

City Council, Regular Meeting  
Civic Center Council Chambers  
777 Cypress Avenue  
Redding, California  
April 3, 2007 7:00 p.m.

The Pledge of Allegiance to the Flag was led by Fire Chief Fry.

The Invocation was offered by Police Chaplain Cyndee Thomas.

The meeting was called to order by Mayor Dickerson with the following Council Members present: Bosetti, Jones, Murray, Stegall, and Dickerson.

Also present were City Manager Starman, Assistant City Manager Bachman, City Attorney Duvernay, Electric Utility Director Feider, Development Services Director Hamilton, Transportation and Engineering Director Tippin, Redding Electric Finance Manager Graves, Police Captain Lebak, City Clerk Strohmayer, Assistant City Clerk Sherman, and Executive Assistant Stribley.

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PUBLIC COMMENT

( A-050-250 & P-150-070)

Jeff Morrow, Redding resident, provided written comments regarding the outcome of an appeal to the City Council in 2006, pertaining to requirements imposed by the City Development Services and Fire Departments regarding construction of a commercial building. He stated that those requirements included installation of fire sprinklers and he felt the requirement is not being applied to all new construction consistently. He also alleged that information provided by staff to the City Council during his appeal were inaccurate.

(E-020-010 & E-120-200)

Doug Bennett, Redding resident, expressed concern regarding possible global warming and urged that the City use alternative power methods and make the public more aware of these issues. He praised the resurgence of solar alternatives and expressed support for any energy alternative that would lessen or eliminate greenhouses gases.

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CONSENT CALENDAR

The following matters were considered inclusively under the Consent Calendar:

Approval of Minutes - Regular and Special Meetings of March 20, 2007

Approval of Payroll and Accounts Payable Registers

(A-050-100-500)

It is recommended that Accounts Payable Register No. 18, check numbers 849953 through 850325 inclusive, in the amount of \$9,663,717.42, for the period of March 17, 2007, through March 30, 2007; and Payroll Register No. 19 electronic deposit transaction numbers 202960 through 203778 and check numbers 535117 through 535273 inclusive, in the amount of \$2,296,737.90, for the period of February 25, 2007, through March 10, 2007, be approved. TOTAL: \$ 11,960,455.32

Treasurer's Report - February 2007

(A-050-100-600)

Total Treasurer's Accountability	-	\$161,399,493.05
Total City of Redding Funds, Funds Held in Trust, and Funds of Related Entities	-	\$264,836,620.34

ACR133 Report and Cash Reconciliation

(F-205-095-650)

It is the recommendation of the Assistant City Manager that the ACR133 Report and the Proof of Cash Reconciliation for February 2007 be accepted.

2006 Housing Element Annual Report; and  
Letter Opposing Senate Bill Sb303 - re allocation of land uses  
(G-030-070/^L-040-300/L-010)

It is the recommendation of the Development Services Director that the City Council accept the 2006 Housing Element Annual Report and authorize the Mayor to sign a letter in opposition to State Senate Bill 303 (Ducheny) which could change the process used by local governments to determine the appropriate allocation of land uses in a community.

Monthly Financial Report - Electric Utility  
(B-130-070)

It is the recommendation of the Electric Utility Director that the City Council approve the Electric Utility's Monthly Financial Report for February 2007. Retail power sales revenue was \$382,789 above projections and wholesale power sales through February were \$14,332,460 or 101.9% above projections. Operating revenue after energy costs was \$2,328,419 or 12.9% above expectations. The total cost of electricity through February 2007 was \$14,332,460 or 28.9% above projections. The Utility's net operating results through February is \$788,276.

Award of Bid - Bid Schedule No. 4004, Two 56,000 GVW Line Trucks  
(B-050-100 & A-050-125)

It is the recommendation of the Electric Utility Director that Bid Schedule No. 4004, Two 56,000 GVW Line Trucks be awarded to Altec Industries, Inc. in the amount of \$576,076.22 for the Electric Utility.

Resolution - Accepting and appropriating grant funds from the State Department of Boating and Waterways and the County of Shasta for Redding Aquatic Center projects  
(B-130-070/^G-100-170/^G-100/P-050-700-600)

It is the recommendation of the Community Services Director that the City Council accept California Department of Boating and Waterways grant funds in the amount of \$8,660 to purchase kayaks and provide scholarships for the "Introduction to Kayak Safety" course at the Redding Aquatic Center.

It is also recommended that the City Council accept Shasta County Anti-Tobacco Fund Community Grant Program funds in the amount of \$3,670 to provide an Automated External Defibrillator and training equipment for use at the Redding Aquatic Center.

It is further recommended that Resolution No. 2007-48 be adopted, a resolution of the City Council of the City of Redding approving and adopting the 72<sup>nd</sup> amendment to City Budget Resolution No. 2005-77 appropriating \$12,330 in grant funds for the Redding Aquatic Center for fiscal year 2006-07.

Monthly Financial Report - General Fund  
(B-130-070)

It is the recommendation of the Assistant City Manager that the City Council accept the General Fund's Monthly Financial Report February 2007. Total revenue at the end of February is \$42.2 million or \$1,228,361 (3.0%) above staff's cash flow projection. Expenditures at month end, excluding encumbrances, total \$47,363,083 or \$1,544,970 (3.2%) below staff's original projection. Encumbrances total \$1,979,076.

Resolution - Approving Engineer's Report and ordering the formation and levying annual assessments for Landscape Maintenance District (LMD) "H", Clover Creek Villages  
(A-170-075-057)

It is the recommendation of the Transportation and Engineering Director that Resolution No. 2007-49 be adopted, a resolution of the City Council of the City of Redding confirming the maps of the assessment district, approving the Engineer's Report, ordering formation of Landscape Maintenance District "H" (LMD "H") located in the Clover Creek Villages Subdivision containing 173 lots with 58 of those lots in Zone 1, and ordering the levy and collection of assessments in the amount of \$233.70 for each developable lot in Zone 1, and \$146.62 for the remaining lots for fiscal year 2007-08 pursuant to the Landscaping and Lighting Act of 1972.

Grant Applications - Highway Safety Improvement Program  
(G-100-070/T-080-700/S-070-100)

It is the recommendation of the Transportation and Engineering Director that the City Council authorize staff to submit five applications to the federal Highway Safety Improvement Program (HSIP) in an amount up to \$900,000 per project for the South

Bonnyview Road Widening, Cypress Avenue and Athens Avenue Intersection, Freebridge Street Traffic Calming and Street Improvements, Traffic Signal at Old Alturas and Browning Street, and Mistletoe Lane Crosswalks and Restriping.

Rescind Ground Lease Agreement - Phil Smith for construction of an aircraft storage hangar and related improvements at the Redding Municipal Airport (C-070-100 & A-090-100)

It is the recommendation of the Transportation and Engineering Director that the City Council rescind approval (March 21, 2006) of the Ground Lease Agreement with Phil Smith for construction of an aircraft storage hangar and related improvements at the Redding Municipal Airport and allow the Airports Manager to find another interested party. Mr. Smith recently notified the Airport Manager that he does not intend to construct the hangar as agreed.

Final Map and Improvements - Schade Acres Subdivision; and Resolution - Accepting streets for maintenance and operation (S-101-086 & ^S-070-230)

It is the recommendation of the Transportation and Engineering Director that the Final map for the Schade Acres Subdivision (S-1-05) located north of Quartz Hill Road and west of Herbscenta Lane, by Steve Schade be approved, that the improvements be accepted as satisfactorily completed, and that the City Clerk be instructed to file the map with the Shasta County Recorder.

It is further recommended that Resolution No. 2007-50 be adopted, a resolution of the City Council of the City of Redding accepting for maintenance and operation the streets in the Schade Acres Subdivision.

Notice of Completion - Bid Schedule No. 3936, Municipal Utilities Corporation Yard Office Addition (B-050-020/C-050-100-040/A-050-165)

It is the recommendation of the Transportation and Engineering Director that Bid Schedule No. 3936 (Job No. 2233), Municipal Utilities Corporation Yard Office Addition awarded to J.H. Mack Construction be accepted as satisfactorily completed and that the City Clerk be authorized to file a Notice of Completion with the Shasta County Recorder. The final cost is \$602,058.25.

Resolution - Authorizing Destruction of Certain Inactive Records (A-050-055-750)

It is the recommendation of the City Clerk that Resolution No. 2007-51 be adopted, a resolution of the City Council of the City of Redding authorizing the destruction of certain inactive records that have been retained over two years and reviewed by the City Attorney.

Resolution - Appropriating Wastewater Utility funds for Phase 2 of the Clear Creek Wastewater Treatment Plant Rehabilitation and Expansion Project (B-130-070 & W-010-450)

It is the recommendation of the Municipal Utilities director that Resolution No. 2007-52 be adopted, a resolution of the City Council of the City of Redding approving and adopting the 73<sup>rd</sup> amendment to City Budget Resolution No. 2005-77 appropriating an additional \$6,400,000 for Bid Package 2 of the Clear Creek Wastewater Treatment Plant Rehabilitation and Expansion Project for fiscal year 2006-07.

**MOTION:** Made by Council Member Stegall, seconded by Council Member Bosetti, that all the foregoing items on the Consent Calendar be approved and adopted as recommended.

The Vote:

- AYES: Council Members - Bosetti, Jones, Murray, Stegall, and Dickerson
- NOES: Council Members - None
- ABSTAIN: Council Members - None
- ABSENT: Council Members - None

Resolution Nos. 2007-48, 2007-49, 2007-50, 2007-51, and 2007-52 are on file in the Office of the City Clerk.

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PUBLIC HEARING - Electric Utility Rates  
RESOLUTION - Adopting Electric Utility rate increases  
 (E-090-100)

The hour of 7:00 p.m. having arrived, Mayor Dickerson opened the public hearing regarding consideration of the Redding Electric Utility (REU) proposed rate increases.

The following document is on file in the Office of the City Clerk:

Affidavit of Publication - Notice of Public Hearing

City Clerk Strohmayer advised that no protests were received.

Electric Utility Director Feider recalled that the last REU rate increase occurred in 2003, which included rate increases through January 2005. He stated that since that time, better than average hydro-electric power was available and, coupled with extended natural gas pricing contracts, there was no need for consideration of again increasing rates until recently. He related that those circumstances no longer exist and review of the two primary financial indicators for financial viability (adequate margin of cash reserves (20%), and adequate debt service coverage ratio of approximately 1.1), indicate the need for a rate increase. He added that several significant factors influencing REU costs are:

1. Dramatic increases in natural gas price and volatility
2. Major maintenance costs for power production assets
3. Replacement of expiring contract (AEP)
4. Integrating renewable resources cost effectively
5. Dealing with legislative and regulatory issues and related cost impacts.

Mr. Feider presented slides depicting statistics justifying the rationale for requesting a rate increase of at least 5.85% immediately and another 5.85% in January 2008. He stated that the Solar Surcharge Program (required by Senate Bill 1) to fund solar power and authorized by the City Council at its last meeting, would make a \$.00125 kWh charge necessary effective October 1, 2007, exempting Lifeline Rate service customers only. He said it is also proposed to increase the Lifeline Rate 25% discount for the first 600 kWh to 700 kWh, and Council may wish to consider extending Lifeline Rate eligibility to approximately 1,200 low-income elderly and disabled customers receiving housing assistance currently excluded from the Program. He pointed out that it would cost approximately \$145,000 annually to include those customers and that could be adjusted and funded from the Public Benefits Program. Mr. Feider also proposed instituting a standby capacity charge of \$4.00 per kW demand for a qualifying co-generation facility of 20 kW or greater. He noted that a structured rate system or a tiered rate structure for industrial customers is not recommended at this time, both of which should have further analysis. He advised that REU is creating a new time-sensitive pricing structure for customers implementing the Thermal Energy Storage (Ice Energy) which is used in the new Library and the State Fund building.

Mr. Feider stated that the purposes for implementation of the increases and other changes are to:

1. Meet operating expenses, including wage rates and benefits, and to fund state-mandated programs
2. Meet financial reserve needs and requirements
3. Obtain funds for capital projects necessary to maintain service reliability
4. Meet the costs of purchased power; and
5. Obtain funds necessary to maintain such intra-City transfers as are authorized by law.

Mr. Feider recommended that a resolution be adopted establishing Electric Utility rates for service to customers in the City as follows:

1. A 5.85% rate increase effective April 4, 2007, and a 5.85% increase effective January 2008.
2. An adjustable electric rate surcharge of \$.00125 per kWh effective October 1, 2007, to fund State Senate Bill 1-Solar Program Initiative and identified as a separate line item on customer bills
3. Increase the 25% discount in Lifeline Rate kWhs from 600 to 700 per billing period
4. A standby capacity charge of \$4.00 per kW demand, to be applied to any qualifying installed co-generation facilities of 20 kW or greater
5. Development of a new time-sensitive pricing structure specifically for customers implementing Thermal Energy Storage (TES) technology.

In response to Council Member Stegall, Mr. Feider said that a rate increase threshold for the SB 1-Solar Program could be set and then evaluated with the ebb and flow of the market and/or interest.

Greg Washburn, Redding resident, explained that he is a full system solar owner and suggested that he and other residents who run full solar systems be exempt from paying to have meters read because they are read only once a year. Mr. Feider explained that the meter-read charge encompasses other work performed by REU employees to track usage and buy backs and to have information available to a customer. However, he said it may be a consideration for the future.

Doug Bennett, Redding resident, supported the rate increase and believed that Council should consider spending as much as possible to promote alternative energy.

Ivan Hall, Redding resident, urged that the proposed rate increase be studied further before implementation asserting that Assembly Bill 2021 will impact the current proposed rate structure. He believed a tiered rate structure would provide an economic incentive for high-end consumers to use less energy. He touted solar-voltaic energy as the wave of the future.

Mayor Dickerson determined that no other individual wished to address this matter and closed the public hearing.

Council Member Murray did not support a tiered rate contending that it was often more difficult for low-income customers to pay their bills than those in the higher income brackets. He supported staff's recommendations, but believed that the future of alternative energy would be nuclear power.

Council Members Bosetti and Stegall favored staff's recommendation, but wanted to extend eligibility to Lifeline Rate Program participation to low-income elderly and disabled households receiving housing subsidies.

Council Member Jones expressed concern that if the trend continued, the total increase would be 35% over the next five years making it very difficult for customers, particularly small businesses, to pay their utility bills. He questioned the impacts to the community but agreed that it appeared necessary at this point to maintain the level of service to the community.

Mayor Dickerson concurred with staff's recommendation and ask that information regarding reduction of energy consumption be included in the utility bills to help households minimize the increase where possible.

Council Member Murray added that he did not support reduction of rebate benefits to offset the amount needed to make up the \$145,000 needed to include housing assistance low-income elderly and disabled individuals in the Lifeline Rate program and asked that staff identify another program within the Public Benefits Program to make up the needed amount.

**MOTION:** Made by Council Member Stegall, seconded by Council Member Murray, adopting Resolution No. 2007-53, a resolution of the City Council of the City of Redding, establishing the Electric Utility Rates for service to customers as follows:

1. A 5.85% rate increase effective April 4, 2007, and a 5.85% increase effective January 2008.
2. An adjustable electric rate surcharge of \$.00125 per kWh effective October 1, 2007, to fund State Senate Bill 1-Solar Program Initiative, identified as a separate line item on customer bills
3. Increase the 25% discount in Lifeline Rate kWhs from 600 to 700 per billing period and eliminating disqualification from the Lifeline Rate for low-income elderly and disabled customers who are receiving housing assistance
4. A standby capacity charge of \$4.00 per kW demand, to be applied to any qualifying installed co-generation facilities of 20 kW or greater
5. Development of a new time-sensitive pricing structure specifically for customers implementing Thermal Energy Storage (TES) technology.

The Vote:

AYES: Council Members - Bosetti, Jones, Murray, Stegall, and Dickerson

NOES: Council Members - None

ABSTAIN: Council Members - None

ABSENT: Council Members - None

Resolution No. 2007-53 is on file in the Office of the City Clerk

APPOINTMENTS - Board of Appeals

(B-080-050)

**MOTION:** Made by Council Member Stegall, seconded by Council Member Bosetti, appointing John S. Corless, Ken Gifford, and Todd McEfee, and reappointing Phil Geist and Will Presleigh to the Board of Appeals to serve four-year terms expiring January 1, 2011.

The Vote: Unanimous Ayes

UPDATE ON MAJOR PROJECTS - Fire Station No. 7

(A-050-080 & C-050-275-070)

Fire Chief Fry provided slides depicting construction phases of the new Fire Station No. 7 building at the Redding Municipal Airport. He recalled that for many years the Federal Aviation Administration, during its annual inspection of facilities, identified Fire Station No. 7 as substandard. He stated that a temporary facility to serve as Fire Station No. 7 had been in place since 1990 and was long overdue for replacement with a modern building. He pointed out the amenities at the new facility and announced that the grand opening will be held in mid-June.

Chief Fry thanked the City of Anderson and the County of Shasta for providing \$500,000 through the SHASTEC Redevelopment Project Area for partial funding of the local match funds needed for the facility.

BUDGET PROCESS - Determination of Methodology in the Upcoming Process

(B-130-070)

City Manager Starman related that every two years, the City prepares its Biennial Budget and then presents it to the City Council for review and consideration and recalled that past City Councils have opted for a shorter (2 to 4 hours) budget presentation. Some members of the current City Council, however, have expressed an interest in receiving more detail on certain items and it may be appropriate to lengthen the presentation, perhaps over two afternoons.

Council Members Murray, Stegall, and Mayor Dickerson preferred a longer discussion period to allow more detailed information for certain budget issues.

In response to Council Member Jones, Mr. Starman explained that the upcoming budget process would be tied to Council's priority projects, but a balanced budget was paramount.

It was the consensus of the City Council to direct staff to provide more in-depth discussions (up to eight hours) during the upcoming Biennial Budget process for fiscal years 2007-09.

RECRUITMENT INCENTIVES - Lateral Police Officers

(P-100-060 & A-050-270)

City Manager Starman related that there is a trend affecting law enforcement agencies throughout California in their ability to attract qualified police officers. With the cost of recruiting, background checks, training increasing, and a limited pool of qualified police officers, it becomes increasingly difficult to attract lateral movement to fill vacant police positions. Mr. Starman said it has been the practice of other agencies to offer incentives, signing bonuses, relocation expenses, and other types of motivation to assist in filling vacancies with qualified police officers. Until recently, Redding has not attempted to use incentive tools, but it may be appropriate to consider at this time.

Mr. Starman recommended that the City Council authorize the Police Chief to offer Redding Police Department employees a \$500 incentive for referring a qualified lateral police officer candidate who is ultimately hired.

Council Member Murray believed that the incentive should be offered to any City employee, not restricted to the Police Department employees.

Mr. Starman concurred, but recommended that Personnel Department employees be excluded, as recruitment methods to attract employees to the City is part of their job description.

In response to Council Member Jones, Mr. Starman stated that the City could review the issue in a year to determine if incentives are working as anticipated.

Police Captain Lebak concurred that the incentives should be offered City-wide in hopes of obtaining the best qualified Police Officer candidates.

**MOTION:** Made by Council Member Murray, seconded by Council Member Stegall, authorizing the Police Chief to offer City employees (excluding those working in the Personnel Department) a \$500 incentive for referring a qualified lateral Police Officer who passes a background check and is ultimately hired.

The Vote: Unanimous Ayes

ORAL REPORT - City Council Member attendance at conferences/meetings reimbursed at City expense (Requirement of Assembly Bill 1234)  
(A-050-060)

Council Member Stegall reported attendance at the California Municipal Utilities Association 75<sup>th</sup> Annual Conference in Coronado, California, on March 28<sup>th</sup> and 29<sup>th</sup>, 2007.

Council Member Murray reported that he attended the League of California Cities Environmental Quality Policy Committee meeting in Ontario, California, on March 30, 2007.

ADJOURNMENT

There being no further business, at the hour of 8:50 p.m., Mayor Dickerson declared the meeting adjourned.

APPROVED:

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Mayor

ATTEST:

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City Clerk