

Call To Order

The special meeting - study session of the Biggs City Council was called to order at 6:02 p.m. by Mayor Busch. Vice Mayor Frith and Councilors Arnold, and Crawford were present. Staff present: City Administrator Pete Carr, Engineering Staff Mike Vasquez and Paul Ashby, and City Clerk / Finance Director Deanna Carbajal.

1. COMMUNITY PARTICIPATION: None.

3. STUDY SESSION BUSINESS:

- A. Discussion/Action: Engineering Staff Mike Vasquez presented and discussed possible grant application subjects for the current round of Community Block Development Grant (CDBG) Planning and Technical Assistance (PTA) projects. He stated there was grant money available for a Planning and Technical Assistance Grant. He said there were four applications possible and funding was on a first come first serve basis, with a short-notice deadline.

Councilor Crawford asked what is a Housing Element Study. Mike stated it was part of the housing plan with different zoning designations and developments, almost a master plan. Vice Mayor Frith stated the Housing Element Study would be due anyway in 2009, so it would be good to receive a grant to pay for it.

Pete told council that Tri-County ECD, the company currently working on the downtown visual master plan, suggested the next logical development would be a phase two of the downtown visual master plan. Pete stated the risk of the application was \$2500 whether the grant was awarded or not and if funded, there would be a 1% city match.

Councilor Arnold informed council there would be no penalty if a Housing Element Study was not complete and Paul Ashby said CDBG required the study to be current or the city cannot apply for grants.

Mike stated the city could apply for each of one of the four project possibilities and within each of those four, there could only be one project. One application would cost \$2,500, two for \$4,500 and three applications would cost the city \$6,500.

Council discussed merits of potential projects including library upgrades. Mayor Busch suggested considering the Housing Element Study for the General Allocation grant and Councilor Crawford agreed. Vice Mayor Frith abstained from the discussion.

Motion/Second to direct staff to prepare applications for items 1a (Portion of Housing Element Study), 2b (ADA design for the library), and 3a (Economic Development-Planning Study). Mike Vasquez stated the total cost for three applications would be \$6,500 whether the grant was awarded or not. (Busch/Crawford, MC, Abstain: Frith)

- B. Discussion/Action: Review latest information on forecasted electric utility costs, other general funds costs supported by the electric fund, and proposed rate structure for next regular council meeting.

Pete briefly reviewed the eleven items on the staff report which was included in the agenda packet. After research, Pete and a consultant concluded a 36% rate increase would be required to completely cover the budget for the coming year. Pete suggested three options: 1. Choose a percentage rate increase now and leave it alone for a year. 2. No percent increase, rather establish an energy cost adjustment tool which would float the rates up and down, starting somewhere between a 20-40% increase. 3. Go with a percent increase now and institute a float tool.

SunWest General Manager Galo Williams said he would not like staggered rates, because it would have a big effect on the mill's budget. Galo suggested the mill could shut down for a couple of days when the city had to buy expensive spot power. Vice Mayor Frith stated if they knew when the mill was going to shut down, the city could curtail the amount of power purchased. Council acknowledged the impact of rate changes on the mill's operation.

Pete reviewed with council charts included in the agenda packet. He said if we wanted to cover all of our costs this year, a 36% increase would need to be enacted. He questioned what the customers would tolerate? Vice Mayor Frith reminded council that costs would continue to go up. Council discussed different options to help reduce fixed public safety costs.

As one of the few commercial business owners in town, Vice Mayor Frith stated he would abstain from any vote on this item. Most individuals in the city were on a limited budget and he felt a 36% increase was a trigger for the larger customers to look elsewhere for their electrical needs. He was concerned if 36% was enacted all at once, there would be more customers that would not be able to pay their bills and would go into foreclosure.

Mayor Busch felt the community needed to be educated in a town hall meeting why an increase was needed. Councilor Crawford felt increases should be analyzed on a quarterly basis rather than yearly. He felt a decision needed to be made tonight on the rate increase.

Vice Mayor Frith asked if a general law city had to have its own police protection either internally or by contract. Pete said he would ask the city attorney.

Councilor Crawford suggested increasing residential rates 25%, commercial rates 16%, and industrial rates 25%. He stated the only reason to do an adjustment was because he felt the commercial rate was out of balance. He stated it also maintained a marketable variance, at that moment, away from PG&E for our biggest customer. He stated this number was not as negative as it appears because in theory, if the General Fund was left where it was, there would still be a positive of \$18,000. Councilor Crawford said we did some budgetary adjustments in how the budget was processed, but when you get to the bottom line, and if you take that number out, in theory you are still \$18,000 ahead using those numbers, maintaining a rate that will not cause our biggest customer to leave town. He felt the city had a fiduciary responsibility to make sure that the power cost curve was built into a closely coupled review or a market rate adjustment tool built into it. He felt

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we should look at our rates at least quarterly and have Pete let council know where the prices were on a monthly basis. Pete stated he could publicize the rates would be going up 25-36% in a public notice

C. Discussion/Action: Consider appointing a subcommittee to prepare, for council's consideration, a draft response to Butte County Grand Jury 2007-2008 Report. Pete stated there are 90 days for council and the mayor to respond to the Grand Jury. Councilor Arnold and Mayor Busch volunteered for the subcommittee.

4. **EXECUTIVE SESSION:** Adjourned to Executive Session at 9:00 p.m.
5. **RESUME SPECIAL SESSION:** Resumed special meeting at 9:17 p.m. No action to announce.
6. **ADJOURNMENT:** Meeting adjourned at 9:18 p.m.

ATTEST:

APPROVED:

Deanna Carbajal
City Clerk

John G. Busch
Mayor, City of Biggs