

Mt. Shasta City Council Regular City Council Meeting Minutes

Mt. Shasta Community Center, 629 Alder Street

Monday, January 11, 2016; 5:30 p.m.

Approved as submitted

“Our mission is to maintain the character of our “small town” community while striking an appropriate balance between economic development and preservation of our quality of life. We help create a dynamic and vital City by providing quality, cost-effective municipal services and by forming partnerships with residents and organizations in the constant pursuit of excellence.”

Item
1. Call to Order and Flag Salute: At the hour of 5:32 p.m. Mayor Jeffrey Collings called the meeting to order and led the audience in the Pledge of Allegiance.
2. Roll call: Council Members Present: Kathy Morter, Tim Stearns, Geoff Harkness, Mayor Jeffrey Collings, and Mayor Pro Tem Mike Burns Sr.
Special Presentations & Announcements: Presentation from Mount Shasta Scout Troop 97 Leader Ed Domanski.
3. Public Comment: <u>John Kennedy</u> – Concern about type of jobs that Crystal Geysers will produce. Would like to see the South County more involved in the dialogue. Concern about water and sewer connection fees and cost associated with developing property. Has looked into costs for developing a duplex, and feels that associated costs with water and sewer are too expensive. Would like fee structures as a future City Council Agenda item. <u>Mayor Pro Tem Mike Burns Sr.</u> – Question to Paul Eckert, City Manager about timeframe regarding fee studies for water and sewer hookups. <u>Paul Eckert, City Manager</u> – We will be doing a rate study to provide data so that we can develop options for City Council to consider. The timeline is later in the year. If City Council would like to have alternatives developed sooner without a rate study, we can. <u>Mayor Jeff Collings</u> – Question if connection fees for new buildings will be included in the rate study. <u>Paul Eckert, City Manager</u> – Will get more information to bring back to council. <u>Afa Garrigan</u> – Announcement that he will be holding a local ‘Town Hall Meeting’ at the old bagel shop every second and fourth Sunday of the month (the day before City Council Regular Meetings). Meetings will include discussion of agenda items placed on upcoming City Council Regular Agendas, facilitate dialogue, and gather information from community members in preparation for upcoming City Council Regular Meetings. Ideas may culminate in letters, petitions, and other types of communication to inform City Council what locals want. Indicated that in addition, on the second and fourth Saturdays of the month there will be a big gathering of local vendors, economic development, booths, live music, dancing. He is renting the space to the community for free. <u>Roslyn McCoy</u> – Concern about volume of PA system during meeting.
5. Meeting Recess: None
6. Council & Staff Comments: <u>Councilmember Kathy Morter</u> – Would like to see some preliminary study now and rates to

be determined, acknowledging that rates may change after a more thorough rate study is completed.

Councilmember Geoff Harkness – Requested update on Centennial Project.

Paul Eckert, City Manager – LED installation will begin. Centennial Trail progress is moving quickly, and documents will be signed this week. STEP project including the Ream Avenue Project and the Guardrails Project were funded. Drought, water production, and usage numbers are positive.

Councilmember Tim Stearns – Noted magazine spread on Mt. Shasta in ‘Enjoy Magazine.’

Mayor Jeffrey Collings – Gave a 3 minute comment about ‘who’ City Council is and how City Council makes decisions.

Mayor Pro Tem Mike Burns Sr. – Comment encouraging Mount Shasta Scout Troop 97 to not be afraid to ask questions of leaders and to hold them accountable. Comment encouraging troop to pursue their merit badge.

Councilmember Tim Stearns – Comment encouraging Mount Shasta Scout Troop 97 to speak their ideas freely.

7. Consent Agenda - The City Manager recommends approval of the following Consent Agenda items. All Resolutions and Ordinances on this agenda, or added hereto, shall be introduced or adopted, as applicable, by title only, and the full reading thereof is hereby waived.

- a. Approval of Minutes: November 23, 2015 City Council Regular Meeting Minutes (amended), December 14, 2015 City Council Regular Meeting Draft Minutes, and December 14, 2015 City Council Special Meeting Draft Minutes.
- b. Approval of Disbursements: Accounts Payable: 12/08/15, 12/10/15, 12/21/15, and 12/22/15; Total Gross Payroll and Taxes: For Period Ending 12/09/15 and 12/22/15 (Muriel Howarth Terrell, Finance Director)
- c. Approval of Resolution CCR-16-1 extending the agreement between the City of Mt. Shasta and the Mt. Shasta Recreation District to provide water to the Youth Sports Field – (Muriel Howarth Terrell, Finance Director)
- d. Appointments to City Committees & the Planning Commission (Larisa Proulx, Deputy City Clerk)

COUNCIL ACTION: Approve agenda item number 7 a,b,d and hear item 7c at the end of this meeting or include it as a regular agenda item the upcoming City Council Regular Meeting on January 25, 2016. All Resolutions and Ordinances on this item were introduced or adopted, as applicable, by title only, and the full reading thereof was waived.

MOTION: Councilmember Tim Stearns

SECOND: Councilmember Kathy Morter

AYES: All

NOES: None

ABSENT: None

ABSTAIN: None

8. R1

Option 3 - Deny the proposed ordinance. All Resolutions and Ordinances on this item were

introduced or adopted, as applicable, by title only, and the full reading thereof was waived.

MOTION: Councilmember Tim Stearns

SECOND: Mayor Pro Tem Mike Burns Sr.

AYES: Councilmember Kathy Morter and Councilmember Geoff Harkness

NOES: Mayor Jeffrey Collings, Mayor Pro Tem Mike Burns Sr., and Councilmember Tim Stearns

ABSENT: None

ABSTAIN: None

Public Comments:

Sandra Haugen – Indicated that she is a member of the City of Mt. Shasta Downtown Enhancement Advisory Committee (DEAC) and a local business owner involved in long term rentals and vacation rentals. Comment that short term rentals would provide visitors with more options for staying and supporting local businesses. Question about how issues with short term rental occupants would be handled and why the ordinance requires that someone live in the house. Perhaps the ordinance could include having a property manager. Allowing R1 could help to offset mortgage costs for property owners.

Kristen Maze, City Planner – Issues would be handled on a complaint basis by the Police Department. The ordinance tried to address public concern about how to contact the owner of the property incase neighbors felt that there was an issue. The ordinance tried to address that concern by requiring someone to be on site to address concerns or prevent issues from occurring.

Jill Phillips – Comment that visitors would like to stay in a home that reflects Mt. Shasta's small town character, and that residents would benefit from this extra income coming from their property via R1. Comment that a property nearby her home has a lot of turnover with occupants, and down the street there are vacant homes. As far as safety goes, R1 doesn't alter the safety of Mt. Shasta. Comment that residents want to keep their homes, people love Mt. Shasta and don't want to hurt it, and R1 would allow people to keep hand their property down to others in their family.

Ted Palfini – Concerned about the number of vacant homes, and that the city's population growth hasn't been significant. R1 provides visitors with an opportunity to experience Mt. Shasta and support local property owners. Many property owners who would do R1 are likely to leave their possessions in the home, and would therefore be conscious of renting to visitors who will be responsible and thoughtful of neighbors.

Tom Stokely – Formerly did R1 and stopped because he was not in compliance with the City. Feels that the requirement to have an onsite host would limits concerns from neighbors. Would like the ordinance to remove the 1 million dollar liability insurance policy related to making sure that the City is additionally insured. This insurance is not necessary and unusual, and will potentially limit the number of people who can do use R1.

Morris Engelman – Comment about the composition of his neighborhood and its character. Feels that the proposed ordinance is not necessary as the currently there are no issues with supply of rental options for visitors, and more R1 has potential to destroy neighborhood fabric.

Spencer Stafford – Concerned that proposed ordinance concerning R1 will monetize

neighborhood and community fabric in Mt. Shasta. Concerned about R1 destroying peaceful community that he enjoys. Suggested doing a study on R1 similar to LED lights which would include surveying a particular area and understanding the impacts of R1 before passing the ordinance.

Afa Garrigan – Read letter from a friend who could not attend the meeting. The letter indicated that as an AirBnB host she has been provided with needed income during unemployment and health concerns. Has enjoyed meeting people from all over the world, and indicated visitors spend money locally when they visit. Comment that there is a divide between generations in Mt. Shasta to some extent and that these divides need to be addressed over time with patience.

Peggy Risch – Comment that the dialogue is not about eliminating short term rentals, the ordinance put forth is about expanding the area where R1 is allowed. As a resident in an R1 zone, she is concerned about how neighborhood would be negatively impacted via the proposed ordinance, and does not want people coming and going from her neighborhood. Is concerned that the ordinance will reduce the number of available long-term rentals available to residents.

Madge – Comment that being able to rent out her home via R1 would provide needed income and not eliminate quality of life for residents. Acknowledges the risk associated with visitors occupying R1 spaces but feels that overall R1 can be controlled to eliminate issues.

John Kennedy, Sr. – Comment that there is no guarantee about long term occupants being better than occupants visiting short term. Comment that short term occupants cause property owners to keep up properties, and that property owners will generally be selective about who they rent to. Had stayed in rental property with his family before and enjoyed it.

Roslyn McCoy – Feels that R1 might be a good option for her to make additional money, and that her son has had positive experiences with Air BnB. Comment that the 1 million dollar liability insurance policy related to making sure that the City is additionally insured is odd and doesn't seem necessary.

Tobey Hall – Comment that success of R1 around him is so great that a lot neighboring property is potentially becoming exclusively R1. Would like R1 to be owner occupied or to not expand at all. Having neighboring property around him being all R1 does not provide a pleasant environment.

Steve Funk – Is in favor of proposed resolution which would provide income to property owners, and allow owners to return to their homes when they could visit. Acknowledges that having an owner on premise would help to eliminate some concerns. Would like to hold onto his property in Mt. Shasta for his family to visit.

City Council Comments:

Councilmember Kathy Morter – Comment that she is grateful for the variety of perspectives shared, and acknowledges both sides of the dialogue expressing concerns. Comment that R1 would help to provide needed income to residents, and that the city has a recreation based economy. Short term rentals would be attractive to families visiting the area who want to stay in a home. The complaints reported to the Police Department regarding R1 appear to be minimal. The ordinance doesn't require a home owner to be on premise but a permanent resident be in the home, and that seems to take care of many of the issues that have been

raised. Vacation rentals do bring money to local business. Acknowledges concern over monetizing neighborhoods. Does not want to see R1 passed over because of fear of change. Currently some residents may be doing short term rentals when the property is not zoned for that, and the proposed ordinance may provide a way for those people to be law abiding. Comment that maintaining small town character cannot mean that we fear change completely. If the City is not able to shift with change the community is at risk. A lot of visitors coming the Bay Area are spending money locally. Is in favor of 'option 2' which is sending the proposed ordinance back for more research. Is interested in having municipal code not limit the occupancy to 10 people but having the code reflect the number of bedrooms in the house, and would like to have the 1 million dollar liability insurance policy related to making sure that the City is additionally insured looked into. Suggested having R1 expansion considered on a smaller scale to determine impacts and better identify what does and does not work.

Councilmember Tim Stearns – Currently short-term rentals are allowed everywhere in Mt. Shasta except for R1. We have not heard that there is a shortage of short term rentals in Mt. Shasta or that they can't find one to rent in the area, or that existing hotels and Bed and Breakfast businesses have to turn potential visitors away. Expanding short rentals into R1 would potentially cause adverse financial affects to existing hotels and bed and breakfasts. The proposed ordinance would change the character of current neighborhoods. Other cities that promote Air BnB specifically excluded R1 neighborhoods. The proposed ordinance allows a 'caretaker' to be on site to run the business, and there are enforcement concerns with that. A long-term renter could even sublet the space to a short-term renter. A different ordinance could be designed for 'active nesters' where a person living in an R1 area, in a house bigger than they need, could rent out a room to make supplemental income. The proposed ordinance has the potential to monetizing the neighborhood, and there isn't a need for the proposed ordinance at this time. Short term rentals being expanded into the R1 zone could also potentially further limit the number of affordable long term rentals available to residents. If in the future long term rental stock changes, and more need is established, perhaps this can be revisited. Is in favor of 'option 3' which is to deny the ordinance.

Mayor Pro Tem Mike Burns Sr. – Acknowledges that the topic is sensitive in all sides, and appreciates the work that the Planning Commission has done. Acknowledges the value of a neighborhood and community fabric. Is concerned about provision of proper housing for current residents. Appreciates local businesses and their roots in the community that have grown over time. Doesn't want to see the small town community feel to change. Is empathetic to people facing financial hardship. It might be worth to look at the ordinance down the road, but is not in favor of this ordinance at this time. Question to City Planner, Kristen Maze, about renting a room and if that is covered in the proposed ordinance.

Councilmember Geoff Harkness – Acknowledges concerns from both sides, and would like to find common ground. Within the greater sphere of influence there is already an experiment going on in R1 areas as property owners are doing short term rentals on sites like Air BnB. People will still participate in short term rentals regardless of the ordinance. We need to be fair and equitable to all residents and business owners. The benefit from R1 is real for residents. Is in favor of 'option 2' which is sending the proposed ordinance back after issues are addressed. One issue is if owner has to be on site and accessible while the house is being

rented out. The wording should be clearer. Is not in favor of requiring that the owner reside on site when the property is rented out. The insurance and signage standards needs to be addressed. Standards need to be equitable between R2 and R3.

Mayor Jeffrey Collings - Acknowledges concerns from both sides, and that we live in a world that is changing fast. Acknowledges concern about loss of city revenue, and balancing collecting TOT. We need insure that C1, C2, R2, R3 areas are being reviewed. As Peggy pointed out this conversation is about expanding R1 short term rentals in the City.

Appreciates community fabric and neighborhood character. Comment that community can thrive long term by businesses focused on information / technology relocating here. Is in favor of 'option 3' which is to deny the ordinance.

Kristen Maze, City Planner – Response to Mayor Pro Tem Mike Burns Sr. indicating that the City doesn't have criteria for renting a room right now.

Brief Recess occurred.

Councilmember Tim Stearns – Requested that item 7c be moved to the City Council Regular Meeting Agenda for (1/25/16) with the approval of City Council and staff.

Paul Eckert, City Manager – Yes, we can defer that to the next meeting.

9. Big Lakes Sub-Agreement

COUNCIL ACTION: None required.

Staff & City Council Comments:

Councilmember Geoff Harkness – Comment about email exchange with DWR about timeline for final decision regarding grant award, and they indicated that it would be on (1/13).

Question to Rod Bryan, Public Works Director, about if this resolution allows the City of Mt. Shasta to begin work at the financial lead.

Rod Bryan, Public Works Director – I believe so.

Paul Eckert, City Manager – That is correct.

Public Comment:

John Kennedy – Question to City Council about where is the Big Lakes Water District is.

Councilmember Geoff Harkness – Response to John Kenney question indicating the Big Lake Water District goes from behind Mt. Shasta Herald and Cross Petroleum and currently runs east of their properties. The project brings the line out toward north Mt. Shasta Blvd.

Roslyn McCoy – Question to City Council about if being the financial lead means that the City will be spending money before the project is approved. Question to City Council about project being involved with Dunsmuir. Question to City Council about if the City will be funneling the money for the project, doing the bookkeeping, and not incurring any costs before the grant is awarded.

Councilmember Geoff Harkness – Respond to Roslyn McCoy's question indicating that an RFP has been put out, and that if no grant is issued, then no money will be involved. There is minimal staff time involved in this project so far. Dunsmuir has a similar project and they are

one of the parties that submitted a request for funds from this grant.

Rod Bryan, Public Works Director – We have spent some money for the design and bid process.

Councilmember Kathy Morter – Question to Rod Bryan, Public Works Director, regarding if the RFP should indicate that moving forward is contingent on project funding and relieve us any responsibility to pay back any time that contractors put into putting a proposal.

Paul Eckert, City Manager – There is no exposure for the City in those circumstances.

Mayor Pro Tem Mike Burns Sr. – Question to Councilmember Geoff Harkness about if it seems likely that the project will be fully funded, and what the timeline is. Thank you for your engagement in that project, and the work that you've done for Mt. Shasta residents.

Councilmember Geoff Harkness – Response to Mayor Pro Tem Mike Burns Sr. indicating that the preliminary recommendation was to fully fund the request.

Paul Eckert, City Manager – City staff strongly concurs. Councilmember Geoff Harkness has aided everyone through this process, and taken on a significant leadership role.

Councilmember Tim Stearns – No further comments. City Council directs staff to move forward.

10. Fiber and Broadband Technology Community Improvement Update

COUNCIL ACTION: None required.

Public Comment:

Ted Palfini – Question about costs associated with overall project including up keep and repair.

Mayor Jeffrey Collings – The revenue number of retail revenue are the retail rates. The City, who would own the fiber, would get paid a whole sale rate. That's what pays off the bond, the balance is profit and what pays for maintenance, customer service, and work on the system.

Peggy Risch – Question about what business are you contemplating would need this kind of service and want to move to Mt. Shasta for it? Are you interesting in having Mt. Shasta be the next Silicon Valley? Question about figures.

Mayor Jeffrey Collings – Response to Peggy Risch's question indicating that he is in no way advocating that Mt. Shasta become the next Silicon Valley. We are looking to attract existing businesses that need high speed internet. For example, software development companies or companies that send and receive large files as part of doing business. We are looking to attract people who want to telecommute. Look at the companies that came here and left because we didn't have the capacity to retain them. The 3.7 million is based on the 70% overhead that is currently overhead.

Tobey Hall – Question about City owning of any of the copper than would be used in the fiber line?

Mayor Jeffrey Collings – Response to Tobey Hall's question, no AT&T would own the coper line.

Afa Garrigan – Question about if a 8K fiber option cable would be put in.

Mayor Jeffrey Collings – Fiber optic cable would easily serve 10k Tvs.

Staff & City Council Comments:

Mayor Pro Tem Mike Burns Sr. – Question about how this might impact available housing.

Mayor Jeffrey Collings – This could cause an increase in demand for rentals and the property owner could make money. Competition in housing could make housing more expensive.

There may be a need to review affordable housing options.

11. Council Reports on Attendance at Appointed/Outside Meetings: None.

12. Future Agenda Items (Appearing on the agenda within 60-90 days):

- CBDG Residual Funds Upper Lodge Heating System & Housing Rehab – 1/25/2016
- Annual Mid-Year Budget Adjustments – 1/25/2016
- Update on the Landing & Brownfields – 1/25/2016
- Update on the Nest – 1/25/2016
- Audit – 1/25/2016
- Downtown Business District – 1/25/2016
- Fiber & Broadband – 1/25/2016
- Special Meeting with Recreation Department – 2/2016
- State Mandated Waste Water Plant Project, Public Hearing– 2/8/2016
- Presentation Regarding Potential Forest Service Use of Treated Effluent for Fire Suppression & Dust Control – 2/22/2016
- Timber Management Plan of City Owned Properties (City Springs & Eastside of The Landing)– 2/22/2016
- Fire Prevention & Environment – 3/14/2016
- Alternatives for Capital Improvements Project – 3/14/2016
- Noise Ordinance – 3/14/2016
- Overview of CEQA / EIR Laws – 3/28/2016

Paul Eckert, City Manager – We will add impact fees to future agenda items list.

13. Closed Session Item

COUNCIL ACTION: Provided direction to the City Attorney.

14. Adjourn

There being no further business, the meeting was adjourned at 10:05 p.m.