutions A- E as submitted.

Councilmember Baird seconded the motion, and upon roll call, the following voted YEA: Baird, Mercier and Simmen.

Mayor Mercier thereupon declared the motion carried.

Annual Development Impact Fee Report:

Public Hearing – to solicit public comments regarding the City’s intention to adopt a Resolution approving updates to the City’s Capital Improvement Plan and Development Impact Fee Program.

This being the time and date scheduled for the Public Hearing, Mayor Mercier opened the public hearing to the audience. There being no statements or comments from the audience, Mayor Mercier closed the public hearing.

Adopt Resolution approving updates to the City’s Capital Improvement Plan and Development Impact Fee Program.

Finance Director Rhetta Hogan reported On November 16, 2006, the City Council adopted Ordinance 790 establishing and implementing Development Impact Fees (DIFs) and made it a part of Title 11, Chapter. This Ordinance was amended twice, by Ordinance 795, and Ordinance 799 for technical amendments and re-titling it Municipal Utility Services, Impact and Connection Fees. Section 11.23.170 of Chapter 11.23 provides for an annual review of the capital improvement plan and an accounting of DIFs received and expended. The last report made to the Yreka City Council on November 5, 2015.

Based upon Government Code Section 66006(b), development fees must be reviewed annually and may be adjusted by the City Council after a noticed public hearing. The annual report shall include the following items.

1. A brief description of the type of fee collected;
2. The amount of the fee;
3. The beginning and ending balance of each type of fee held by the City;
4. The amount of fees collected and the interest earned;
5. An identification of each public improvement and the amount expended;
6. An identification of the approximate date by which the construction of the public improvement will be complete ;
7. A description of each inter-fund transfer or loan made; and
8. The amount of refunds made (none reported).

As required by the Government Code, this information must be made available to the public through posting of a draft of this report. Upon the completion of a fifteen (15) day review period, Council will be asked to review and accept the report.

Funds held in reserves, in excess of five or more years are dedicated to specific expenditures contained in the Master Facility Plan and are consistent with the community's goals.

This item is presented for review as required by the Government Code to provide information to the public concerning collections and expenditures of Development Impact Fees (AB 1600 Fees). As long as the City maintains these fees, this annual review will be

required.

Update of Capital Improvement Plan: Pursuant to the provisions of Government Code Section 66002(b), the capital improvement plan adopted by the City by Resolution 2615 approving the Development Impact Fee Study shall be annually updated at a noticed public hearing. The Capital Improvement Plan, Capital Needs Prioritization was updated in September 2015 by Public Works and is being presented in addition to capital needs identified on the original report.

Following review staff submits the following Findings:

1. There is a reasonable relationship between the need for the described public facilities and the impacts of the various types of development, and,
2. There is a reasonable relationship between the fees use and the type of development for which the fee is charged, and
3. The cost estimates set forth in the Master Facilities Plan are reasonable cost estimates for constructing these facilities, and that the fees to be generated by new development will not exceed the total of these costs.

The Resolution submitted tonight reaffirms these findings.

- Since the last report submitted to and approved by City Council on November 5, 2015, no other change of circumstance has occurred since the Capital Improvement Plan and Development Impact Fee program were adopted.
- Neither General Plan designations nor growth projections in the City have materially changed in the last year.
- The remainder of the public facilities identified in the Development Impact Fee Report are still required to serve the needs, which will be created by new development in the City.
- A relationship between the need for such public facilities, the amount of fees necessary to fund development of such facilities, and the impacts of development for which the fees are charged has remained unchanged from when these programs were adopted.
- There have been duly authorized index adjustments of the cost of the public improvements and the fee amounts made pursuant to YMC Section 11.23.180.
- Government Code Section 66006(b), which requires the Annual Review report of AB 1600 fees be made within 180 days after the last day of each fiscal year and that it be reviewed by the City Council at the next regularly scheduled public meeting not less than 15 days after the information is made available to the public. The update of the capital improvement plan can be by resolution, but must occur at a noticed public hearing (one newspaper publication of the notice 10 days prior to the public hearing.) Gov. Code Section 66002. The update of the capital improvement plan and approval of the DIF fees report can occur at the same time.

Following Council discussion, Councilmember Baird moved to adopt the Resolution as submitted.

Councilmember Simmen seconded the motion, and upon roll call, the following voted YEA: Baird, Mercier and Simmen.

Mayor Mercier thereupon declared the motion carried.

**CLOSED SESSION:**

1. Conference with Labor Negotiator Government Code Section 54957.6 (a)

Agency negotiator: Steven Baker.

Employee Organizations: Yreka Police Officer's 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 no reportable action was taken in closed session.

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

Attest:

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John Mercier, Mayor  
Minutes approved by Council  
Motion October 20, 2016

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Elizabeth E. Casson, City Clerk