

**February 5, 2019 Minutes  
Study Session  
City Council Regular Meeting**

**CALL TO ORDER:**

*At 5:31 p.m., the meeting was called to order.*

**ROLL CALL:** Mayor: NEAL  
Mayor Pro Tem: BILLINGSLEY  
Council Members: BLAIR, BROWN, LYONS

City Staff and contract employees present: City Manager Olson; Assistant City Manager Speer; City Attorney Van Bindsbergen; Public Works Director Rivera; Community Development Director Holwell; Parks and Recreation Director Glick; Police Chief Smith; Management Analyst Beyersdorf; Deputy City Clerk Avalos.

**PUBLIC COMMENT**

*There was no Public Comment.*

**5:30 pm STUDY SESSION**

**SS-1 Carollo Water Update on Progress of Water and Wastewater Master Plans**

*Management Analyst Beyersdorf introduced Eric Casares of Carollo. Casares presented a PowerPoint on the update of the Water and Wastewater plans.*

*The presentation included the following:*

- *Goals and Objectives*
  - *Determine the necessary capital and maintenance improvements for the water and sewer systems.*
  - *Evaluate discharge alternatives for the wastewater treatment plant effluent.*
  - *Determine potential recycled water demands*
  - *Evaluate treatment alternatives for a new wastewater treatment plant.*
  - *Review the results of the master planning effort*
    - *Water*
    - *Collection System*
    - *Wastewater Treatment*
  - *Review the prioritized capital improvement plan*
- *Results*
  - *Water Master Plan*
    - *Work consistent with other planning efforts*
    - *Worked with staff to identify specific growth areas*
    - *A range of future water demands for the City was determined*
    - *Water model used to evaluate system under different scenarios*
    - *Planned projects were included in the existing system evaluation*
    - *Improvements through 2040 driven by development*
    - *Storage and supply improvements needed at build-out*

- *Collection Master Plan*
  - *Declining wastewater flows consistent with water usage*
  - *Future wastewater flows were also based on historical trends*
  - *Infrastructure capacity determined using future peaks hour flows*
  - *Peak flows were applied to the collection system model to identify deficiencies*
  - *Deficiencies under existing conditions were found system wide*
  - *Improvements to gravity mains through 2040*
  - *Several lift stations need to be expanded to support build-out conditions*
- *Wastewater Treatment Evaluation*
  - *Current Regulatory Drivers*
    - *Wastewater Pollutants (State)*
    - *Solids Disposal*
    - *Recycled Water*
  - *New discharge location provides the City flexibility and time for a long-term strategy*
  - *Potential recycled water users and conceptual pipeline routing was determined*
  - *Recycled water demands were identified throughout the City*
    - *23 potential users*
      - *Parks*
      - *Schools*
      - *Golf Course*
    - *Demand*
      - *427 acres*
    - *Largest Demands*
      - *Golf Course and West Hills College*
  - *Users limited based on recycled water availability and proximity*
  - *Water quality poses challenges for recycled water implementation*
  - *Need for demineralization makes recycled water cost prohibitive*
  - *Secondary treatment process is the heart of the new WWTP*
  - *Recommended project construction costs for a new secondary facility*
- *Capital Improvement Plans*
  - *Project Prioritization*
    - *Factors based on:*
      - *Upgrade existing facilities to mitigate current capacity deficiencies*
      - *Upgrade existing facilities to accommodate increased water demands or wastewater flows associated with long term planning*
    - *Project Phasing*

## SS-2 Enterprise Fleet Management

*Assistant City Manager Speer introduced Laura Clark from Enterprise Fleet Management. Clark presented a PowerPoint on the services provided by Enterprise.*

*The presentation included the following:*

- *The Situation*
  - *City staff was tasked with finding ways to lower the city's expenses.*
    - *Reduce increasing vehicle costs*
    - *Solution to better manage an aging fleet.*
    - *Researched leading options to supplement city vehicle purchases.*
    - *75% of the current light and medium duty fleet is over 10 years.*

- Older vehicles have higher fuel costs, maintenance costs and tend to be unreliable.
    - It would take 10 years to cycle out the entire fleet at current acquisition rates.
- The Objectives
  - Enterprise Fleet Management's proposal is to save city resources and budget dollars through a managed vehicle program.
    - Utilize an open-end lease as a funding mechanism.
    - Replace aged vehicles with newer models
    - Establish a proactive replacement plan
- The Results
  - By partnering with Enterprise Fleet Management, the City will be able to update the aged fleet in a strategic manner.
    - Reduce the overall vehicle costs by over \$208,000 over the next 10 years.
- Supporting Evidence
  - Current Fleet 28 vehicles
  - 21 vehicles over 10 years.
  - 10 years Savings - \$105,685
  - Estimated Fleet Equity - \$103,000
  - Estimated Net Cash - \$208,685
- Case Study & References
  - A few current partners
    - City of Dinuba
    - County of Kern
    - County of Madera
    - City of San Marcos
    - City of Westminster
    - City of West Sacramento
    - City of Grass Valley

Tom Reed spoke.

### SS-3 Water Bond Project Update

Assistant City Manager Speer introduced Teresa Ho-Urano from Bond Counsel, Eric McKean with Stifel, Nicolaus & Company, and Ken Dieker with Del Rio Advisors. The Financing team presented a PowerPoint on the update of the Water Revenue Bonds.

The presentation included the following:

- Financing Team
  - City Staff
  - Bond and Disclosure Counsel: Richards, Watson & Gershon
  - Underwriter: Stifel, Nicolaus & Company, Incorporated
  - Municipal Advisor: Del Rio Advisors, LLC.
  - Trustee: U.S. Bank National Association
- Financing Considerations and Terms
  - Inefficient to fund large capital projects on a Pay-As-You-Go basis
    - Would need to increase water rates to much high levels
    - Would need to wait a sufficient amount of time for cash balances to grow
  - Legal Covenants for Consideration
    - Rate Covenant
    - Additional Bonds Tests

- Rate Stabilization Fund
  - Components of a Bond
    - Project Fund
    - Reserve Fund / Reserve Fund Surety
    - Bond Insurance
    - Cost of Issuance
    - Underwriter's Discount
    - Original Issue Premium / Discount
- Credit Considerations and Bond Sizing Assumptions
  - Credit Considerations
    - Legal covenants
    - Projected cash flow and debt service coverage
    - Other system indebtedness
    - Customer count and customer type
    - Top ten customers
    - Comparative rates and charges
    - Management
    - Reserve and investment
  - Bond sizing assumptions include:
    - \$30 million for water projects
    - "A-" rating from Standard & Poor's Corporation ("S&P")
    - Purchase of bond insurance (S&P "AA")
    - Purchase of reserve fund surety
  - Primary S&P Bond Rating Categories
    - AAA, AA, A, BBB, BB
- Proposed Series 2019
  - Credit: Subordinate to 2013 Water Revenue Loan
  - Purpose: Provides \$30.0 million of new money for three new treatment plants, new well and a 1 mg water storage tank.
  - Sale Type: Negotiated public offering
  - Reserve fund: Surety
  - Final maturity: June 1, 2049
  - "All-in" interest rate: 4.37% (rates as of January 2, 2019)
  - Rate covenant / ABT: 1.25x / 1.25x (Maximum Annual Fiscal DS)
  - Rate Stabilization Fund: \$525,000
- Estimated Sources and Uses of Funds
  - Bond Proceeds: \$30, 757,139.60
- Estimated Cost of Issuance
  - \$200,000.00
- Estimated Bond Pricing
  - Total: \$27,670,000.00
  - Premium (-Discount): \$3,087,139.60
- Proposed Schedule
  - Tuesday, February 5, 2019: City Council Work Session and Consideration
  - Week of February 4, 2019: Rating Released, Insurance/Surety Commitments
  - Week of February 11, 2019: Due Diligence Call, Print and Post POS
  - Tuesday, February 26, 2019: Pre-Pricing
  - Wednesday: February 27, 2019: Pricing
  - Week of March 4, 2019: Print and Post FOS, Documents Executed
  - Tuesday, March 12, 2019: Pre-Closing
  - Wednesday, March 13, 2019: Closing and Transfer of Funds

At 6:49 p.m., Council adjourned to Closed Session.

CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation  
Government code Section 54956.9(d)(1)  
City of Lemoore v. Holly Andrade Blair  
Case No. 19C-0043

ADJOURNMENT

At 7:37 p.m., Council adjourned.

**February 5, 2019 Minutes  
Lemoore City Council  
Regular City Council Meeting**

CALL TO ORDER:

*At 7:41 p.m., the meeting was called to order.*

ROLL CALL: Mayor: NEAL  
Mayor Pro Tem: BILLINSLEY  
Council Members: BLAIR, BROWN, LYONS

City Staff and contract employees present: City Manager Olson; Assistant City Manager Speer; City Attorney Van Bindsbergen; Community Development Director Holwell; Police Chief Smith; Deputy City Clerk Avalos; Management Analyst Beyersdorf; QK Engineer Joyner.

REPORT OUT OF CLOSED SESSION

*There was no report out.*

PUBLIC COMMENT

*Emmanuel Lopez, Ambassador with West Hills College informed the Council that they just has Food Day on January 23<sup>rd</sup>. They provided more than 4,000 pounds of food. West Hills is offering a new program called HEP, which helps migrant and seasonal farmworkers and their immediate families to obtain the equivalent of a high school diploma. He also stated that he has decided not to run for Ambassador for the College next year.*

*Ed Rogers stated he received permission from the City to go on a ride along with Paul Costa in the Refuse department. He spent six hours on one of the City's trash trucks. He went through the whole route and had an amazing experience. His plan in the next 18 months is to hit all the departments at the City.*

CEREMONIAL / PRESENTATION – Section 1

*There were no Ceremonial / Presentations.*

## DEPARTMENT AND CITY MANAGER REPORTS – Section 2

### 2-1 Department & City Manager Reports

*Chief Smith invited the Council to the Volunteer Dinner on Friday, February 21st. It is a great opportunity as staff to honor volunteers in the community.*

*Community Development Director Holwell provided an update on development in the community. A site plan was approved for Anthony Rodriguez out at Industrial Park. News homes are being built south of 198 by G.J Gardner, Woodside homes, and Lennar homes out on Hanford-Armona Road. Grocery Outlet has been looking at Pioneer Square, they have submitted a conditional use permit. Approved a temporary use permit for Kids Day for March 5<sup>th</sup>. Received an application for the old Beto's location, a new restaurant wants to come in with a drive thru. She stated that the mural on the Odd Fellow's building is painted and done. Looking for a new location for the Sarah Mooney Museum mural.*

*Parks and Recreation Director Glick updated the City Council on upcoming Parks and Recreation events such as the Father Daughter Dance, Ladies Night in the Saddle, Volunteer Dinner, and the Paso Robles Wine Trip.*

*City Manager Olson stated that the City received an A rating on the bond. He thanked City staff for their hard work. Well #10 has been in flux, it snapped due to casing. All the pieces were successfully removed from the well.*

## CONSENT CALENDAR – Section 3

3-1 Approval – Minutes – Regular Meeting – January 15, 2019

3-2 Approval – Minutes – Special Meeting – January 29, 2019

*Motion by Council Member Brown, seconded by Council Member Lyons, to approve Consent Calendar as presented.*

*Ayes: Brown, Lyons, Billingsley, Neal*

*Noes: Blair*

## PUBLIC HEARINGS – Section 4

4-1 Resolution 2019-03 – Tract 920 - Ordering Annexation and Inclusion of an Additional Territory as Zone 9 of Public Facilities Maintenance District No. 1 and Confirming the Diagram and Assessment of Annual Levy for Fiscal Year 2019-2020 for an Additional Territory Annexed to and Included as Zone 9 of Public Facilities Maintenance District No. 1

*Motion by Council Member Billingsley, seconded by Council Member Brown to approve Resolution 2019-03 – Tract 920 - Ordering Annexation and Inclusion of an Additional Territory as Zone 9 of Public Facilities Maintenance District No. 1 and Confirming the Diagram and Assessment of Annual Levy for Fiscal Year 2019-2020 for an Additional Territory Annexed to and Included as Zone 9 of Public Facilities Maintenance District No. 1*

NEW BUSINESS – Section 5

- 5-1 Report and Recommendation – Amendment to City Manager’s Employment Agreement (Speer)

*Motion by Council member Blair to table this item. No second. Motion dies.*

*Spoke: Dr. Gail Crums  
Dr. Crystal Jackson  
Tom Reed  
Ed Rogers*

*Motion by Council Member Brown, seconded by Council Member Lyons, to approve the amendment to City Manager’s Employment Agreement.*

*Ayes: Brown, Lyons  
Noes: Billingsley, Blair, Neal*

- 5-2 Report and Recommendation – Budget Amendment – Creation of a Rate Stabilization Fund (Speer)

*Tom Reed spoke.*

*Motion by Council Member Brown, seconded by Council Member Lyons, to approve the budget amendment for the Creation of a Rate Stabilization Fund.*

*Ayes: Brown, Lyons, Billingsley  
Noes: Blair, Neal*

- 5-3 Report and Recommendation – Adoption of Resolutions No. 2019-04 and 2019-05 – A Resolution Adopting Tax-Advantaged Bonds Post-Issuance Compliance Procedures and Taking Related Actions and A Resolution Adopting Continuing Disclosure Compliance Procedures and Taking Related Actions (Speer)

*Motion by Council Member Brown, seconded by Council Member Lyons, to approve Resolutions No. 2019-04 and 2019-05– A Resolution Adopting Tax-Advantaged Bonds Post-Issuance Compliance Procedures and Taking Related Actions and A Resolution Adopting Continuing Disclosure Compliance Procedures and Taking Related Actions*

*Ayes: Brown, Billingsley, Lyons  
Noes: Blair, Neal*

- 5-4 Report and Recommendation – Adoption of Resolution No. 2019-06 – A Resolution of the City Council of the City of Lemoore Authorizing the Issuance, Sale, and Delivery of Water Revenue Bonds, The Executions and Delivery of an Indenture and Other Documents in Connections with Such Bonds and Taking Related Actions (Speer)

*Tom Reed spoke.*

*Motion by Council Member Billingsley, seconded by Council Member Brown, to approve Resolution No. 2019-06– A Resolution of the City Council of the City of Lemoore Authorizing the*

*Issuance, Sale, and Delivery of Water Revenue Bonds, The Executions and Delivery of an Indenture and Other Documents in Connections with Such Bonds and Taking Related Actions*

Ayes: *Billingsley, Brown, Lyons, Neal*

Noes: *Blair*

5-5 Report and Recommendation – Council Member Liaison Appointments to Regional Boards and Committees (Olson)

*Council reached a consensus to make changes to the Council Member Boards and Committees Matrix as discussed.*

*Council Member Blair left at 9:17 pm.*

CITY COUNCIL REPORTS AND REQUESTS – Section 6

6-1 City Council Reports / Requests

*Council Member Billingsley attended Sigma meeting for the first time. There is a lot of moving parts. He appreciated Council Member Brown for stepping up for that and he is excited to attend more meetings and learning more about sustainable ground water.*

*Council Member Lyons stated that he attended Commission on Aging, KCAPTA, KCAG, and Vehicle Abatement meetings. All agenda items passed.*

*Council Member Brown stated the Kings County Commission on Aging is very important, they had 17 patients in the past in Lemoore. Thanked staff for their hard work.*

ADJOURNMENT

*At 9:25 p.m., the meeting adjourned.*

*Approved the 19<sup>th</sup> day of February 2019.*

APPROVED:

\_\_\_\_\_  
Edward Neal, Mayor

ATTEST:

\_\_\_\_\_  
Mary J. Venegas, City Clerk