

May 2, 1990

To: Utility Committee  
City Council

From: Greg Trainor Utility Manager

Re: Minutes: Utility Committee meeting  
April 30, 1990

Present: R.T. Mantlo, Paul Nelson, Conner Shepherd, Earl Payne, Mark Achen, Jim Shanks, Dan Wilson, Greg Trainor, Tim Woodmansee.

Special counsel Jim Dufford was also present.

Members of the Committee met to discuss the following items of business:

1. Somerville Ranch Lease
2. Flowline Customers

Concerning the Somerville ranch lease, Greg Trainor reviewed the process through which the ranch would be leased, the Forest permit validated, livestock purchased and resold to the lessee, and the City financial commitment and security. The material reviewed was enclosed in the City Council's agenda packet for the April 30, 1990 workshop.

The Committee discussed the purchase of the Davis livestock and the additional livestock necessary to validate the permit. Purchase of the Davis stock would necessitate the City owning the Davis stock for a period of 24 months to comply with USFS regulations before the stock could be sold back to the Davis's. This transaction would be secured by the money paid to the Davis's placed into a trust account to be used for the repurchase by the Davis's at the end of the 24 months. The Committee rejected this position. They do not want to be in the livestock business for 24 months regardless of the security provided.

The direction by the Committee was to devise an approach whereby the City would purchase the appropriate number of stock to validate the permit (415) and sell the entire herd to the lessee at the end of the first grazing season. Staff was instructed to carry this decision back to the Davis's and determine their ability to provide the security necessary to insure that they had the ability to repurchase the 415 head of stock at the end of this grazing season (October 1, 1990).

(Note: The Utility Committee took place on Monday April 30, 1990. As of this writing (May 2, 1990) it has been determined that the Davis's do not have the financial capability to maintain their own herd of 188 cattle as well as purchase an additional 415 head of City stock at the end of the grazing season. They could finance and operate a total herd of 415 head ( 188 of their own and 227 additional cattle). This would necessitate the City owning their 188 stock for the 24 month period.)