Lincoln City Council and Lincoln Redevelopment Successor Agency
October 22, 2013 Meeting

The Closed Session was called to order by Mayor Nader at 4:30 PM at Lincoln City Hall, First Floor, City Manager's Conference Room to discuss the following:

A. Conference with Real Property Negotiators - Under Negotiation: Price and Terms
Pursuant to Government Code § 54956.8
Property Description: 2275 Hwy 193, Lincoln, Lincoln, CA APN: 031-272-023-000

City Negotiators: Jim Estep, City Manager and Mark Miller, Community Development Director. Negotiating Parties: Chris Steele, Andrew Sackheim, East Lincoln Associates, LLC and Harry Elliot, Price Walker, Elliot Homes, Inc.

B. Conference with Legal Counsel - Anticipated Litigation (One Potential Case)
Initiation of Litigation pursuant to Government Code § 54956.9(d)

C. Conference with Legal Counsel - Anticipated Litigation (One Potential Case)
Significant exposure to litigation pursuant to Government Code § 54956.9(b)

D. Conference with Real Property Negotiators Pursuant to Government Code § 54956.8
Property Description: Old City of Lincoln Wastewater Treatment Site
APNs: 021-262-006; 021-262-007; 021-262-010 and 021-262-012

City Negotiators: Jim Estep, City Manager and Mark Miller, Community Development Director. Negotiating Parties: Lewis Operating Corporation, Phil Rodriguez, VP Planned Community Development

E. Conference with Legal Counsel - Existing Litigation
Pursuant to Government Code § 54956.9(a).
Name of case: Western Placer Unified School District v. City of Lincoln, et al., Placer County Superior Court Case No. SCV0032309

The regular meeting was called to order by Mayor Stan Nader at 6:05 PM at McBean Park Pavilion, 65 McBean Park Drive.

Roll Call Present: Councilmen Peter Gilbert, Spencer Short and Paul Joiner, Mayor Pro Tem Gabriel Hydrick and Mayor Stan Nader.

Staff present: City Manager Jim Estep; City Attorney Jon Hobbs; Community Development Director Mark Miller; Police Chief Rex Marks, Development Services Special Projects Contractor Rod Campbell; Finance Special Projects Contractor Bill Zenoni; Fire Captain Mike Davis. Various City employees and members of the public were also present

Mayor Nader announced that there was no reportable action from Closed Session.

Police Chief Rex Marks led the Pledge of Allegiance.

Pastor Justin Storm of Bridgeway Christian Church led the Invocation.

5. Presentations

Mayor Nader presented Proclamation 2013-04 Observing October As "Colonial Heritage Month" to Mary Ann Allen representing the Priscilla Alden Chapter of the National Society Colonial Dames XVII Century.

Consent Agenda: Councilman Gilbert announced that if anyone had any questions or comments regarding Item 6.1E, he would be happy to respond. Being that there were no questions from the audience, motioned by Councilman Gilbert and seconded by Councilman Joiner approving the consent agenda items. Items approved were:

6.1 CITY MANAGER'S DEPARTMENT

A. Approve Minutes of the October 8, 2013 Regular Meeting and October 15, 2013 Special Meeting.

B. Adopt Resolution 2013-218 receiving/filing the Warrants of October 11, 2013.

C. Approval by the Successor Agency to the Dissolved Redevelopment Agency of the City of Lincoln approving the Long Range Property Management Plan and forwarding to the Oversight Board for approval.

D. Adopt Resolution 2013-219 authorizing the City Manager to make changes to the CalPERS Health Contract adjusting Employer Healthcare Contributions for one group.

E. Adopt Resolution 2013-220 approving the Development Services Division Manager job description; Resolution 2013-221 approving the Public Services Division Manager job description; and Resolution 2013-222 approving the Recreation Aide job description.

F. Adopt Resolution 2013-223 recognizing Domenick Casper on Achieving Eagle Scout and Resolution 2013-224 recognizing Jethro Buys on Achieving Eagle Scout.

G. Adopt Resolution 2013-225 approving ratification and amendment to loan agreement between the City of Lincoln and the former Redevelopment Agency of the City of Lincoln (1988 Loan); Successor Agency Resolution 2013-09S to the Dissolved Redevelopment Agency of the City of Lincoln approving ratification and amendment to loan agreement between former Redevelopment Agency of the City of Lincoln and the City of Lincoln (1988 Loan); and Resolution 2013-226 approving ratification and amendment to loan agreement between the City of Lincoln and the former Redevelopment Agency of the City of Lincoln (2010 Loan Agreement); and Successor Agency Resolution 2013-10S to the Dissolved Redevelopment Agency of the City of Lincoln approving ratification and amendment to loan agreement between former Redevelopment Agency of the City of Lincoln and the City of Lincoln.

6.2 ADMINISTRATIVE SERVICES DEPARTMENT

A. Adopt Resolution 2013-227 authorizing the City Manager to execute a lease agreement with Auburn Ravine Ranch for farm management of City-operated effluent reclamation lands for a ten-year term.

B. Adopt Resolution 2013-228 authorizing the City Manager to execute a contract for Services with Prodigy Electric and Resolution 2013-229 authorizing the City Manager to execute a Contract for Services with KIP Electric for Commercial and Industrial Electrical Services, as needed.

C. Adopt Resolution 2013-230 approving the Purchase and Sale Agreement between the City of Lincoln and Premier United Communities LP for the approximately 13.74 Acres of property commonly known as Lakeside 6, Unit 2 and authorize the City Manager to execute the agreement.

6.3 COMMUNITY DEVELOPMENT DEPARTMENT

A. Adopt Resolution 2013-231 appropriating $114,000 of reimbursable Federal grant funds from Fund 298 (FHWA/Caltrans CML5089(023); and Resolution 2013-232 authorizing the City Manager to execute a Contract for Services Agreement with Mark Thomas & Company for Professional Engineering Services in the amount of $113,944 for the Lincoln Blvd Phase 2 Project.

B. Adopt Resolution 2013-233 authorizing the City Manager to execute the Letter of Agreement 13-02 between the City of Lincoln and the Placer County Transportation Planning Agency (PCTPA) to fund the Modification of the Draft Airport Land Use Compatibility Plan (ALUCP) for the Lincoln Regional Airport.

6.4 POLICE DEPARTMENT/FIRE DEPARTMENT

A. Update on consolidated Public Safety opportunities.

7. Citizens addressing the Council:

Robbie Noyes asked that Council consider waiving or reducing the Pavilion rental fee for an upcoming fundraising event. Item will be brought back for Council consideration at the November 12th meeting.

Jane Tahti asked that Council keep in mind that signs are only effective if they stand out in some way and can be seen. She is worried that regulations will be so strict that signs will not be noticeable to passers by.

Staff Reports:

8.1A Waiver of Fees for Special Events

Following presentation of the staff report by Recreation Supervisor, Kristine Pelzman and brief discussion, it was motioned by Councilman Short and seconded by Councilman Gilbert to Adopt Resolution 2013-234, approving permanent fee and rental waivers for specific events. Approved by Council. Use of Lincoln Boulevard for events will be brought back for consideration in greater detail at a future meeting.

8.2A Lincoln Meadows Entitlement Request

Development Services Contractor, Rod Campbell presented the staff report. He is asking that Council consider adjusting the boundaries of the Village 2 Project area to exclude the Lincoln Meadows parcel, thereby enabling the landowner to develop as an independent subdivision. It was the consensus of Council to adjust the Village 2 Project Area boundary to exclude the property east of McCourtney Road, providing the Lincoln Meadows development includes annexation to the City of Lincoln.

8.2B Proposed Water and Wastewater Rate Adjustments

Assistant Director of Community Development, Steve Ambrose presented the staff report. He stated that in the current version of the staff report, he had attempted to simplify and clarify some of the information. He explained that as Enterprise funds, Water and Wastewater should be self supporting. If the City did not implement the rate increases as presented, funds would soon run out and the cost of water and wastewater operations would need to be covered by General Fund funds effecting funds available for Police, Fire, Recreation and Library services.

Judy Springer of Lincoln read a letter from a neighbor who could not attend opposing the rate adjustment.

Lena Lebosky, Betsy Hanner, Mark Fink, David Masche, Bob Birdseye, John Fett, Lee McCormick, James Ronkowitz, John Lansko and Robert Metzler addressed Council expressing opposition to the rate increases.

Jane Tahti and Warren Bostick discouraged increased use of groundwater due to concerns about the water table, expressing that the aquifer is not a limitless supply.

Fred Gibbs feels PG&E is overcharging PCWA for water and the cost is being passed on to us.

Byron Chapman mentioned his previous request for a flexible microphone at the ADA speaker table, and questioned whether the notices had been mailed out in the required time frame.

City Treasurer, Terry Dorsey stated that he had been attending the workshops and other meetings and had learned a great deal about water, and the reasons the rate increases are necessary. Simply put, the City can no longer afford to loose money on water operations or continue to put off maintenance to the systems.

Councilman Joiner explained that a 50-year contract for PG&E to supply water to PCWA at a cost of $50,000 annually had expired. The new contract set the price at over $4,000,000 annually. Combined with the cost of maintenance and infrastructure that could no longer be deferred, it may not be comfortable to raise the rates, but it was in the best interest of the City to do so at this time.

Following general discussion it was motioned by Councilman Gilbert and seconded by Councilman Short to introduce and waive first reading Ordinance 869B Amending Title 13 of the Lincoln Municipal Code regarding water and wastewater regulations and charges.

Motion was approved by the following roll call vote:

Gilbert: Aye, Short: Aye, Joiner: Aye, Hydrick: Aye, Nader: Aye

Council Initiated Business:

Councilman Hydrick would like a Council member appointed to sit on the Parks and Recreation Committee and volunteered to be that appointee. Council consented.

Mayor Nader discussed recent energy audits of City facilities and conservation measures under consideration, as well as Electric Vehicle charging stations in Lincoln. He requested that a Workshop be set for John Williams to present Zeroscape ideas, and a special meeting to discuss the City Manager Incentive program.

Council Committee Reports:

Councilman Short reported on recent Public Utility Committee and High School Government Class Outreach.

Councilman Gilbert reported on recent Economic Development Committee, Personnel Committee and Sign Ordinance workshops and meeting with developers.

Councilman Joiner reported on the recent Placer County Economic Development Forum, Chamber Study to Lodi, Western Placer Waste Management Authority and EDC meetings.

Mayor Nader reported on the City/Chamber meeting, Lodi Study trip, Placer Mosquito Vector Control District and Air Quality District meetings.

Brief discussion ensued regarding art in public places and community mural projects.

There being no further business, meeting was adjourned at 10:38 PM

Submitted by Dia Gix, Records Coordinator

Dia Gix

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David E. Masche, CPA
2505 Granite Lane
Lincoln, CA 95648
(916)543-3379
maschecpa@att.net

October 22, 2013

Re Protest of Rate Increases –
- Water Rates
- Solid Waste

Honorable Mayor and City Council

Two factors are contributing to most of the increase in water rates – capital reserves and purchased water I have a few comments and questions regarding these two issues and the overall financial health of the City of Lincoln

As I have stated previously the financial data presented was too much and very difficult to understand I do appreciate the additional data provided on Water Rate Information and the Fund Summaries However, questions still remain

1 I am having real difficulty understanding what the balance of the Capital Replacement Reserve balance is as of 6/30/12 Per Water Rate Information the balance at 6/30/12 is zero The Fund Summaries shows a balance of $3 8 million as of that date. What is the correct number? It was my understanding that the Capital Replacement Fund balance was zero and one of the reasons for the increase was to create these necessary reserves I am very much in favor of reserves, assuming they are based on proper study and assumptions

2 We have relatively new capital assets with the recent explosion in population How long do these assets last? I believe we may be overfunding this reserve which is a large portion of the increase Is it necessary that this increase be this high in a short three years which creates a financial hardship for many citizens? Are we building up this account too offset the large negative balances of other funds?

3 What is the "Capital R & R Activity" line on Water Fund Balance Schedule? This line is on the schedule for Water Fund Without Increases

4 Footnotes to the Audited Financials for the year ended June 30, 2012 also disclose transfers into and out of the Enterprise Funds for which you are requesting rate increases For example, footnote 5 discloses that $4 6 million was "Advanced to other Funds" from Solid Waste Fund, Why? Now solid Waste needs to raise rates The Water Fund shows $1 7 million "Due from other Funds" Again, I ask are all monies coming into these Enterprise Funds used in that specific Fund or they being "loaned" to other funds? It was stated By Councilman Gilbert at first workshop that all monies raised by these respective funds would STAY in those funds This question was asked previously but no response received

5 The City has other significant liabilities which are not reflected on the balance sheet such as Other Post Employment Benefits (OPEB) Why not set up these liabilities or fund these costs? Footnote number thirteen discloses that the City contributed $354,655 for the year ended 6/30/12 for the annual OPEB (other post employment benefits) of the annual required contribution of $1,550,548 creating additional increase of $1,197,893 in OPEB obligations THE CITY SHOULD ANNUALLY contribute the ARC (Annual Required Contribution) The latest calculation of the unfunded actuarial liability was $12 5 million as of 7/1/11 It has been increasing over $1 million per year and could exceed $15 million as of 6/30/13 All funds have a respective piece of this obligation

6 CPA report for year ended 6/30/12 indicated the City is Projecting NEGATIVE General Fund balances for fiscal year 2015/16 Also, negative fund balances now exist in certain Funds that do not have a source of revenue Per CPA report, "It is the weight of these accumulated negative fund balances of $31,519,259 that causes concern regarding the future financial welfare of this City" Folks, we are not in great financial health Thus, we need to exercise caution in spending – hiring additional staff, bonuses, opening fire station three, etc

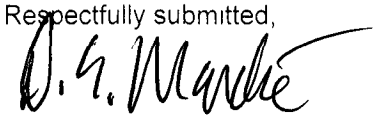
7 I highly recommend that the City delay action on these proposed increases until City Council and citizens UNDERSTAND and support the increases We may need that much, but as of this date I personally need more information I support the additional schedule you provided on capital replacement fund However, do we need this much of the increase in just 3 ½ years I believe it would be prudent to use more of our own water rather than purchase the costly water outside This is another large portion of the increase Our Council should be working for us keeping our costs as low as possible.

8 ***What methodologies are neighboring communities using to bill for water usage? Lincoln's current base charge is $22.90 per month including 10,000 gallons of water?*** This question was asked at 9/12 workshop and was not answered My actual usage during last twelve months averaged 6,667 gallons/month As I understand the numerous charts the Basic Service Charge will rise to $38 13/month WITHOUT any charge for water usage My water usage fee based on my use last 12 months would average $14 72/month for a total of $52 85 – an increase of 118% from actual last twelve months

9 ***Your rate increases are going to penalize our citizens who have been conserving water and paying only the basic service charge which included 10,000 gallons/month.*** Their rates will increase 66 5% on 7/1/17 with ZERO water usage! If they use only 5,000 gallons per month, their rate on 7/1/17 will increase to $47 03 ($38 13 + $8 90) for an increase of 105% on 7/1/17 My Mother always told me the world is not fair, and this sure does not seem fair to me Our City Council should really "think" about the impact this has on our Senior Citizens who are living on a Fixed Income!

More work needs to be done! I would appreciate a written response to the above questions

Respectfully submitted,



David E Masche'

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