

**RIO DELL CITY COUNCIL
REGULAR MEETING
DECEMBER 6, 2016
MINUTES**

The closed session/regular meeting of the Rio Dell City Council was called to order at 5:00 p.m. by Mayor Wilson.

ROLL CALL: Present: (Closed Session): Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks and Thompson

Others Present: City Manager Knopp and City Attorney Gans

(Regular Meeting): Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks and Thompson

Others Present: City Manager Knopp, Finance Director Woodcox, Community Development Director Caldwell and City Clerk Dunham

Absent: Chief of Police Hill, Water/Roadways Superintendent Jensen and Wastewater Superintendent Trainee Yapple (excused)

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

Public Employee Performance Evaluation - Title: City Manager

Conference with Labor Negotiator – City Manager Concerning Labor Negotiations with Rio Dell Employees Association, Rio Dell Police Officers Association, and all Contract Employees

Conference with Designated Representative, City Manager, Kyle Knopp

The Council recessed into closed session with the City Manager and City Attorney at 5:02 p.m. to discuss the above matters.

The Council reconvened into open session at 6:30 p.m. Mayor Wilson announced there was no reportable action taken in closes session.

Mayor Wilson called for a moment of silence due to the recent loss or former City Councilmember Mike Dunker.

Councilmember Thompson stated that he served on the Council with Mr. Dunker for approximately 4 years and that he was a person who was very particular when it came to accuracy of numbers. He commented that he had a number of health problems while serving on the Council but hung in there anyway. He expressed sincere condolences on behalf of the Council and thanked the family for his devoted service to the community.

CEREMONIAL MATTERS

Proclamation in Recognition of Human Rights Awareness Month

Mayor Wilson read a proclamation in recognition of December 2016 as Human Rights Awareness Month. Richard Leamon, a representative of the Humboldt County Human Rights Commission was present to receive the proclamation. He spoke briefly on the subject of human rights and announced that the Humboldt County Human Rights Commission has started an outreach program to listen to people and address some of the problems and issues that currently exist throughout the County and encouraged Rio Dell residents to participate.

PUBLIC PRESENTATIONS

Jim Brickley addressed the Council on behalf of the Rio Dell-Scotia Chamber of Commerce with regard to Christmas lights at Memorial Park and said the City Manager at the last Chamber meeting mentioned that there would be no lights on at Memorial Park this year as they were in need of replacement. He suggested as a short-term solution to purchase small spot lights to shine up on the trees in lieu of replacing the lights this year. He quoted an estimated cost of \$370 and said perhaps some local donations could be obtained.

City Manager Knopp commented that he talked with staff and this would be a cheap alternative to putting up all new lights and as such, staff would like to try and make it happen.

Mayor Wilson read a letter that he received from a 4th grade student who attends Frank Otis Elementary School in Alameda, California asking for information about the City and said the City will be responding by sending her an autographed picture of the City Council, along with City memorabilia so she can share it with her class.

CONSENT CALENDAR

Councilmember Thompson pointed out a typographical error to the staff report on page 22 of the packet stating the expiration date of employee contracts should read June 30, 2015 rather than June 30, 3015.

Mayor Wilson then removed Item 2 from the Consent Calendar, *First Amendment to the City Manager's Employment Agreement*, for separate discussion.

Motion was made by Johnson/Garnes to approve the consent calendar including approval of minutes of the November 15, 2016 regular meeting; approval of a second amendment to the Finance Director's Employment Agreement authorizing the City Manager to sign; adoption of Resolution No. 1315-2016 amending and adopting a Master Salary Table and approving employee contracts for the Rio Dell Police Officers Association, Chief of Police, Community Development Director, Water/Roadways Superintendent and Wastewater Superintendent

Trainee, and to receive and file the Check Register for October and November 2016. Motion carried 5-0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Approve First Amendment to the City Manager's Employment Agreement Authorizing the Mayor to Sign

Mayor Wilson referred to staff's recommendation to extend the City Manager's contract to July 21, 2019 and expressed concern that when looking at other employee contracts, they are set to expire June 30, 2017. He said he believes that with a new city council coming in and all the things before the Council at this time he feels the Council needs to look at the structure of the City and decide whether there is a need for a full-time City Manager, a City Manager/Public Works Director, or something entirely different. He said a lot of the City Manager's time is dedicated to other functions such as water (35%) and sewer (35%) so there is a lot to be closely looked at and studied and vetted out through the financial process. He said rather than do that now, he would like to see the contract extended to early 2017 so it can be done right.

Mayor Pro Tem Johnson stated that he has no problem with extending the City Manager's contract to 2019 and would like to assure continuity of a high-quality City Manager long into the future and also so the Council doesn't have to worry about this one employee contract for a couple years down the road.

Councilmember Thompson agreed and pointed out City Manager's need to be familiar with California law and that it takes a couple of years to really get into the swing of things. He said with the reorganization of the City Council he thought it was a good idea to extend the contract to 2019. He noted that he has been on a lot of boards and commissions and often times when someone is brought in from out of state, it doesn't work because they are not familiar with California law. He added that he doesn't feel the City Manager's contract should be connected to other employee contracts because the City Manager serves at the pleasure of the majority of the City Council. He added that by extending the contract out to 2019 it gives everybody the opportunity to do the best that can be done for the City of Rio Dell.

Councilmember Marks commented that he thinks it is fair to hold off extending the contract until after January so the new City Council as a whole can discuss it since it doesn't expire until July 2017 anyway.

Councilmember Garnes stated that she was okay with the 2019 expiration date.

Mayor Wilson called for public comment on the proposed contract.

Sue Strahan addressed the Council and said part of her campaign in running for City Council had to do with the City Manager's salary of \$113,000 plus benefits which brings it to almost \$150,000. She noted that the average median income in Rio Dell is only \$42,000 so that

brings his salary to over three times what the median income is in the City. She said for a small City with a population of 3,500 and a staff of 17, she feels the salary is over and above what it should be and it's time to take a look at these things. She questioned the sudden urgency to extend the contract when it doesn't actually expire until July, 2017 and said the Council should wait until it's closer to that date so it can be closely reviewed. She added that it is nothing personal against the City Manager but this is a business and should be run as such.

Motion was made by Johnson/Thompson to approve the first amendment to the City Manager's employment agreement extending the term of the contract to July 21, 2019 and authorizing the Mayor to sign.

An alternate motion was then made by Wilson/Marks to table the extension of the City Manager's contract until after the first of the year. Motion failed 3-2.

Mayor Wilson called for a vote on the original motion to approve the amendment. Motion carried 3-2; Mayor Wilson and Councilmember Marks dissenting.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Discussion on Section 2.60.020 of the Rio Dell Municipal Code (RDMC) Pertaining to Planning Commission Membership

City Manager Knopp stated that this item comes before the Council at the request of Councilmember Garnes and concerns the membership of the Planning Commission.

Councilmember Garnes stated that as City Councilmembers or Planning Commission members, they are bound to the rules of the Brown Act. She said that perception is a reality and pointed out that councilmembers can't even ride in the same car or meet for lunch without worrying about the perception of violating the Brown Act. She said what has happened now is that there is a Councilmember and a Councilmember elect who have spouses on the Planning Commission as well as the current Mayor having very close family ties with the Councilmember elect. She expressed concern that this lends itself inadvertently to Brown Act violations and said since everyone makes a big deal about how things are perceived; she thinks the language should be amended to add that a Councilmember and a Planning Commissioner cannot be in the same family group.

She explained that at the time the Council appointed Melissa Marks to the Planning Commission, there were no other volunteers and since that time there have been numerous people expressing interest in serving. As such, she thinks it would be in the City's best interest, especially from a perception stand point if the composition of the City Council and the Planning Commission did not include members from the same family group.

Mayor Pro Tem Johnson asked the Community Development Director how the Planning Commission meetings have been going with regard to the involved members making strong contributions to the Commission.

Community Development Director Caldwell said both Commissioners Marks and Strahan have been very active and are making solid contributions as planning commissioners.

Councilmember Garnes clarified that she has no issues with them personally but rather fears the appearance of potential issues.

Councilmember Marks stated that he doesn't have a problem with the current policy and if someone perceives there is a Brown Act violation they need to prove it.

Councilmember Thompson commented that the Brown Act at various times has been violated because there have been times when the public seems to know things he didn't even know. He said he's not sure how to prevent that from happening but the Council might want to think about a policy whereby if there are several volunteers for a position and one or more happens to be a family member of a person on the Council, that preference be given to those applicants with no close family ties. He said he realizes that it would be difficult to not let things slip when talking to a spouse but doesn't think the policy should prohibit family members from applying for a board or commission.

Mayor Wilson said that he consulted with the City Attorney on this issue and asked specific questions regarding Brown Act violations and he explained that two Councilmembers can discuss City business and not be in violation. He said it is an absolute given that spouses obviously talk but he knows that Melissa Marks is very staunch with regard to being adherent to the Brown Act. He pointed out that if the two couples in question were to get together and talk, they would not be in violation of the Brown Act. He said as the City Attorney explained the Planning Commission serves at the pleasure of the City Council and at any time the Council decides to do so, a Commissioner can be removed from office. If that were to happen, that person could bring forward a suit against the City and if it went before the Court of Appeals they would likely lose as it is the Council's purgative unless the reason is deemed to be unconstitutional or violates a person's human rights.

He commented that the current policy has been in place for years with no apparent issues and even though there may be sufficient volunteers to serve now, it may not always be the case.

Mayor Wilson called for public comment on the issue.

Melissa Marks addressed the Council and said she understands the concern but pointed out that most of the issues before the Planning Commission are heard in an open forum so it's a matter of public knowledge. She said as the Council is aware, she was not in favor of the

Marijuana Ordinance nor was Commissioner Long yet on the night of the vote by the Commission, they both voted for it which shows they were taking their jobs seriously by carefully reviewing the ordinance and trying to come up with the best document they could before turning it over to the Council to further review and make it even better. She said had they not voted for it, it would not have moved forward to the Council. She said by volunteering to serve on the Commission, she is just trying to do what she can to help. She pointed out that there was no Planning Commission meeting last month because they didn't have a quorum so there is still sometimes a problem with having a full Commission for the meetings.

She said whatever the Council decides regarding the membership policy is fine with her but reiterated that she believes that she has been doing the best job she can do and if there is a problem or perception of a problem she would hope it would be brought forth to the City Council.

Sharon Wolff commented that the way she takes this discussion is that there is not a problem now but more as an attempt to make sure there is not a problem in the future. She said to try and prove there has been a violation of the Brown Act between a married couple; it's more like try and prove there hasn't been. She thought it would be good to disclose it and discuss it in an open forum at such time a family member of an existing Council person or Commissioner is being considered for appointment because not everyone knows the relationships of people in the City.

Tom Bertain stated that he is not opposed to someone being on the City Council with a spouse on the Planning Commission. He said it's a matter of integrity of that particular couple and they need to have the best interest of the City when making decisions. He said if membership is limited or prohibited when it comes to family members, the City may be losing out on someone with great input, experience, historical perspective and cultural background of our City.

Richard Newman mentioned the perception of seeing Councilmembers together in public and said it wouldn't bother him to see all five councilmembers having breakfast together and doesn't see it as a conflict of interest but rather as friends out spending time together whether they are councilmembers or not.

Mayor Wilson re-emphasized that having a Councilmember and Planning Commissioner in the same family is not a violation of the Brown Act and said that hopefully with this election cycle the League of California Cities will coordinate training with the other local jurisdictions on the Brown Act and other important topics. He said it is important to remember that as a Councilmember or Commissioner you need to behave knowing you are under a certain degree of scrutiny as public officials. He commented that he knows that this City Council and City Council's before have respected that.

His personal opinion was to leave well enough alone with regard to the membership policy and if there is a question of perception, that it be brought forward to the Council to deal with. He pointed out that the City Council is elected by the people whereas the Commission is appointed by the City Council; so if there is any kind of indiscretion, it's the Council's duty to address it.

Councilmember Thompson questioned whether a Councilmember can vote on the appointment of a family member on the Planning Commission and likewise vote on the removal of a Commissioner.

Mayor Wilson said he would expect that Councilmember to recuse him/herself from participating in the appointment process or if there is anything that even remotely appears as a conflict of interest they should step down or consult with the City Attorney.

Councilmember Garnes commented that everyone makes a huge deal about the Brown Act and that's why she brought the subject up. She reiterated that she doesn't have a problem with any specific Councilmember or Commissioner or suspects any wrong doing but felt it should at least be discussed. She said now that it has been addressed, she is ready to move on.

Mayor Wilson stated that from his perspective this is the way the Council should address issues and pointed out that it's been a long hard ride the past six months and that the Council needs to get it together and conduct business in a civil manner and do whatever needs to be done to make the City work. He said he realizes that people have strong opinions and he appreciates the spirit of the communication that has occurred.

Authorize City Manager to Execute Contract with W-Trans for the Sawmill Annexation Area Traffic Impact Study

City Manager Knopp introduced this item and said it is an exciting time with the development that is proceeding at the Sawmill Annexation area and said the Traffic Impact Study is just one of the hurdles to cross.

Community Development Director Caldwell provided a staff report and said as the Council is aware, in 2008 when the Sawmill area was annexed into the City, one of the mitigation measures was to require a traffic study for any industrial commercial projects exceeding two acres or 10,000 sq. ft. of building area. He said the study must show all onsite improvements and any improvements to the existing Highway 101 intersections and then be submitted to the City and Caltrans for review. He said the potential developers were made aware of this and a bid was obtained from W-Trans out of Santa Rosa who has a very solid reputation up and down northern California for this kind of work. He reported the quote came in at \$15,100 to do the required Traffic Study which staff believes is reasonable given the cost to do these types of studies today. He noted that three of the developers have stepped up and offered to pay for the Traffic Study and with that staff is asking the Council to authorize the City Manager to

execute the contract so the Traffic Study can begin which will take approximately 8-10 weeks. He said once the Traffic Study is completed, staff can address the needed improvements at the Sawmill Annexation area in order to facilitate the development.

Mayor Pro Tem Johnson stated that he understands a \$5,000 check was already received from one of the developers.

Community Development Director Caldwell noted that two \$5,000 checks were actually received and the third was expected to be received in the next day or so. He explained that the three developers footing the bill for the Traffic Study will be reimbursed by the other developers based on each project's traffic count. In order for them to get their projects going, they realized the need to get the Traffic Study done as soon as possible.

Mayor Wilson asked for clarification as to whether the City would be responsible for any portion of the cost of the Traffic Study.

Community Development Director Caldwell explained the total cost will be shared among all of the developers and based on the number of parcels (12) the cost will be about \$1,300 each but each developer will pay their fair share based on the traffic count for their particular project.

Mayor Wilson called for public comment on the Traffic Study contract.

Sue Strahan asked if only one bid was received.

Community Development Director Caldwell commented that staff didn't actually solicit bids and contacted W-Trans due to their great reputation doing this type of work on the north coast and their excellent working relationship with Caltrans. He commented that there was one developer that wanted to use a local engineering firm but staff advised against it because they wanted to break the traffic study up project by project which in the end would take a lot more time and cost a lot more money.

Motion was made by Johnson/Thompson authorizing the City Manager to execute the contract with W-Trans for the Sawmill Annexation Area Traffic Impact Study (TIS). Motion carried 5-0.

Discussion Regarding December 20, 2016 Regularly Scheduled Meeting

City Manager Knopp stated that this item is before the Council at the request of Councilmember Garnes and is related to the need to have or not have the regularly scheduled City Council meeting on December 20, 2016. He said it is his understanding that in the past there has been a precedent to cancel the second December meeting provided there are no urgent matters to come before the City Council since it is so close to Christmas. He said the decision is ultimately up to the Council and noted that there are no urgent agenda items pending at this time that can't wait until January 3rd.

Mayor Pro Tem Johnson commented that he had no preference either way.

Councilmember Marks said he would like to hold the meeting so the new City Councilmembers can be sworn in and seated so on January 3rd, the Council can go to work without worrying about any ceremonial matters.

Councilmember Garnes commented that she has two out of the area meetings, one on December 19th in Sacramento and one on December 21st so she would have to drive down on Monday, back on Tuesday for the meeting then drive back down on Wednesday for another appointment. She said she would like to avoid having to do that if she can.

Mayor Wilson commented that the agenda on December 20th could be narrowed down to perhaps the swearing in of the new Council and the selection of Mayor and Mayor Pro Tem but he would like to have the whole Council present for that. He said rather than make Councilmember Garnes drive all those extra miles, he would agree to cancel the meeting on the 20th and hold off on those things until the January 3, 2017 regular meeting. Council concurred.

ORDINANCES/SPECIAL RESOLUTIONS

Resolution No. 1311-2016 Establishing Cannabis Activity Permit Fees

Community Development Director Caldwell provided a staff report and explained that language was included in the Commercial Medical Cannabis Land Use Ordinance (CMCLUO) to allow the City to establish fees to recover the cost of administering the CMCLUO and the State's Medical Cannabis Regulatory and Safety Act (MCRSA).

He indicated that fees vary dramatically throughout the state but it appears that the larger the jurisdiction, the larger the fees are. He commented that the Sawmill Annexation Area is approximately 225 acres which is approximately the same size as Arcata's Medical Marijuana Innovation Zone so it seems reasonable to consider Arcata's fees.

He continued with review of Arcata's fee schedule and said with the exception of the Transfer of Ownership (\$500) and Change of Mailing Address (\$300), staff believes the fees are fair and appropriate for Rio Dell. He suggested a fee of \$100 for the Transfer of Ownership and a fee of \$50 for the Change of Mailing Address. He said staff is also recommending an additional Administrative Permit Fee of \$100 for the Police Department to review the required Background Checks.

Community Development Director commented that he spoke with probably 90% of the developers and they are comfortable with the proposed fee schedule and staff anticipates some applications coming in as soon as next week.

Councilmember Thompson expressed concern about the recommended \$100 fee for the

required Background Check and estimated the cost to be closer to \$1,200. As such, he suggested the fee schedule read "\$100 or actual cost."

Community Development Director Caldwell explained the \$100 is just for the Police Department to review the live scan; not to actually do the background check. He explained that Fortuna Police Department does live scans for \$45 then the City charges the \$100 to review the scan.

Mayor Wilson stated that he would like it stated in the minutes that this is a living document and subject to change as State and other regulations change.

Mayor Wilson called for public comment on the proposed fees.

Sue Strahan asked if all overhead costs for staff time is included in the fees.

Community Development Director Caldwell stated that is what the annual operating fee of \$4,000 is for and that currently there is a potential for 12 permits so staff is anticipating generating roughly \$50,000 annually in Cannabis Activity Permit Fees to basically cover his time for the administration and inspections.

He noted that Building Permit fees are separate which will be substantial.

City Clerk Dunham indicated the estimated cost for a building permit to construct a 10,000 sq. ft. structure is close to \$20,000 not including water connection fees.

Motion was made by Johnson/Garnes to adopt Resolution No. 1311-2016 *Establishing Fees Governing the Issuance, Administration, Monitoring and Enforcement of Commercial Medical Cannabis Activity Permits in the City of Rio Dell*. Motion carried 5-0.

Resolution No. 1312-2016 Related to Suspension of Phase Two of Water Rate Adjustment with Expiration Date of December 31, 2017

City Manager Knopp provided a staff report and said the City Council had a goal setting session for the Water Department on August 4, 2015 including a presentation from staff, consultants from the Rural Community Assistance Corporation (RCAC) and the City's Engineer. He said at that time the Council was provided with various 5-year planning scenarios that included setting funding goals for the water system. He said ultimately what the Council opted for was Funding Goal 2 which established a goal to set aside a grant match over five years to leverage potential grant funding for replacement of ageing water system infrastructure.

He further explained that in implementing the water rates, the Council opted to phase in the increases over multiple years. Under the adopted rate plan, on January 1, 2017 the base charge will increase from \$40.06 to \$46.63 and the volumetric unit cost will increase from

\$2.61 to \$3.04 per unit resulting in the average bill increasing from \$53.11 per month to \$61.83 per month.

Upon staff's review of various factors, it was determined that water revenues are higher than anticipated due to the decline in the drought and increased water usage. Also, the City's Median Household Income (MHI) has declined from \$42,829 to \$39,692 according to U.S. Census data making it more likely that a supplemental MHI Study could result in the City being classified as "Severely Disadvantaged" by the State and closer to a lower or no grant match requirement. He said for these reasons, staff is recommending a one-year suspension in implementing the second phase of the water rate increase to allow further study of these factors.

Staff explained the proposed resolution simply suspends the phase two rate increase scheduled for January 1, 2017 to January 1, 2018 unless the Council takes action to adopt another suspension.

City Manager Knopp clarified that the water fund is stabilized and has generated enough revenue for operational expenses noting that Phase one of the rate structure has made the City eligible for a Proposition 1 grant that would cover approximately 80% of the cost for water related capital projects. As such, the suspension of the Phase two rate increase would have no impact on the City's current eligibility for Proposition 1 grant funding.

Mayor Pro Tem Johnson commented that sometime during the upcoming year he would like the Council to address the risks and rewards in the City doing a Median Household Income (MHI) Study.

City Manager Knopp stated that there are certainly potential risks in doing a MHI Study and agreed to bring back information to the Council on the best way to proceed.

Discussion continued regarding potential water revenue generated from the new businesses within the Sawmill Annexation area.

Community Development Director Caldwell stated that one of the concerns with development in that area is fire suppression and explained that these operators are not obligated to connect to City water as they have the option of drilling their own well.

Mayor Wilson called for public comment related to the proposed water rate suspension.

Sharon Wolff asked for clarification as to whether the Phase two rate increase is separate from the annual 3% cost of living increase.

City Manager Knopp explained that the rate increase under discussion is separate from the 3% annual increase but this resolution would hold the current rates as they are and there would be

no 3% annual increase.

Julie Woodall stated that without the rate increase there will be enough to cover operational expenses but nothing will be set aside for capital improvements. She questioned why the Council wouldn't want to proceed as planned with the increase because even if the City is successful in getting grants that water revenue could be used for other needed improvements. Also there is no guarantee with regard to getting grant funding.

City Manager Knopp explained if the City is successful in pulling down significant Prop 1 funds, there still remains a backlog of other needs in the system. Even this just catches up with the most aged components of the distribution system that pre-dates the incorporation of the City. He said in this case the goal is to make sure the rates meet the objective of the City Council and to be able to accomplish it in the most efficient method and to justify every step. He agreed the needs of the water system far out stretch what is available here but what the Council is trying to do is focus on the 5-year plan and start taking a bite out of the improvements.

Julie Woodall commented that by suspending the increase now the increase next year will be even bigger and it seems that has been the Council's problem all along; being afraid to make the necessary rate adjustments until the situation became critical resulting in large increases.

Mayor Wilson commented that at the last meeting there was discussion regarding the 5-year grant funded plan to do water capital improvements and the question was raised regarding what is going to be done in the meantime while waiting for the grant to materialize because the pipes are only getting worse. He said the Council keeps telling people that something is going to get done to improve the water system and money is being put aside for the grant match but nothing is being done now. He added that staff is talking about going after a grant to do a comprehensive study but the Public Works Department has to already know where the problem areas are. He suggested identifying one street such as Birch St., then go out dig it up, replace water lines, replace sewer lines then cover it up so then that stretch of the distribution system is done. Once that is done, then move on to other streets in the same manner. He said whatever it is; something needs to be done to show ratepayers some kind of results. He said by continuing to put money aside and never doing anything is not the best approach in his opinion.

Mayor Pro Tem Johnson pointed out that the City is spending \$35,000 this year on replacement of the water line on Old Ranch Road which is something that has been kicked down the road for probably 40 years and the City is finally solving that problem.

Mayor Wilson commented that Old Ranch Road is not the City of Rio Dell and in the meantime the citizens of Rio Dell are not getting their 40 year old pipes replaced unless under emergency situations.

Mayor Pro Tem Johnson stated that one problem with doing a complete reconstruction of a street like Birch St. is that there is no street money to go in and rebuild it.

Mayor Wilson said he doesn't have the answer as how to accomplish this but what he is saying is that you build up revenue in the water fund then the Water Superintendent and perhaps the City Engineer need to get together and focus on a plan to get something done instead of just talking about it.

City Manager Knopp disagreed with the characterization that nothing is getting done in the City noting that just today the public works crew was out repairing water leaks. He said there needs to be an overall plan and noted that the City is required to pay appropriate wages for these projects and spreading out these projects is not necessarily the most efficient use of ratepayer dollars. He added that in order to accomplish the City Council's goals to improve the system, there needs to be a comprehensive plan and probably one large contract so as to maximize mobilization costs.

Councilmember Thompson said the City is building up the water fund and reaching out and trying to secure grants which don't have to be paid back so he is in support of stepping back, getting grant funding so water rates can be reduced in the future. He said if the City spends \$50,000 on a project and another \$50,000 on another it's not a good use of those dollars. He said the goal of the Prop 218 increase was to get in compliance with the State to be able to get 100% grant funding for much needed water improvements. He said what he is hearing is that the Mayor wants to charge ratepayers more in the future in order to make them happy now by showing them something is getting done now.

Mayor Wilson acknowledged that repairs are occurring but said there are plenty of projects to do in the City. He said he doesn't have a specific number tonight but said the Council needs to look at priorities, think it out and determine the cost to do a particular project, plan it out and accomplish a project that in the short-term has long-term effects. He said if you take the worst leaking pipe and fix it then that's one that won't pop up with leaks tomorrow because it's fixed right the first time. He stated that the Council needs to show the ratepayers that there is a plan in moving forward as opposed to the way it's gone in the past. He commented that by delaying projects the costs will only go up, resulting in even higher rate increases.

Councilmember Thompson disagreed and said basically what the Council will be doing is walking away from grant funding. He said the City should continue to make the necessary repairs to the system but noted that there is 50,000 feet of galvanized pipe that needs to be replaced and if funds are used to do portions of projects here and there, the City won't get grant funding and water rates will go through the roof. He said the focus should be to design a plan, move into operation of that plan, secure grant funding and complete the overall project. He said if it takes five years longer then so be it because it will save rate payers a lot of money in the long run and that's what the goal should be; to get the water rates down to a reasonable amount.

Councilmember Thompson pointed out that in the last 15 years the City has probably received \$12 to \$15 million in grants which is that much less the rate payers had to absorb.

Mayor Pro Tem Johnson said as far as planning, the City Council started well over a year ago with the Prop 218 process and wants to further define a plan with the State Water Resources Control Board which makes good sense to him. He said if the City can get 80% or 90% funding to complete any project they should pat themselves on the back. He added that to tear up, for example Sequoia Ave. to put in a 2 inch upgraded water line because the existing pipe has patches and use 100% of City funds with no grant money just doesn't make sense.

Councilmember Garnes said if the Council decides to go ahead with the scheduled rate increase and the money goes into the water fund until such time a comprehensive plan is developed and grant money is secured, asked if the money that comes in between now and will be functionally used or just sit there waiting for potential grant funding.

City Manager Knopp explained that what is being set aside is a grant match so it would be set aside until there is a use for it. He said the City will need to have a comprehensive plan for use of the money because the State will ask for a plan to utilize the money as they don't just hand it over. He explained to do a pay-go system as perhaps the Mayor is recommending, the ratepayers cover 100% of the cost of the project whereas right now, the city is eligible for 80% and potentially 100% of the costs to be covered provided it is a well thought out plan and strategically implemented rather than a project that is piece-mealed out. He said as Councilmember Thompson pointed out, it will save the ratepayers a tremendous amount of money.

Discussion continued regarding the downside to suspending or not suspending the scheduled rate increase.

City Manager Knopp said the decision is ultimately up to the council either way. He explained that suspension of the increase would result in a \$160,000 reduction in water revenue for the year. He said how the City gets to the financing package specifically and how the grant match is administered is another discussion for the Council and may include a short-term loan but the point is that there is a plan set aside to come up with a grant match which is good enough for the State.

Mayor Wilson asked what is budgeted for repairs and upgrades.

Finance Director Woodcox said that \$64,000 was budgeted this year in Water for repairs, equipment and operational costs.

City Manager Knopp pointed out that prevailing wage must be paid on these projects so \$64,000 doesn't go far.

Councilmember Marks commented on the 5-year plan and said if the Council skips this increase the funds will fall short. He suggested the Council follow the plan as adopted and if the coffer spills over then back off but one year tells nothing.

Mayor Pro Tem Johnson said that he has no problem generating money for Capital Improvements and whether the Council defers the increase or not is not a deal breaker for him.

Mayor Wilson asked if the scheduled increase is implemented if a percentage of that increase goes into Water Capital as well; the answer was yes.

Motion was made by Wilson/Marks to table the suspension of the Phase two water rate adjustment. Motion carried 5-0.

Conduct first reading (by title only) of Ordinance No.352-2016 amending Chapter 15.05 "Construction Codes" Sections 15.05.020 and 15.05.050 of the Rio Dell Municipal Code (RDMC)

Community Development Director Caldwell provided a staff report and explained it is routine for staff to bring to the Council every three years, update of the new building codes. He said the proposed ordinance amends Chapter 15.05 of the RDMC and adopts the 2016 California Building Codes.

He said included with the adoption of the California Building Standards Code is the 2015 International Property Maintenance Code which provides the City authority to abate structures that are imminent hazards to the public in a quick and efficient manner. Staff also is recommending amending the penalty provisions, Section 15.05.050 of the RDMC increasing the penalty from \$500 to \$1,000 to be consistent with the penalty provisions of the Nuisance and Zoning regulations.

A public hearing was opened to receive public input on the proposed ordinance.

There being no public comment, the public hearing was closed.

Motion was made by Garnes/Marks to approve the introduction and first reading (by title only) and adopt *Ordinance No. 352-2016 amending Chapter 15.05, "Construction Codes". Sections 15.05.020 and 15.05.050 of the Rio Dell Municipal Code (RDMC)* and continuing consideration, approval and adoption of the proposed Ordinance to the meeting of January 3, 2017. Motion carried 5-0.

REPORTS/STAFF COMMUNICATIONS

City Manager Knopp distributed a written City Manager update of recent activities and events (Attachment 1 to these minutes), and said the contract for the Old Ranch Road project is ready to be signed; reported on the Annual E-Waste Event hosted by HWMA and said for the first time ever, the event actually lost money (\$800) due to low participation; reported the City got a surprise inspection from Air Quality with no major problems encountered; and the City's NPDES Permit is currently being reviewed at the Regional Water Resources Control Board.

Mayor Pro Tem Johnson said the E-Waste Event has been very successful in the past and asked the reason for the event losing money this year. He also asked if the event was adequately advertised.

City Manager Knopp commented that part of the reason is that costs have increased but primarily it was due to the low turnout. He said it is his understanding that HWMA is working on a solution with Eel River Disposal with regard to the E-Waste event in the future. He said the event was advertised but the numbers of participants has steadily declined over the past few years.

Mayor Wilson said part of the reason is that Eel River Disposal now takes e-waste for free.

Finance Director Woodcox reported business as usual in the finance department.

Community Development Director Caldwell reported on recent activities and events and said a Request for Qualifications (RFQ) went out for the ADA project at City Hall but unfortunately only one response was received which was from Whitchurch Engineering. Because of the fact that one response was received staff will have to work with HCD in Sacramento and slightly modify the City's procurement process. He also announced there will be a Special Planning Commission meeting on December 13th and the Commission will revisit the Cargo Container issue, have discussion on potential changes to the ordinance regarding the use of wells for cultivation, and will consider a lot line adjustment application for Dennis Wendt. He also reported that he will be attending a workshop in Folsom on December 12th regarding new changes to the Building Code.

He also announced that Jim Box will be resigning from the Sculpture Committee but Adam Dias has expressed interest in serving and hopefully the appointment can be made at the January 3, 2017 Council meeting. He also commented that Dennis Wendt has indicated that he may be willing to donate a sculpture for the median.

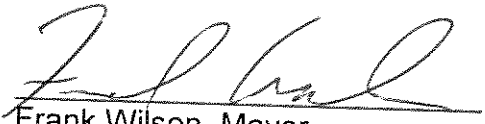
COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson asked the City Manager to coordinate with Chief Hill and schedule a Nuisance Committee meeting.

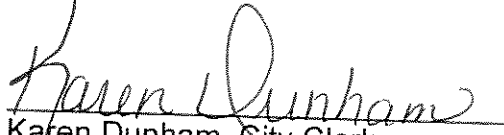
ADJOURNMENT

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Motion was made by Johnson/Garnes to adjourn the meeting at 8:30 p.m. to the January 3, 2017 regular meeting. Motion carried 5-0.


Frank Wilson, Mayor

Attest:


Karen Dunham, City Clerk