

**JULY 14, 2020 MINUTES
REGULAR WHEATLAND CITY COUNCIL MEETING
WHEATLAND COMMUNITY CENTER
101 C STREET, WHEATLAND, CA
6:30 – 7:10 P.M.**

COUNCIL MEMBERS PRESENT: R. Coe, J. Henderson, L. McIntosh, R. West,
J. Pendergraph

OTHERS PRESENT: J. Goodwin, City Manager
T. Raney, Community Development Director
S. Mahoney, Finance Director
R. Shanahan, City Attorney
D. Schilling, City Engineer
D. Sylvester, Police Chief

PLEDGE OF ALLEGIANCE: Mayor R. West led the pledge of allegiance.

PUBLIC COMMENT:

None.

CONSENT CALENDAR

Motion was made by Vice Mayor J. Pendergraph, Seconded by City Council Member R. Coe to **approve the minutes from the regular City Council meeting on June 9, 2020 and Adopt Resolution No. 31-20 Designating the Police Chief as the Agent Authorized to Execute Documents Associated with the Tobacco Law Enforcement Grant Program.** Vote called – AYES: All. Motion carried

PUBLIC HEARING

1) City Finance Director S. Mahoney presented the staff report for continuance of assessments for the Wheatland-Premier Grove Landscaping and Lighting District. Each year a budget is established to determine the cost of providing services and to determine the proportional amount to assess benefiting parcels within the District. This is a three-step process. Step 1 was approved by Council at the March 10, 2020 meeting (Resolution 09-20). Step 2 was approved by Council at the May 26, 2020 meeting (Resolution 24-20). The third and final step is to hold a public hearing to give interested persons an opportunity to protest the annual report. If the Council determines that public interest, convenience, and necessity require the improvements then the Council's final action is to approve the Engineer's Report and the assessments therein by adopting Resolution 29-20. There have been no changes made to the Engineer's Report as adopted by Council on May 26, 2020.

PUBLIC COMMENT

None.

Motion was made by Vice Mayor J. Pendergraph, Seconded by Council Member J. Pendergraph, Seconded by Council Member J. Henderson to **adopt Resolution No. 29-20 Confirming Engineer's**

Report, Diagram, Annual Assessment and Directing Auditor of Yuba County to Levy and Collect Assessments for Fiscal Year 2020-21 in the Wheatland-Premier Grove Landscaping and Lighting District. Vote called – AYES: All. Motion carried.

2) City Engineer Dane Schilling presented the staff report for participation in the Statewide Community Infrastructure Program (“SCIP”). CSCDA is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The member agencies of CSCDA include approximately 391 cities and 56 counties throughout California, including the City of Wheatland. SCIP was instituted by CSCDA in 2002 to allow owners of property in participating cities and counties to finance the development impact fees that would be payable by property owners upon receiving development entitlements or building permits. The program has since been expanded to include financing of public capital improvements directly. If a property owner chooses to participate, the selected public capital improvements and the development impact fees owed to the City will be financed by the issuance of tax-exempt bonds by CSCDA. CSCDA will impose a special assessment on the owner's property to repay the portion of the bonds issued to finance the fees paid with respect to the property. With respect to impact fees, the property owner will either pay the impact fees at the time of permit issuance and be reimbursed from the SCIP bond proceeds when the SCIP bonds are issued; or the fees will be funded directly from the proceed of the SCIP bonds. In the former case, the City is required to pay the fees over to SCIP, and in the latter case, SCIP holds the bond proceeds representing the fees. In both cases the fees are subject to requisition by the City at any time to make authorized fee expenditures. But by holding and investing the money until it is spent, SCIP is able to monitor the investment earnings (which come to the City) for federal tax law arbitrage purposes. SCIP encourages the City to spend those amounts before any other fee revenues of the City. If the fees are paid by the property owner and bonds are never issued, the fees are returned to the City by SCIP. In this way, the City is never at risk for the receipt of the impact fees. Since its inception, SCIP has financed approximately \$600 million of bonds for local projects. The benefits to the property owner include; only property owners who choose to participate in the program will have assessments imposed on their property; instead of paying cash for public capital improvements and/or development impact fees, the property owner receives low-cost, long-term tax-exempt financing of those fees, freeing up capital for other purposes; the property owner can choose to pay off the special assessments at any time. Because SCIP is a fixed lien assessment, payments will not escalate over time and no property owner is in any way responsible for another property's assessment; for home buyers, paying for the costs of public infrastructure through a special assessment is superior to having those costs "rolled" into the cost of the home. Although the tax bill is higher, the amount of the mortgage is smaller. Moreover, because the special assessment financing is at tax-exempt rates, it can come at a lower cost than mortgage rates; owners of smaller projects, both residential and commercial, can have access to tax exempt financing of infrastructure. Before the inception of SCIP, only projects large enough to justify the formation of an assessment or communities facilities district had access to tax-exempt financing. SCIP can finance project amounts as low as \$500,000. The benefits to the City include; as in conventional assessment financing, the City is not liable to repay the bonds issued by CSCDA or the assessments imposed on the participating properties; CSCDA handles all district formation, district administration, bond issuance and bond administration functions. A participating county can provide tax-exempt financing to property owners through SCIP while committing very little staff time to administer the program. At its discretion, the local agency can charge an administrative fee to cover staff time taken to review the SCIP application and request for funding; providing tax-exempt financing helps participating cities and counties cushion the impact of rising public capital improvements costs and development impact fees on property owners; the availability of financing can encourage developers to pull permits and pay fees in larger blocks, giving the participating city immediate access to revenues for public infrastructure, rather than receiving a trickle of revenues stretched out over time. As part of the entitlement negotiation process, the possibility

of tax-exempt financing of fees can be used to encourage a developer to pay fees up front; in some cases, the special assessments on successful projects can be refinanced through refunding bonds. Savings achieved through refinancing will be directed back to the participating county for use on public infrastructure, or credits to property owners, subject to applicable federal tax limitations; SCIP is an important tool for developers in determining the overall feasibility of a project and in certain instances the decision to purchase land. The proposed resolution authorizes CSCDA to accept applications from owners of property within our planning jurisdiction to apply for tax-exempt financing of public capital improvements and development impact fees through SCIP. It also authorizes CSCDA to form assessment districts within our City's boundaries, conduct assessment proceedings and levy assessments against the property of participating owners. It approves the form of an Acquisition Agreement, (see resolution Exhibit B), to be entered into between the City and the participating property owner/developer, if applicable, to provide the terms and conditions under which financing for public capital improvements will be provided and to establish the procedure for disbursement of bond proceeds to pay for completed facilities. It also authorizes miscellaneous related actions and makes certain findings and determinations required by law.

Council Member J. Henderson commented on where the money comes from and is it tax exempt. Mayor R. West commented on limited property tax.

PUBLIC COMMENT

None.

Motion was made by Council Member J. Henderson, Seconded by Vice Mayor J. Pendergraph to **conduct a public hearing to take public testimony on the Statewide Community Infrastructure Program (“SCIP”) and proposed bonds to be issued by California Statewide Communities Development Authority (“CSCDA”), and Adopt Resolution No. 32-20 Authorizing the City to Join the Statewide Community Infrastructure Program; Authorizing the California Statewide Communities Development Authority to Accept Applications from Property Owners, Conduct Special Assessment Proceedings and Levy Assessments Within the Territory of the City of Wheatland; Approving Form of Acquisition Agreement for Use When Applicable and Authorizing Related Actions.** Vote called – AYES: All. Motion carried.

REGULAR CALENDAR

1) President/Chief Operating Officer of Yuba-Sutter Economic Development Corporation Brynda Stranix presented the staff report of the Yuba-Sutter Economic Development District 2020-2025 Comprehensive Economic Development Strategy. This Comprehensive Economic Development Strategy (CEDS) is the result of a local planning process designed to guide the economic growth of the Yuba-Sutter region. The CEDS process helps create jobs, foster a more stable and diverse economy, and improve living conditions. It provides a mechanism for coordinating the efforts of individuals, organizations, local governments, and private industry concerned with economic development. An annually updated CEDS is required to qualify for US Department of Commerce, Economic Development Administration (EDA) assistance under its public works, economic adjustment, and most planning programs. The document represents the goals and objectives of the Yuba-Sutter Economic Development District which is comprised of Yuba and Sutter Counties and the cities of Marysville, Live Oak, Wheatland, and Yuba City.

Motion was made by Vice Mayor J. Pendergraph, Seconded by Council Member R. Coe to **adopt Resolution No. 30-20 Approving the 2020-2025 Comprehensive Economic Development Strategy and Program Projection for the Yuba-Sutter Economic Development District as Prepared and Recommended by Yuba-Sutter Economic Development Corporation and the Comprehensive Economic Development Strategy Committee.** Vote called – AYES: All. Motion carried.

2) Police Chief D. Sylvester presented the staff report for potential direction to staff regarding Banning Needle Exchange Programs within the City of Wheatland. The California Department of Public Health (CDPH) is authorized by Health and Safety Code section 121349 et seq. to approve a needle exchange program (NEP). CDPH has authorized Yuba Sutter Harm Reduction and Community Outreach (YHRCO) to provide syringe services within Yuba and Sutter Counties. Details of the authorization are; effective May 11th, 2020 through May 11th, 2022 and may apply for renewal before the end of the two-year period; syringe services may be provided at the following times and locations: Harmony Health, Tuesday and Thursday from 5:00 - 7:00 pm at 1908 North Beale Road, Marysville, CA; Yuba County Mobile Location, the area bound by the Yuba River, F Street and Second Street, extending as far west as Second Street is paved. Monday from 9:00 am - 11:00 am; and Sutter County Mobile Location, the area bound by 9800 block of Second Street and the area where Second Street and Levee Road merge, extending as far west as the Feather River edge. Monday from 11:30 am - 3:00 pm. Neighboring jurisdictions in both Yuba and Sutter counties are in the process of establishing ordinances to ban the program. Even though there are no sites proposed in the City of Wheatland, it may be prudent to address the issue before it becomes a more local issue. Improper collection and disposal of used hypodermic needles and syringes is detrimental to, and presents an imminent threat to, the health, property, safety, and welfare of the public. The needles create a hazardous condition for community members and increase the risk of injury. In the past two years we have had approximately 5 incidents where community members and City staff have found used syringes discarded at local parks and within the community of Wheatland. If the needle exchange program is allowed in Wheatland, it is likely these incidents will be more frequent, which carries the risk of negatively impacting the City.

Council Member R. Coe stated he was not sure if action should be taken at this meeting. Council Member J. Henderson stated he is happy for the program.

Motion was made by Council Member J. Henderson, Seconded by Council Member L. McIntosh to **direct staff to proceed with preparation of a City Ordinance banning the operation of needle exchange programs with the City of Wheatland.** Vote called – AYES: All. Motion carried.

3) Finance Director S. Mahoney presented the staff report for an ordinance to amend Wheatland Municipal Code Chapter 3.34, Transactions and Use Tax, and Extend the One-half Cent Transactions and Use Tax for Essential City Services. Amending Chapter 3.34 is a required step to place a measure on the November 3, 2020 regular statewide election for the voters to extend the City of Wheatland one-half cent transactions and use sales tax for 10 years. At the July 28, 2020 Council meeting the City Council will be asked to waive the second reading of and adopt Ordinance No. 476 and adopt a resolution calling an election on a City of Wheatland one-half cent transactions and use sales tax extension measure to be included on the November 3, 2020 ballot. The existing City of Wheatland voter approved one-half cent transactions and use sales tax began on April 1, 2011 and is set to expire

on March 31, 2021. The tax was enacted to partially offset the revenue reductions suffered as a result of the Great Recession with funding that cannot be taken by the State. It was anticipated that significant growth would occur in the City between 2011 and 2021 and that the additional property tax and sales tax revenue generated from this growth may eliminate the need for the transaction tax after March 2021. Anticipated growth did not occur, and future growth is not projected to generate sufficient revenue to sustain public safety and park and street maintenance at current or adequate service levels. The staff report included a chart showing projected General Fund Cash Reserves with and without the one-half cent sales tax revenue and assuming a continuation of current annual expenses. General Fund Cash Reserves are necessary for cash flow, for generating interest earnings, and for providing funds to maintain City services in the event of an unforeseen economic event like the recent COVID-19 pandemic and last year's Malone Culvert collapse. If the tax extension measure is placed before the voters and subsequently approved, projected revenues and expenses are expected to increase in tandem over the next ten years given historical growth patterns. Slight adjustments to expenses will be needed for the City to maintain its target General Fund Reserve equal to 25% of annual expenses. If the tax extension measure is not placed before the voters, revenues are projected to be \$420,000 less than expenses in FY 2022 and the disparity will continue to grow each year. At this rate, General Fund Cash Reserves would be depleted by FY 2024 unless there are significant reductions to essential public safety services and park and street maintenance. These reductions would need to begin in December 2020 and must be drastic to have any impact. With a workforce of only 22 employees, key service areas such as planning, building permits and inspections and engineering already contracted out to control overhead expenses, no PERS unfunded liability, and 58% of the General Fund dedicated to public safety, the City of Wheatland is already a lean, fiscally prudent operation. It is important to note that extension of the one-half cent sales tax with no increase in the tax rate will allow the City to continue to provide existing levels of public safety services and park and street maintenance. It will not provide revenue to enhance City services. The failure to either extend the tax or implement drastic service reductions will result in the City of Wheatland General Fund being completely out of cash by June 30, 2024. There is a proposed ordinance to extend the one-half cent sales tax for 10 years, subject to voter approval. The ordinance does not modify the existing one-half cent tax rate. In 2017 the California legislature transferred sales tax administration responsibilities from the Board of Equalization to a new Department of Fee and Tax Administration. Consequently, the proposed ordinance also changes "State Board of Equalization" to "California Department of Tax and Fee Administration."

Council Member J. Henderson commented on General Fund cash revenues and asked how many elections there will be between November 2020 and 2022.

Vice Mayor J. Pendergraph commented stated he prefers to stay in front of the issue and not get behind or the City may face potential layoffs and cuts.

Motion was made by Council Member R. Coe, Seconded by Vice Mayor J. Pendergraph to **Introduce and waive the first reading of Ordinance No. 476, which will amend Chapter 3.34 of the Wheatland Municipal Code and, subject to voter approval, extend the one-half cent transactions and use sales tax for essential City services for 10 years.** Vote called – AYES: Coe, Pendergraph, McIntosh and West. NOES: Henderson. Motion carried.

REPORTS

Police Chief D. Sylvester reported on
Mayor R. West reported on the partnership for sewer connections.
City Manager J. Goodwin reported on the County and COVID-19 update.
Finance Director S. Mahoney reported on the preparing for the annual audit.
City Engineer D. Schilling reported on the Hooper Street and City Hall projects.
Vice Mayor J. Pendergraph reported on the Police Department feature in a music video.
Council Member J. Henderson reported on an upcoming EDC meeting.

There being no further business, Mayor R. West adjourned the meeting at 7:10 p.m.

Minutes approved and adopted on this 28th day of July 2020.

Rick West, *Mayor*

Lisa J. Thomason, *City Clerk*