

**RIO DELL CITY COUNCIL  
REGULAR MEETING  
MAY 15, 2018  
MINUTES**

The regular meeting of the Rio Dell City Council was called to order at 6:00 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, Chief of  
Police Conner, Community Development Director Caldwell,  
Water/Roadways Superintendent Jensen, Wastewater  
Superintendent Trainee Purvis and City Clerk Dunham

**ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:**

Employee Negotiations (Pursuant to §54957.6) Conference with Labor Negotiator: City  
Manager – Employee Organizations: Rio Dell Police Officers Association, Rio Dell Employees  
Association and Contract Employees

The Council adjourned into closed session with City Manager Knopp at 6:00 p.m.

The Council reconvened into open session at 6:30 p.m.

Mayor Wilson announced there was no reportable action taken in closed session.

**PUBLIC PRESENTATIONS**

None

**CONSENT CALENDAR**

Councilmember Strahan removed items 5 and 6 from the consent calendar for separate discussion.

Motion was made by Johnson/Garnes to approve the consent calendar including approval of minutes of the April 23, 2018 study session; approval of minutes of the April 24, 2018 study session; approval of minutes of the May 1, 2018 regular meeting; approval of minutes of the May 8, 2018 study session; and to receive and file the 3rd Quarter Report for Measure Z. Motion carried 5-0.

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

Adopt Resolution No. 1388-2018 Amending the City of Rio Dell's Conflict of Interest Code  
Councilmember Strahan asked that the item be tabled until the next meeting to allow adequate time for her to review the staff report.

Motion was made by Wilson/Johnson to table Resolution No. 1388-2018 Amending the City's Conflict of Interest Code to the meeting of June 5, 2018. Motion carried 5-0.

Approve Appointments to the Selection Committee for Requests for Qualifications for City Engineering Services

Councilmember Strahan asked for clarification that the City does not currently have any Federal Highways Administration grant projects in the queue.

City Manager Knopp explained that there are no Federal Highway grant projects pending but there could be in the future. He said RFQ's for engineering services need to go out every five (5) years to make sure the City Engineer remains eligible for reimbursement.

Mayor Pro Tem Johnson noted that some agencies go out for RFQ's every two (2) years yet have the same engineer for decades. He commented that Rio Dell has utilized three (3) or four (4) different engineering firms for projects in the City just since he has been on the Council.

Mayor Wilson asked for clarification that the City Manager, Water/Roadways Superintendent Jensen and Mayor Pro Tem Johnson would be the appointees to the Selection Committee.

City Manager Knopp confirmed the appointments and explained that the process for selecting an engineer is outlined in the Caltrans Local Agency Procedures Manual (LAPM), which the City is required to follow. He said the committee reviews and scores the materials submitted by consultants in response to the RFQ and develops a list of qualified consultants, interviews them, and ranks them based on certain scoring criteria. The City Council then approves the appointment.

Motion was made by Strahan/Johnson to approve the appointments to the Selection Committee for Requests for Qualifications (RFQ's) for City Engineering services. Motion carried 5-0.

**REPORTS/STAFF COMMUNICATIONS**

City Manager/Staff Update

City Manager Knopp referred to the staff update provided in the Council packet and said that staff was available to answer any questions the Council may have.

He then referred to the item under the Intergovernmental portion of the report and updated the Council on his attendance at the Humboldt County Board of Supervisors meeting earlier in the day. He reported that at the request of Supervisor Fennell, he attended the meeting regarding the future of PG&E's dams in the Potter Valley Project and their desire to get out of those projects. He noted that the Potter Valley Project supplies water and power to hundreds of thousands of customers in the Potter Valley area by diverting water from the Eel River into the Russian River for 100 years. He noted that the City gets its water from the Eel River and has had to survive the diversion and was close to being impacted during the last major drought. He added that the City has invested a lot of money into the Water Infiltration Gallery as well as the

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Wastewater Disposal Project; both of which have contributed to improvements in the quality of water in the Eel River.

He stated that there are certain parties that would like to see the dams removed to improve the fish habitat; others want the diversion to continue. He explained that Rio Dell is the only municipality that pulls directly from the Eel River and one municipality that pulls from the Russian River side.

He said staff might need to bring the item back to the Council for further discussion at a later date but Supervisor Fennell wanted to make sure the City had a seat at the table during these discussions. He commented that the Board of Supervisors have not given their position on whether they support full removal of the dams or not and noted that there are potential impacts to the City either way.

City Manager Knopp expressed the need to stay as involved in this issue as possible and announced he would be attending a meeting on June 8, 2018 in Ukiah related to discussion on the Russian River.

Mayor Wilson commented that there was a spokesperson at one of the Redwood Coast Energy Authority meetings noting that there is a big push by the Russian River folks to get this project and said generally, when PG&E wants to get rid of something, there is a reason. He noted that he was asked to come back to the Board and give a presentation and said the person who controls Lake Pillsbury has a huge amount of control and feels it is important for Humboldt County to have that control.

City manager Knopp pointed out that water from the Eel River is being diverted as far south as Sonoma County.

Councilmember Marks asked if the Board of Supervisors seemed to be for or against the diversion.

City Manager Knopp said that it appears that the direction is that they want the flows returned to the Eel River but they have not specifically stated their position. He said they may need to create a Joint Powers Authority (JPA) to accomplish those efforts.

Mayor Pro Tem Johnson suggested staff keep the City Attorney abreast of the situation.

City Manager Knopp indicated that the City is preserving a special attorney to protect the Council's options.

Mayor Wilson asked if staff had met with Redwood Coast Energy Authority regarding solar options for the City.

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City Manager Knopp said staff did meet with RCAC and explored potential options for installation of solar at the water/wastewater treatment plant. He noted that they would be analyzing the situation and bringing options back to the City.

Councilmember Strahan asked about the status of the two (2) new hires for public works.

City Manager Knopp noted that the hiring process was in the final stages and their actual start dates would depend on completion of the final background checks.

Mayor Wilson asked if the wastewater replacement pumps were new or used.

Wastewater Superintendent Trainee Purvis explained that Flygt Pumps identified some issues with the pumps and they were sent back and repaired at no cost to the City except for freight charges.

Councilmember Strahan asked how the first weekly Track & Trace conference call went.

City Manager Knopp commented that it went very well and that staff will be continuing to do conference calls. He noted that CalOrigin and SICPA will be coming here and hopefully there will be an onsite tour for the vendors arranged.

Mayor Pro Tem Johnson asked when the new police officer was scheduled to start work.

Chief Conner stated that the new officer, Nicholas Carnahan had started his training a few days ago with Sergeant Beauchaine.

Mayor Wilson reminded everyone that it was Police Officers Memorial Day and that the flags should be at half-staff. He thanked Chief Conner and his officers for their service to the community.

**SPECIAL CALL ITEMS/COMMUNITY AFFAIRS**

Discussion of Draft Resolution and Ordinance Related to the Extension of Measure U

This agenda item was moved and placed after discussion of the budget item.

**ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS**

Resolution No. 1389-2018 Adopting FY 2018/19 Operating and Capital Budget

Staff began by distributing copies of the power point presentation titled "*FY 2018/19 Proposed Operating and Capital Budget.*"

City Manager Knopp provided an overview of the significant changes to the budget and said that the proposed budget provides for six (6) full-time sworn police officers; one-time funds for Code Enforcement; additional police officer training; Crime software for the police department; one (1) additional water operator; one (1) additional wastewater operator; one (1) part-time utility worker; a community survey for the Housing Element update; City-wide garbage cans; water and sewer rate analysis studies; Access Humboldt; and training expenses for City Councilmembers.

He noted that many of the changes are regulatory driven as well as many deferred capital improvement items that need to get taken care of. He said that it does not necessarily mean that there will be a drawdown of the fund balance each year.

Finance Director Woodcox continued with a recap of the information presented over the last month including the total operating budget by function and department, the revenue budget by fund, and the capital project budget by fund and project. She reported total appropriations of \$6,144,105, and total revenues of \$5,436,456 for a total change in reserves of (\$707,649).

Capital Projects by fund included the following:



Finance Director Woodcox explained that several of the capital projects are carry-over items from the current year.

Mayor Pro Tem Johnson questioned the hiring of new police officers with regard to individual patrol vehicles.

Chief Conner indicated that the officers would be sharing vehicles rather than each officer having their own vehicle.

The last page of the presentation included a broad summary of the proposed budget and the opportunity for further discussion and questions.

Mayor Wilson commended staff for providing an excellent presentation, presented the scenario of the budget without any capital projects, and asked if the City would be able to operate in the black without capital projects.

Finance Director Woodcox presented an informational spreadsheet of normal operating costs including the proposed staffing plan, without capital projects. The budget represented total

revenues of \$3,187,738 and total expenditures of \$3,129,539 for a total change in reserves of \$58,199.

City Manager Knopp explained that with this scenario there would be an overall positive change in the reserves of \$58,199 although some of the funds would still show a negative change, the biggest reflected in the sewer operations fund. He indicated a drawdown of the general fund of \$17,474 under the hypothetical scenario and said it is unlikely the full amount would be drawn down in the next fiscal year because of the timing involved in the recruitment process for another police officer. He explained that with this scenario, there would be no drawdown of reserves and it would be okay for one year but not sustainable into the future. He said that the City would run into problems and the longer things were delayed, the more expensive they would be to fix.

He said as an example under this scenario, if the Crime software for the police department was eliminated, they could still operate however; it would make their job more difficult and efficiency would be hampered over time. He pointed out that the City's financial situation is sound but the budget is balanced largely on the proceeds from Measure U noting that over 70 percent of the general fund budget goes toward funding the police department. He said the City is financially stable for the short-term but obviously if Measure U is not extended, over the long-term some questions will arise, especially in the General Fund arena.

He further explained that this City Council has been very good about providing the runway for economic development opportunities and the City is seeing some of the largest development projects on the horizon that it have seen in years but these economic development opportunities with regard to cannabis need to manifest before including any of that revenue in the budget. He said that staff would return to the City Council as soon as staff gets a more realistic picture on what potential revenue will be generated. He added that this is a responsible budget without inflating revenues to make it more palatable. He said the budget includes some expanded positions but they are all necessary to meet compliance requirements of the State.

City Manager Knopp also noted that the City needs to get more "boots on the ground" in the police department so officers can get necessary training. He said wastewater compliance costs keep rising and staff is trying to meet those demands before fines or court orders are imposed.

Mayor Wilson said staff responded to the point he was trying to make and agreed that the City is in a good financial position now and can afford to do capital projects which are necessary to run a City. He noted that he has seen in other cities where revenues were inflated and not realistic resulting in budget adjustments. He said the budget works now but it may not work in the future so the Council needs to keep that in mind and possibly rearrange its priorities. He said in the long term, capital projects have to be included in the budget because there are things that have to get done. He said he supports the budget as proposed but wants it stated for the record why the City Council made the decisions they did. He expressed concern that

there were only two (2) members of the public in attendance at the meeting during adoption of this budget.

Councilmember Strahan commented that the notice of tonight's meeting was not on the electronic message sign.

Mayor Pro Tem Johnson agreed that staff did a tremendous job in preparing the budget and said the information presented was clear, timely and accurate. He said the process was very successful and the same process should be used as the model for future budgets. He expressed thanks to staff for their efforts.

Councilmember Strahan thanked staff for putting together numbers that are comprehensible with good explanations.

Mayor Wilson called for public comment on the proposed budget.

**Julie Woodall** questioned the legality of giving free water to the fire department and not being allowed to provide discount rates to seniors.

Mayor Wilson said that in talking to Fire Commissioner Jim Barsanti, it was explained to him that the City benefits from the fire department facilities and if the City did not pay for their water, they could essentially charge the City for fire protection.

He said the Council could discuss the issue further but the City Attorney vetted the legality of providing the fire department with free water and sewer.

**Julie Woodall** responded that she just wanted to make sure the City was within their legal authority and pointed out that the fire department rents out their facilities and collects revenue so they do have a way of recouping those costs.

Mayor Wilson explained that the City also pays for water and sewer for the library and said the funding has to come out of the general fund rather than the enterprise funds. He said the Council could provide water and/or sewer discounts for seniors but the subsidy would also have to come from the general fund.

Motion was made by Johnson/Garnes to adopt *Resolution No. 1389-2018 Adopting the FY 2018/19 Operating and Capital Budget*. Motion carried 5-0.

Second Reading (by title only) and Adoption of Ordinance No. 367-2018 to Recodify Chapter 5.40, Recreational Cannabis Sales to Chapter 5.45 of the Rio Dell Municipal Code (RDMC)

Community Development Director Caldwell explained that this ordinance is basically a clerical cleanup of the Rio Dell Municipal Code. He said there was an overlap in the terms of numbering the chapters and that there is no substantive change in the ordinance.

A public hearing was opened to receive public comment on the proposed ordinance. There being no public comment, the public hearing closed.

Motion was made by Johnson/Garnes to approve the second reading (by title only) and adoption of *Ordinance No. 367-2018 to Recodify Chapter 5.40, Recreational Cannabis Sales to Chapter 5.45 of the Rio Dell Municipal Code (RDMC)*. Motion carried 5-0.

### **SPECIAL CALL ITEMS/COMMUNITY AFFAIRS**

#### Discussion of Draft Resolution and Ordinance Related to the Extension of Measure U

City Manager Knopp provided a staff report and said at the May 1, 2018 regular meeting, the Council directed staff to return with an agenda item related to the extension of Measure U, the 1% local Sales and Use Tax approved by the voters in 2014.

He explained that the measure stands to expire on December 31, 2019. Under current California law, a general tax can be referred to the voters by a 4/5<sup>th</sup> vote of the City Council and passed by a simple majority of voters whereas; a special tax can be referred to the voters by a simple majority of the Council, but must be approved by two-thirds of voters. He noted that the next general election is on November 6, 2018 and in order to submit a measure to the voters on that date, the Council would need to take action no later than the June 19, 2018 meeting.

City Manager Knopp noted that in the FY 2018/19 budget, \$245,000 of Measure U revenue is projected and that projections indicate the City would return to a deficit in the general fund by FY 2020/21 without an extension of Measure U. He said staff is asking for Council direction related to policy determinations in the following areas:

- Tax level amount
- Termination date
- Tax type
- Direction for staff to proceed and return to Council with an action item

Consensus of the Council was to proceed with a 5-year extension of the 1% Sales and Use Tax and to place it on the ballot as a General Tax.

Councilmember Marks asked if there has to be a sunset date established for the tax.

City Manager Knopp commented that he would check with the City Attorney as the law could have changed.

Mayor Wilson pointed out that the tax may be a hard sale to the voters without a sunset date.

City Manager Knopp indicated that staff would return to Council on June 5, 2018 with the required agenda items.



## **COUNCIL REPORTS/COMMUNICATIONS**

Councilmember Strahan questioned the reason for the community survey that was included in the last City Newsletter and asked who came up with the questions.

Community Development Director Caldwell explained that the survey is required as part of the Housing Element Update. He said some of the questions came from the State and some from the City of Fortuna.

Mayor Pro Tem Johnson reported on his attendance at the Last Chance Grade Adhoc Committee meeting in Crescent City on May 9 and said that one of the things the federal government requires on projects proposed to be over \$50 million, is to do a risk assessment and analyze all known alternatives including the existing roadway. He said a geotechnical consulting firm did an analysis and determined that the tunnel is by far the safest alternative, but at a cost of over a billion dollars.

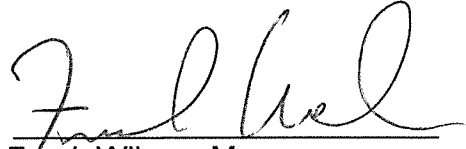
He presented a rendering of an Alternative 'L' that one of Caltrans geotechnical engineers came up with, which will be included in the alternatives in moving forward. He pointed out that it is much easier to stabilize something that is near the top of the slide scale than something at the bottom. He said that Caltrans will be doing six (6) borings this summer and around 18 or 20 in the summer of 2019 to more closely define in the environmental studies where the road is ultimately going to go.

Mayor Wilson reported on his attendance at the last Humboldt Waste Management Authority (HWMA) meeting and said they adopted their budget without any increase in fees. He added that they offer a free household hazardous waste day and that they will be splitting it up with other areas so people will not dump it along the road. He said they have also taken on a big responsibility related to sharps disposal.

He also announced that Redwood Coast Energy Authority (RCEA) is still looking for a community member for the Community Advisory Committee and said if anyone is interested in serving, to let him know.

## **ADJOURNMENT**

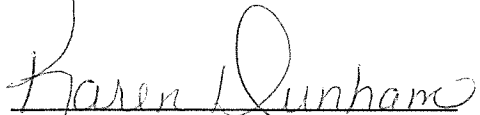
Motion was made by Johnson/Garnes to adjourn the meeting at 7:55 p.m. to the June 5, 2018 Regular meeting. Motion carried 5-0.



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Frank Wilson, Mayor

Attest:



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Karen Dunham, City Clerk