

**RIO DELL CITY COUNCIL  
STUDY SESSION  
APRIL 24, 2018  
MINUTES**

A Study Session of the Rio Dell City Council was called to order at 4:00 p.m. by Mayor Wilson.

ROLL CALL: Present: Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers  
Garnes, Marks and Strahan

Others Present: City Manager Knopp, Finance Director Woodcox, Water/  
Roadways Superintendent Jensen and City Clerk Dunham

**STUDY SESSION MATTERS**

Review of General Fund/Police Department Operating and Capital Budget for FY 2018-2019  
City Manager Knopp began by stating that the focus on this budget study session will be to provide an overview of General Fund expenditures and revenues. In addition, staff will present the proposed department budgets for Police, City Council, City Manager, Finance and General Government.

Finance Director Woodcox continued with a broad overview of the proposed General Fund budget reporting an estimated beginning fund balance of \$1,493,562 and an estimated ending fund balance of \$1,118,215 for FY 2018/19. She noted that the beginning fund balance has increased over the past couple of years because of Measure U revenue. She explained the \$18,300 transfer is the subsidy for the Building Department.

Finance Director Woodcox then explained that no revenues would be projected for the Humboldt Rio Dell Business Park until the revenue becomes more apparent.

Discussion continued regarding Measure U. Mayor Wilson asked how much revenue is being collected through Measure U.

Finance Director Woodcox said for the past couple of years Measure U revenue was budgeted at around \$170,000 based on the State Board of Equalization estimates and the proposed revenue for this year is \$245,000, which is closer to the actual revenue.

Mayor Wilson asked if there is a specific breakdown of the revenue by business.

Staff noted that the State Board of Equalization keeps a tight lid on what each business collects and noted that a big source of the tax comes from out-of-area vehicle sales.

Mayor Pro Tem Johnson assumed that Sales Tax revenue and Measure U revenue would fall off because of the bridge closure for the next couple of quarters.

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Finance Director Woodcox noted that Measure U will terminate on December 31, 2019 and presented a scenario of General Fund revenues and normal operating expenditures without Measure U funding representing a shortfall of \$196,092. General Fund proposed expenditures totaled \$1,409,065, which included \$275,500 for Capital Projects. She noted that proposed expenditures for the Police Department were \$789,462 or 70% of the General Fund budget without Capital Projects. City Manager expenditures were reported at \$89,301 (8%), Finance Department at \$98,419 (9%), General Government at \$58,628 (5%), Planning Department at \$62,245 (5%), Building and Grounds at \$19,975 (2%), and City Council at \$15,536 (1%).

Finance Director Woodcox then reviewed significant changes in the proposed department budgets. She explained that the proposed budget as presented is the same as the prior year with the additional requested items in the right hand column of the spreadsheet.

In the Police Department, the requests included the addition of a full-time police officer and related benefit costs, \$9,000 for training and transportation costs, \$104,500 for computer software, and \$30,000 for Code Enforcement. She noted that the computer software might result in an additional \$50,000 from the General Fund Reserves.

Mayor Wilson said that he thought the \$104,000 for computer software was going to be a shared cost with Ferndale and asked what the software will do for the department.

City Manager Knopp clarified that the \$104,000 is the City share of the cost. He explained the software would allow the police department to share information with other local police departments including the sheriff's department and the district attorney's office. He said the department could still function without it however; the software would make the department much more efficient.

Mayor Wilson indicated that if the City is going to spend \$104,000 on software he would like to know if the share is universal and the timeline with regard to other agencies switching over.

City Manager Knopp commented that there are financing options available for the software if the desire of the Council is to spread the costs out over multiple years but the City does have a healthy fund balance in the General Fund so the costs would be covered. He added that initially staff hoped to have a portion of the software funded by Measure Z but the committee recommended against it.

Mayor Wilson said that he wasn't against the software but was concerned about drawing down the fund balance and about Rio Dell implementing it before other agencies do. He said if it is going to take two (2) years for it to be fully implemented by all agencies he would like to know that, noting that in the meantime the City could spend the money elsewhere.

City Manager Knopp said it is his understanding that other agencies are in the process of moving forward and suggested Chief Conner elaborate on it when he arrives.

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Finance Director Woodcox explained that once adopted, the Budget by law is what staff follows. She pointed out that it is a living document but if changes occur, it comes back to the City Council for approval to insure transparency for the Council as well as the community. She added that every change comes before the Council and is documented with a paper trail.

Councilmember Strahan said that she wants to see actual expenditures for the previous year and a trial balance for all funds as well as income statements. She also questioned journal entries.

City Manager Knopp explained that the City's independent auditor comes in and reviews all the information, which is then contained in the audit report. He offered to have staff collate the information and show her where to find it.

Councilmember Strahan requested a copy of the FY 2016-17 audit.

Mayor Wilson noted that councilmembers were provided a copy.

Discussion continued regarding the City Council's proposed budget.

City Manager Knopp explained that the additional \$4,500 requested for training is because of a new Council coming in and to cover any necessary training related to Access Humboldt.

Councilmember Strahan asked if the \$9,600 estimate for Access Humboldt is current or from 2011.

City Manager Knopp said that he contacted other cities and the hourly rate is around \$35/hr. and from that, he came up with a rough estimate of \$800/mo.

Finance Director Woodcox noted that there is \$20,000 budgeted in Capital Projects for the initial set up.

Councilmember Garnes commented that a solid quote is needed before the Council adopts the budget.

City Manager Knopp said the other noteworthy item in the City Council budget is the \$5,900 for the Fire Department and Library water and sewer charges. He noted that the library and the fire hall buildings are rented out so the fire district has no control of the water usage. He said the Council could possibly discuss the option of a shared cost such as the City paying for the base charge and the Fire District paying for any excess usage.

Councilmember Strahan asked if there is a flat percentage of the water bill that goes into Water Reserves.

Finance Director Woodcox explained that at the end of the year, any excess revenue over expenditures automatically goes into the Water Reserves and is reflected in the closing fund balance. She said there is not a specific dollar amount from each bill.

Councilmember Strahan asked if there were ever a percentage from bills going into reserves.

City Manager Knopp explained that there is a minimum reserve balance required and some funds are over and some are under but overall the required percentage is maintained.

Councilmember Strahan questioned the \$500,000 transfer from the Sewer Debt Service fund.

Finance Director Woodcox explained the reason for the transfer was to move dollars where they should have gone noting that the allocations were not changed in the system when the sewer rate was implemented so the balance in the sewer debt service fund was too large.

Mayor Wilson said the breakdown on water rates is pretty clear but with regard to the sewer rates, someone dropped the ball and the breakdown was not implemented correctly.

Chief of Police Conner arrived at this time.

He explained that the proposed computer software is the same system used by all local police departments except Rio Dell and Ferndale. He indicated that the Sheriff's Department will be implementing the new software in September or October. Fortuna, Eureka and Arcata are already using it, and the District Attorney's Office and Probation Department will also be implementing it soon.

He said one the main advantages of the software are that all agencies can share the same information depending on what each agency wants to share. He added that the DA's office needs reports and videos on a regular basis and this system will save trips to Eureka.

He further explained that the \$104,000 includes ComCade which the City already purchased this year so next year's allocation is actually less. In addition, they will not be paying for Crime Star or DocStar with the new system, which will also offset some of the cost.

Councilmember Strahan asked what the cost would be for the Track and Trace Program.

Community Development Director Caldwell explained that there is no cost to the City as the operators assume that expense.

Next was review of the City Manager's budget. City Manager Knopp explained that the only additional request is \$1,200 for new staff chairs in the Council Chambers suggested by the City Clerk. He noted the other changes represented reductions in line items such as (\$5,000) under Legal (\$5,000) under Contract/Professional Services and (\$1,850) from Dues and Memberships.

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Moving on to the Finance Department, there were two (2) additional budget requests. The first was an additional \$2,250 under Contract/Professional Services for Measure X Assistance and \$1,800 under Computer Software for three (3) additional DocStar licenses.

Under the General Government proposed budget, there was a request for an additional \$20,000 for an income survey and \$900 for computer equipment.

Mayor Wilson asked how the City benefits by doing an income survey and stressed the importance of having updated computers for staff.


Community Development Director Caldwell explained that the City needs to do an income survey every three (3) years to be eligible for grants. He commented that staff is hoping that it will cost less than \$20,000 and indicated that the surveys can no longer be done in house.

The last item was review of General Fund Proposed Capital Projects. There were six (6) projects identified totaling \$275,000. City Manager Knopp clarified that he learned today that the carry over for the Belleview/Ogle Project was overstated at \$150,000 and it should be closer to \$100,000.

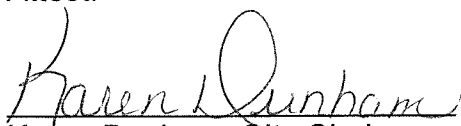
Mayor Wilson asked that staff make sure to agenize the items for the final study session to make sure the Council can discuss all areas of the budget without any potential Brown Act violations.

**ADJOURNMENT**

The meeting adjourned at 5:45 p.m. to the May 1, 2018 Regular Meeting.

  
Frank Wilson, Mayor

Attest:

  
Karen Dunham, City Clerk