

City Council, Regular Meeting
Civic Center Council Chambers
777 Cypress Avenue
Redding, California
March 4, 2008 7:00 p.m.

The Pledge of Allegiance to the Flag was led by Riley Kate Murphy.

The Invocation was offered by Police Chaplain Cyndee Thomas.

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

Also present were City Manager Starman, Assistant City Manager/Transportation and Engineering Director Tippin, City Attorney Duvernay, Development Services Director Hamilton, Community Services Director Niemer, Senior Redevelopment Project Coordinator Morgon, Community Services Project Coordinator Glover, City Clerk Strohmayer, Assistant City Clerk Sherman, and Executive Assistant Stribley.

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PUBLIC COMMENT

(A-050-122)

Lisa Eberhard, Redding resident, urged the City Council to require pool contractors to obtain grading permits for removing and dumping soil during pool construction, relating that she experienced a mudslide after her pool was installed.

(P- 030-250)

Jim Ceragioli, Redding resident, thanked the City for posting restrictions at road-side locations where vehicles are left for sale. He also suggested that the old State Compensation building be considered for a new police facility.

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CONSENT CALENDAR

The following matters were considered inclusively under the Consent Calendar:

Approval of Minutes - Regular and Special Meetings of February 19, 2008.

Approval of Payroll and Accounts Payable Registers

(A-050-100-500)

It is recommended that Accounts Payable Register No. 16, check numbers 860184 through 860544 inclusive, in the amount of \$13,009,879.39, for the period of February 18, 2008, through February 29, 2008; and Payroll Register No. 17 electronic deposit transaction numbers 225317 through 226166 and check numbers 539322 through 539451 inclusive, in the amount of \$2,534,256.16 for the period of February 10, 2008, through February 23, 2008, be approved.

TOTAL: \$15,544,135.55

Treasurer's Report - January 2008

(A-050-100-600)

Total Treasurer's Accountability - \$154,629,235.34

Total City of Redding Funds, Funds Held in Trust, and Funds of Related Entities - \$274,414,342.85

ACR133 Report and Cash Reconciliation

(F-205-095-650)

It is the recommendation of the Finance Officer that the ACR133 Report and the Proof of Cash Reconciliation for January 2008 be accepted.

Resolution - Amending Master Site Lease, Quitclaim Deed, and Master Facilities Lease relating to the Redding Joint Powers Financing Authority Lease Revenue Bonds

(D-050-175-004 & R-015)

It is the recommendation of the City Manager that Resolution No. 2008-21 be adopted, a resolution of the City Council of the City of Redding, approving the forms of and authorizing the execution and delivery of an Amendment of Master Site Lease, Quitclaim

Deed, and an Amendment of Master Facilities Lease to release property located at 1313 Rose Lane relating to the Redding Joint Powers Financing Authority Lease Revenue Bonds (2007 Series A- Capital Projects); and making certain findings in connection therewith and authorizing related actions, and declared the property as surplus.

2007 General Plan/Housing Element - Annual Progress Report
(G-030-070)

It is the recommendation of the Development Services Director that the 2007 General Plan/Housing Element Annual Progress Report be accepted as presented.

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 January 2008. Retail power sales revenue was \$702,368 (1.4%) below projections and wholesale power sales through January totaled \$18,816,905 or 140.3% above projections. Operating revenue after energy costs was \$2,529,039 or 13.6% below expectations. The total cost of energy through January was \$20,936,549 or 44.7% above projections. The Utility's net operating results through January are \$2,581,632.

Submission of a Proposal - Shasta County Health and Human Services Agency for Foster Outreach Strengthened Through Empowerment and Resources Programs
(R-006-650)

It is the recommendation of the Community Services Director that the City Council authorize submission of a proposal to the Shasta County Health and Human Services Agency for Foster Outreach Strengthened Through Empowerment and Resources Programs for a five-year program provided by the Recreation Division in the amount of \$890,000.

Agreement - Shasta Community College for Law Enforcement Services
(P-150-150 & E-060-625)

It is the recommendation of the Police Chief that the City Council approve the Agreement with Shasta Community College for law enforcement services on the Shasta College campus, ending June 30, 2013, in the amount of \$160,000 with an annual cost-of-living increase not-to-exceed 4%.

Seatbelt Mini-Grant - Office of Traffic Safety for the "Click-It or Ticket" Campaign
(G-100-170-700 & P-150-150)

It is the recommendation of the Police Chief that the City Council accept a mini-grant from the Office of Traffic Safety in the amount of \$9,000 for the "Click-It or Ticket" campaign for the period of May 12, through June 1, 2008.

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

It is the recommendation of the City Manager that the City Council accept the General Fund's Monthly Financial Report for January 2008. Total revenue to date is \$37.4 million or \$2,738,405 (6.9%) below staff's cash flow projection. Expenditures at month end, excluding encumbrances, total \$41,568,002 or \$6,356,735 (13.3%) below staff's original projection. Encumbrances total \$3,627,717.

Resolution - Authorizing submittal of a loan application to the California Division of Aeronautics
(G-100-170-200 & A-090-100)

It is the recommendation of the Transportation and Engineering Director that Resolution No. 2008-22 be adopted, a resolution of the City Council of the City of Redding, authorizing submittal of a loan application to the California Department of Aeronautics in the amount of \$842,050 and execution of a Loan Agreement by the City Manager with the California Department of Transportation for said loan to construct an 11-unit, nested T-hangar at Redding Municipal Airport, and certifying the City's ability to repay.

MOTION: Made by Council Member Jones, seconded by Council Member Dickerson, that all the foregoing items on the Consent Calendar be approved and adopted as recommended above.

The Vote:

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

Resolution Nos. 2008-21 and 2008-22 are on file in the Office of the City Clerk.

PUBLIC HEARING - Downtown Redding Business Improvement District
RESOLUTION - Confirming the Annual Report and levying the annual assessment for fiscal year 2008-09 in the Downtown Redding Business Improvement District (BID)
 (A-170-015-002)

The hour of 7:00 p.m. having arrived, Mayor Stegall opened the public hearing regarding the Annual Report and levying the annual assessment for fiscal year 2008-09 in the Downtown Redding Business Improvement District (BID).

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.

Senior Redevelopment Project Manager Morgon recalled that the City Council, at its meeting of February 19, 2008, received the Annual Report presented by the Downtown Redding Business Association (DRBA) declaring its intention to levy and collect the annual assessment for Fiscal Year 2008-09 in the Downtown Redding Business Improvement District (BID).

Mr. Morgon noted that the Annual Report proposes no changes to BID boundaries or the assessment formula as established in previous years. He advised that unless 50% plus one of the businesses located in the BID protest the proceedings, the resolution confirming the report and levying the assessments can be adopted to provide revenues for improvements and promote tourism in the BID pursuant to the Parking and Business Improvement Area Law of 1989.

Mr. Morgon recommended that the resolution confirming the Annual Report by the DRBA and levying the assessment for the BID be adopted.

Mayor Stegall determined that no one present wished to address this matter and closed the public hearing.

MOTION: Made by Council Member Jones, seconded by Council Member Dickerson, adopting Resolution No. 2008-23, a resolution of the City Council of the City of Redding confirming the Annual Report for the Downtown Redding Business Association and levying the assessment for the Downtown Redding Business Improvement District for fiscal year 2008-09. 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. 2008-23 is on file in the Office of the City Clerk.

APPOINTMENTS - Citizens Police Facility Review Committee
 (C-050-550 & B-080-600)

Mayor Stegall recalled that at the regular meeting of February 19, 2008, the City Council unanimously approved creation of a 15-member Police Facility Review Committee (Committee) with each Council Member selecting and recommending for appointment three individuals to serve on the Committee. She explained that the findings and recommendations of the Committee would be returned to the City Council for consideration no later than July 1, 2008.

The following names were submitted by Council:

Mayor Stegall selected:	Dick Franks, James Theimer, Emily Young
Vice Mayor Bosetti selected:	Gary Gerhard, Norm Ryan, Eric Woodstrum
Council Member Dickerson selected:	Sam Major, Charlie Menoher, Jack Nehr
Council Member Jones selected:	Ed LaFond, Mike Quinn, Shawn Watts
Council Member Murray selected:	Rose Ann Adams, Ken Gifford, Evelyn Jacobs

MOTION: Made by Council Member Murray, seconded by Council Member Bosetti, appointing Dick Franks, James Theimer, Emily Young, Gary Gerhard, Norm Ryan, Eric Woodstrum, Sam Major, Charlie Menoher, Jack Nehr, Ed LaFond, Mike Quinn, Shawn Watts, Rose Ann Adams, Ken Gifford, and Evelyn Jacobs to serve on the Police Facility Review Committee, and appointing Charlie Menoher to Chair the Committee.

The Vote: Unanimous Ayes

UPDATE ON MAJOR PROJECTS - Alta Mesa Park - Community-Playground Project (P-050-030 & A-050-080)

Community Services Project Coordinator Glover advised that on March 29, 2008, the City, in partnership with KaBoom and the Active 20-30 Club will hold a Community Build Day to construct a playground at Alta Mesa Park with the assistance of an anticipated 300 volunteers.

Adam McElvain, Active 20-30 Club President, stated that a grant was received for construction of the Alta Mesa Park project which will be built in concert with KaBOOM!, a non-profit organization dedicated to build a park within walking distance for every child in America.

Mr. Glover related that the playground was designed by children during a Design Day to receive and incorporate ideas from a child's perspective of the perfect playground. He stated that the workday is being held on Cesar Chavez Day and a mural will also be erected commemorating that Day.

No action was required on this informational item.

UPDATE ON MAJOR PROJECTS - Demonstration of Community Services new web page (A-050-110 & A-050-080)

Community Services Director Niemer announced that the Community Services web page has been updated. She pointed out various links on the new page such as parks and trails and also demonstrated how to locate a park or walking trail, including maps and driving directions, utilizing the links.

No action was required on this informational item.

JOINT MEETING OF THE CITY COUNCIL AND REDDING REDEVELOPMENT AGENCY

At the hour of 7:24 p.m., Vice Mayor/Agency Chair Bosetti convened the Special Meeting of the Redding Redevelopment Agency for a joint meeting with the City Council.

PROPOSED COOPERATIVE AGREEMENT - Lithia Real Estate, Inc., regarding Airport Road improvements; and

RESOLUTION - Appropriating Traffic Impact Fee funds for said improvements (S-070-100/^B-130-070/R-030-050-010)

Mayor/Agency Member Stegall recalled that at the meeting of February 19, 2008, public testimony was received regarding the proposed Commercial Property Purchase Agreement between the City, the Redevelopment Agency (Agency), and Lithia Real Estate, Inc. (Lithia), as well as the proposed Cooperative Agreement between the City and Lithia relative to Airport Road Improvements. She said, however, that a decision was postponed to tonight's City Council meeting when the full Council could be present.

City Manager Starman recalled that at the aforementioned meeting, the City Council discussed the proposed agreements but expressed interest in formulating an alternative Option Agreement with regard to the proposed purchase of the Lithia property located at the corner of Cypress Avenue and Hemsted Drive, and also asked for additional information regarding the property appraisal.

Mr. Starman explained that the proposed Option Agreement would seek to encumber the property with an 18-month option to purchase by the Agency for the below-appraised amount of \$7.93 million, with a non-refundable \$1 million property encumbrance fee that would apply to the purchase price in the event the Agency exercised its option to purchase. During the 18-month term of the agreement, Mr. Starman said that the Agency would actively market the property utilizing the request for proposal process and the Option Agreement would be contingent on Lithia's proceeding with development of a new auto dealership at Airport Road and State Route 44 (SR44).

Mr. Starman recommended that the Agency provide direction to staff regarding preference for a Purchase or Option Agreement; that the City Council approve a Cooperative Agreement relative to Airport Road Improvements, and adopt a resolution appropriating funding for same.

Richard Murphy, commercial real estate appraiser, advised that he performed an appraisal review on the Shaw Appraisal of the Cypress Avenue property originally prepared in 2006. He found that the Shaw appraisal was performed properly, appeared technically accurate and was well supported. He added that the value of commercial properties in the Redding area has remained stable unlike residential properties which have experienced a decrease.

Timothy Sullivan opposed the development of an auto dealership on Airport Road citing lighting, noise and traffic impacts, as well as a lack of environmental documents.

Mary Machado, Jean Hall, Ron Largent, Greg Cash, John Dixon, Richard McMillan, Jim Wiegand, Holly Langston, Gary Cadd, Randy Denham, and Jim McDilda favored incentives to retain local businesses but opposed the purchase of the Lithia property citing a precedence-setting purchase of private property, the possibility that Lithia could move out of the area, a surplus of vacant available commercial properties, the lack of a more current appraisal, the lack of environmental documentation, unfair practices to the other car dealerships in the community, and that Agency funds should be used for low-income housing.

In response to Mayor/Agency Member Stegall, City Manager Starman emphasized that the Cypress Avenue property was appraised in August of 2006 at \$ 9.8 million. He said even if a 5% to 10% reduction is applied for today's decreased property values, the \$7.9 million price at which Lithia has agreed to sell to the Agency, is considerably less than the reduced amount. He added, however, that it is not widely accepted that commercial property on Cypress Avenue has declined in value.

Mayor/Agency Member Stegall emphasized that Lithia approached the City during the time that an automall was being considered by Shasta County for the Knighton Road area and asked for the City's help to expand its business, but remain within Redding's boundaries. She said this proposal is being considered in the same redevelopment context as any other business that approaches the City for assistance.

In response to concerns regarding environmental issues, Development Services Director Hamilton explained that development of the Airport Road property would undergo a standard Conditional Use Permit process allowing area residents to voice concerns, and requiring staff to address and mitigate issues as necessary. At that time, he said, the environmental documents would be circulated for review. He noted that the property was previously subdivided and there is a tentative map in place allowing approved specific work.

Council/Agency Member Dickerson pointed out that Lithia's car dealership project on Airport Road will provide much-needed jobs, and purchasing its current property on Cypress Avenue qualifies as a valid redevelopment project to prevent blight and provide oversight for what is later developed at that location.

Council/Agency Member Murray expressed no interest in buying the Cypress Avenue property outright, and doubted Lithia's ability to sell the property at the end of the option if no development offer is received during the 18-month option period.

Council/Agency Member Jones acknowledged the benefits of retaining Lithia within the City limits, but did not support the Option Agreement, believing the price for the Cypress Avenue property to be inflated, and he failed to view its potential as a redevelopment opportunity.

Mayor/Agency Member Stegall expressed concern regarding the \$1 million non-refundable encumbrance fee to be paid to Lithia, particularly if there is no real interest in the Agency purchasing the property.

Council Member/Agency Chair Bosetti asserted that development of private property should remain with the private sector, not the City. He also questioned the circumstances under which the original 2005 Letter of Intent between the City, the Agency, Lithia, and Thomason was developed, believing that it may have been inappropriate. Mr. Bosetti added that he did not support moving forward with the Cooperative Agreement regarding improvements to Airport Road, because he felt it was too closely tied to the Commercial Property Purchase Agreement which he opposed.

Council/Agency Members Dickerson and Murray maintained that the Agency routinely engages in real estate transactions and development which does not exclude private sector partnerships. They also pointed out that the Airport Road improvements have been contemplated in the City's Traffic Impact Fee Program for quite some time, and Lithia's relocation to Airport Road would generate approximately \$865,000 in impact fees toward construction of those improvements.

MOTION: Made by Council Member Murray, seconded by Council Member Dickerson, approving the Cooperative Agreement between the City and Lithia Real Estate, Inc. regarding Airport Road Improvements associated with development of an auto dealership at Airport Road and State Route 44, and adopting Resolution No. 2008-24, a resolution of the City Council of the City of Redding appropriating \$200,000 for Airport Road Improvements for fiscal year 2007-08. The Vote:

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

Resolution No. 2008-24 is on file in the Office of the City Clerk.

MOTION: Made by Agency Member Murray, seconded by Agency Member Dickerson, approving entering into an Option Agreement with Lithia Real Estate, Inc. for property located on Cypress Avenue and Hemsted Drive in the amount of \$7.93 million with a non-refundable \$1 million property encumbrance fee to apply to the purchase price in the event the Redevelopment Agency exercises its option to purchase during the 18-month term of the agreement, and that said option monies shall be provided to Lithia Real Estate, Inc. on the condition that it proceeds with development of its Airport road property as an auto dealership. The Vote:

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

At the hour of 8:12 p.m., Vice Mayor/Agency Chair Bosetti adjourned the Special Meeting of the Redding Redevelopment Agency.

POLICE PATROL VEHICLE PURCHASE

(B-050-100 & P-150-150)

Police Captain Grooms related that in compliance with current policy regarding police vehicle replacement necessary to maintain the fleet, and in order to benefit from a volume discount purchase, staff is requesting approval to acquire 13 police vehicles from Folsom Lake Ford through the State of California, Department of General Services' (DGS) competitively bid contract at a cost of approximately \$319,500.

Captain Grooms recommended that the City Council authorize the City Manager to purchase said patrol vehicles through the DGS competitive bid contract \$319,500.

In response to Council Member Murray, Captain Grooms explained that the Crown Victoria vehicles currently utilized are larger, heavier, better suited to rigorous use and better equipped to protect the officers and accommodate retrofitting with emergency vehicle equipment. He said that the equipment added to the "stock" vehicles (molded back seats, protective screen barriers, and automated dispatch computers) is specifically designed for this model vehicle and is recycled from older vehicles to new. Captain Grooms related that

changing vehicle models would require significant changes to the shop where the equipment is installed and the equipment itself could not be recycled.

Council Member Murray did not support the purchase of the more expensive, less fuel efficient vehicles, asserting that the City should set an example by downsizing to smaller, less expensive and more environmentally-friendly vehicles. He said that over time, the savings in purchase price and fuel costs could help to fund a new police facility.

MOTION: Made by Council Member Jones, seconded by Council Member Bosetti, authorizing the City Manger to purchase thirteen police patrol vehicles from Folsom Lake Ford through the State of California Department of General Services competitively bid contract at an estimated cost of \$319,500. The Vote:

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

NOES: Council Members - Murray

ABSTAIN: Council Members - None

ABSENT: Council Members - None

DELTA AIR LINES - Incentive Package
(A-090-100)

Airports Manager Dinger related that staff has been working with Delta Airlines to enhance passenger air service at Redding Municipal Airport (RMA) for quite some time. He said that Delta has expressed an interest in providing twice daily non-stop regional jet service from Redding to Salt Lake City provided the City offers an incentive package that exceeds the recent package offered by Humboldt County totaling \$1,162,000. To establish its service in Redding, Mr. Dinger said Delta is requesting a \$600,000 travel bank (local businesses demonstrate support by pre-purchasing future Delta flights), a revenue guarantee of \$500,000 (to be funded from a pending land sale at the Airport Business Park), and \$120,000 for marketing and start-up costs (to be funded by Airport revenues), for a total incentive package of \$1,220,000. He pointed out that recent studies indicate the connection to Salt Lake City would generate approximately 52,000 additional passengers annually, assist economic development efforts and address the growing needs of travelers within a six-county area currently served by RMA. He added that should the Council determine to move forward with the proposal, it would be necessary to utilize the City's aviation consultant, Mead & Hunt, to organize the travel bank component at a cost of approximately \$30,000, and these funds are available in the existing Airport budget.

Mr. Dinger recommended that the City Council discuss the air service enhancement proposal with Delta Airlines and provide additional direction to staff.

The following individuals spoke in support of the air service enhancement package with Delta Airlines citing numerous economic impact benefits such as increased fuel sales, jobs, attracting businesses to Redding and additional air service to the east: John Gould, Anne Marie Day, Gregg O'Sullivan, Ginny Mistal, Jim McDilda.

Council Members agreed it was a great opportunity, but expressed concern at guaranteeing a \$500,000 revenue stream and also expressed skepticism at generating \$600,000 in the private sector for the travel bank given the current state of the economy. Council Members also suggested researching grant opportunities and requested additional information prior to making a formal commitment.

Assistance City Manager/Development Services Director Tippin related that Delta is anxious to move forward and Council approval or, at minimum, Council interest in this proposal is crucial. He emphasized that Delta is ready to move quickly and delaying action could mean that Redding would miss the opportunity. Mr. Tippin suggested, however, that Delta may be satisfied with conceptual approval.

Council Member Jones did not support the \$500,000 guaranteed revenue stream, but a lesser amount of \$100,00, with the remainder coming from grants.

MOTION: Made by Council Member Murray, seconded by Council Member Bosetti, approving, in concept, development of a \$1,220,000 incentive package to encourage Delta Air Lines to establish a Redding to Salt Lake City air route; directed staff to work with Mead & Hunt and the Economic Development Corporation of Shasta County on the Travel Bank requested by Delta Air Lines; and directed staff to research and identify alternative sources of funding for the Revenue Guarantee requested by Delta Air Lines payable in 2009.

The Vote:

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

NOES: Council Members - Jones

ABSTAIN: Council Members - None

ABSENT: Council Members - None

ADJOURNMENT

There being no further business, at the hour of 10:38 p.m., Mayor Stegall declared the meeting adjourned.

APPROVED:

Mayor

ATTEST:

City Clerk