

**RIO DELL CITY COUNCIL
REGULAR MEETING
MARCH 21, 2017
MINUTES**

The closed session/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: (Closed Session) City Manager Knopp and City Attorney
Gans

(Regular Meeting) City Manager Knopp, Finance Director
Woodcox, Community Development Director Caldwell,
Wastewater Superintendent Trainee Yaple, City Clerk
Dunham and City Attorney Gans

Absent: Chief of Police Hill

PUBLIC PRESENTATIONS

Nick Angeloff provided a brief report on the Chamber of Commerce meeting that took place earlier in the day and said the seniors will begin having monthly meetings at the Chamber office; said they have already started planning for Christmas decorations and hope to have the addition of Christmas banners along Wildwood Ave. along with lights and will likely be asking for assistance from public works staff on installation. He said he will continue to keep the Council informed of any planning activities.

CONSENT CALENDAR

Motion was made by Johnson/Garnes to approve the consent calendar including approval of minutes of the March 7, 2017 regular meeting; approval of Resolution No. 1325-2017 adopting the Budget Calendar for FY 2017/18 as amended; and approval of Pay Request No. 2 to Wahlund Construction in the amount of \$111,092.82 for work related to the Metropolitan Wells Project. Motion carried 5-0.

SPECIAL PRESENTATIONS/STUDY SESSIONS

Presentation Related to Cannabis Tax Measure

City Manager Knopp provided a staff report and said at the March 7, 2017 meeting, the Council received a draft Ordinance related to a proposed tax system for Cannabis Activities in the City almost identical to the proposed Ordinance submitted in 2016. He noted that with discussion of different tax options, staff was directed to return to Council to discuss further options.

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Staff presented the following six (6) potential tax options for review:

- Option 1: Initial rate of \$2.00 per square foot for cultivation and 2% of gross receipts.
- Option 2: Initial 2% tax on gross receipts up to 10% on all license types.
- Option 3: Match the County's cultivation tax rate at \$0.00 to \$5.00 per square foot initially set at \$2.00 per square foot for mixed light and \$3.00 per square foot for indoor without the \$1.00 per square foot for outdoor cultivation since Rio Dell doesn't allow any outdoor cultivation.
- Option 4: Apply both square footage and gross receipts to all categories.
- Option 5: Exempt lab testing from the tax proposed under Option 1.
- Option 6: Add a weight tax to cultivation as presented under Option 1 similar to the State's tax method.

City Manager Knopp stated for clarification that there was some discussion at the last meeting regarding any agreements already made and agreed upon by the City Council in 2016. He said while there was discussion and a general consensus, the City Council did not agree to a tax and actually rejected as a body, placing the tax measure on the ballot. He pointed out that ultimately the tax must be approved by the voters; not the City Council.

He said another thing he wanted to make clear is that staff inadvertently stated that medical cannabis would be exempt of the Bradley Burns Tax which is incorrect. He clarified that medical cannabis is however; exempt from sales tax; not the 15% excise tax.

Discussion continued regarding the options as presented.

City Manager Knopp pointed out that the six (6) options are certainly not exclusive and staff is looking for direction from Council on all potential options. He referred to Option 4 and said another option to consider would be to modify it so the tax would apply to square footage "or" gross receipts rather than "and" gross receipts which would allow more flexibility.

He said typical cultivation activities could be taxed on square footage then pull aside some of the more niche aspects of cultivation such as a retail nursery who is then selling directly to the public or other vendors in the chain. He said that could be charged a business tax without the worry of charging the square footage. He said another example of a niche aspect would be processing itself so while there is no specific State license type for this activity, it is likely it will occur so instead of charging that activity by the square foot the independent processor could be charged by gross receipts as well. He noted that this would one way to allow the City Council additional flexibility with regard to the tax and in changing the regulatory environment by making sure the Council can only adjust the tax once annually and only by a certain percentage of the total tax. He said this also provides some assurances to the tax payers that the system will be stable and predictable and there could only be one type of taxation applied to each specific licensing category or set type.

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City Manager Knopp said staff is looking for a consensus of the Council on each of the categories beginning with cultivation so staff can work with the City Attorney on a draft ordinance to bring back to the Council.

Councilmember Garnes agreed with the proposed modification to Option 4 changing “and” to “or” and said taxing square footage and gross receipts seems like double taxation whereas; changing “and” to “or” allows the most flexibility.

Mayor Wilson and Councilmember Marks agreed.

Mayor Pro Tem Johnson also agreed and said as he stated before, he doesn't want to deviate very far from the original scheme of taxation. He said Option 4 as modified comes close to what the Council talked about previously and suggested it be identified perhaps as Option 4-A for simplicity purposes.

Councilmember Strahan said another suggestion would be to have it read “and/or” and said she certainly doesn't want to double tax anyone. She said she would like the Council to consider changing the square footage tax from \$0.00 - \$5.00 to \$0.00 to \$10.00. She commented that initial \$2.00 a square foot is much too low and is probably less than 1% of what is being produced. She said \$5.00 would represent closer to 3% and would be a reasonable amount to ask. She said \$10.00 is at a 5% mark.

Community Development Director Caldwell passed out a handout prepared by staff showing a table based on estimated production at approximately 130,000 square feet of cannabis cultivation. He said in looking at the top table, with the selling price of \$1,000 per pound producing 20 grams per sq. ft., a 2% tax on gross revenue would generate roughly \$458,000 based on four (4) cultivation cycles per year; at \$2.00 per square foot, the City would receive \$260,000. He said the lower table, based on cannabis selling at \$800/lb. and a tax rate of \$3.00 a square foot, the city would actually generate \$390,000, making more money and making it much easier to administer because wouldn't have to wait until the end of the year for the cultivator's tax returns to receive the money. He added that the tax could be required to be paid up front which would be advantageous to the City.

He said that is also assuming that there are no issues with cultivation such as a mite infestation that would reduce the cities revenue which is something the City Council needs to take into consideration.

Mayor Wilson asked if these amounts would be generated for each cycle.

Community Development Director Caldwell explained the calculations are based on one annual fee based on square footage and if the City Council wanted to charge per cycle it would actually be four (4) times that amount.

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Councilmember Strahan referred to the top table and questioned the estimated selling price of \$1,000 per pound.

Community Development Director Caldwell noted that the price could essentially go down to \$400 or \$500 per pound depending on the market.

Councilmember Strahan commented that Humboldt County is known to grow the best cannabis around and what we're talking about is a high grade medical cannabis production. As such, she said she thinks the estimated \$1,000 per pound is too low and presented calculations based on \$2,000 per pound. She said she is still in favor of a tax of \$5.00 per square foot per canopy based on four (4) cycles per year. She said she based her calculations on a selling price of \$2,000 per pound and also calculated in the possibility of mites etc. She indicated that if the Council wants to go with a square foot tax annually she would be willing to consider it but thinks the tax should then be \$25.00 per square foot annually for cultivation not including processing.

Mayor Pro Tem Johnson said at the risk of restating comments from the previous meetings, he reiterated that the Council represented to Glenn White and other stakeholders a tax rate similar to Option 1. He said the Council passed a Land use Ordinance and it got a lot of people interested in developing in the City. Now it appears the City might actually have \$50 or \$60 million in investments coming in.

He said in part, based upon what the City Council represented to those investors was that the rate would be low and that the Council would not be changing the game mid-stream. He said as such, he is totally against changing the rate now. He said it is not fair to the stakeholders or the City and feels it presents the City Council as charlatans and he doesn't think that is what the City is about. He said he feels the tax proposed by Councilmember Strahan is robbery and added that the people taking the risks should be getting the reward and a fair return on their investments. He said with that being said, he is basically at the opposite end of the spectrum from his colleague on this particular issue.

Councilmember Marks commented that in looking at Option 4, it seems too complicated so he might be inclined to agree with Mayor Pro Tem Johnson to keep it simple and collect a "slow nickel as opposed to a fast dime".

Councilmember Garnes stated that she is in full agreement with Mayor Pro Johnson and that changing the tax rate mid-stream is wrong and would be thoroughly ashamed of the Council for doing so.

Mayor Wilson said after the last meeting, the thing that caught him off-guard was changing the tax mid-stream. He said the Council voted down placing the tax measure on the ballot last November by a vote of 3-2 and said there was never any discussion on how to vote on the tax.

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He said the draft ordinance was brought forward and as a City Council only voted down the ordinance.

He said he understands there are 16 or so interested developers and he had requested the stakeholders be in attendance to discuss the tax structure however; Glenn White and Steve Ambrosini were the only two developers present. He commented that no applications have been submitted yet which also concerns him. He said he would be in support of Option 4 but down the road would like to see specific language regarding processing addressed.

Discussion continued regarding subset categories.

Councilmember Garnes commented that Option 4 modified to change “and” to “or” will also allow for subsets.

City Manager Knopp explained that the Ordinance could be crafted to subset certain categories and have flexibility to levy the tax either by square footage or gross receipts but not both. He said it seems the Council is in agreement with Option 4 with Councilmember Strahan suggesting a higher tax rate and asked the Council to come to a consensus and provide staff direction on the draft ordinance.

He pointed out that increasing the tax would put the City at a competitive disadvantage with the County and would also create a disincentive for perspective developers. Also, staff’s recommendation from the beginning has been to set a tax rate similar to the County’s.

Mayor Wilson commented that one of the things he wanted to discuss is setting up a broad range of taxes for flexibility so no one is double taxed. He said the first year operations will not essentially generate any revenue because the tax won’t even go on the ballot until November 2017. He said he would like all the stakeholders to understand that the Council’s desire is to be able to look at the entire picture objectively and create a tax schedule that benefits both the stakeholders and the City. He pointed out that the stakeholders are positioned to make a lot of money with this industry but it is a joint venture with the City who also has a stake in this and needs to make more than \$390,000 a year to make it worthwhile.

Councilmember Marks said he would like to hear from the stakeholders before making a final decision.

Mayor opened it up to public comment.

Glenn White addressed the Council and said he and everyone else knows that cultivation has gone on around here for many years. He said he is a housing developer and is coming here and has already invested in property here and has businesses in Garberville including a day spa which is wife runs. He noted that they are not actually cultivators and are not proposing to

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have any cultivation operations at the Eel River Sawmill site but are proposing manufacturing, testing, possible distribution and would also like to have a retail center. He said their real focus will be on creating a health and wellness center.

He said as a cultivator listening to what the Council is proposing, 22,000 sq. ft. of cultivation would cost each cultivator \$100,000 a year for the permit at \$5.00 a square foot, and potentially that would be required to be paid upfront which would be really tough for them. He noted that the problem with this is that it is such a gamble for these cultivators because of the unstable market and other factors.

He said the City of Los Angeles just had an emergency change to their ordinance and said it was Proposition D that controlled dispensaries limiting the number to 135. He explained the recent change was to take advantage of the retail market coming in 2018 and allow for 1,000 more retail outlets which will increase taxes significantly. Also, Desert Hot Springs proposed an upfront tax of \$150,000 which created a disincentive for developers.

He added that the market is all up to supply and demand and there are huge risks for cultivators in this industry because until the product is sold they don't realize any profits. He pointed out that they are dedicated to be here and want to see the City develop in a positive way and wants to contribute to the City even without the tax in place. He said as far as manufacturing, it's all going to be monitored through the track and trace program and will be much easier to follow than cultivation activities. As such, he said it seems that a tax based on gross receipts may be more realistic but he can also see why the City would want to require an upfront tax.

Rich Newman said he thought the subject was all about medical marijuana and said if the taxes are raised, the cost will be passed on to the consumer and pretty soon medical marijuana will be as high as other drug companies. He said there are people who truly need medical marijuana and urged the Council to think of those people. He said he also doesn't want Rio Dell to be thought of as just a place to come and get high.

Steve Ambrosini address the Council and said his plans involve three (3) or possibly four (4) phases; including cultivation, processing and extractions and said his goal is to basically have a one-stop shop. He said he understands the tax for large companies coming in to do one segment such as extractions but for the small guys like him trying to bring in multiple type businesses and required to pay a lot of taxes upfront or at the end of the year is difficult.

He said it is almost impossible to get upfront financing for these types of businesses unless you are able to resource it out to other investors so requiring \$100,000 upfront to the City is unreasonable. He noted that he spent two (2) years researching prices throughout the state and the current price for indoor marijuana is at \$2,000 per pound or less which results to \$1,800 to the grower after paying for processing, and that is only if the product is of very high quality and organic and that doesn't include overhead costs which could be up to 50%.

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He suggested for indoor cultivation from processing to edibles perhaps setting up a sliding scale initially then wait and see how things evolve. Basically, he would recommend starting with Stage 1 then regulate the tax based on what is happening. He said the worst thing the City could do is over tax the businesses up front because only those big stakeholders out of the area will be able to afford to operate and it will virtually run out the small local cultivators. He indicated that he has renderings to present to staff and the Council and will be obtaining bids on his project very soon.

Julie Woodall commented that many jurisdictions offer perks to entice new business and that she likes Option 4-A because of the flexibility it provides. She pointed out that it is not up to these developers to cure all of the City's problems and the City needs to help itself. She mentioned the new business going in at the former Wildwood Feed (Roots 101) and said it will hopefully make a difference in the City as far as sales tax revenue.

Dennis Wendt stated that he is not involved in the cannabis industry but he does know that the price has gone down and that high taxes will run people off. He said he will be constructing a building for one of the developers and he will have \$1 million invested in the structure and improvements alone, not including the land or permits. He said these developers will be investing a lot of money and the City can't expect to have all its problems solved in one year. He suggested going back to Mayor Pro Tem Johnson's idea and be reasonable and keep in mind that the City is not putting out any investment. He added that over-taxing these developers will not help the City.

Sharon Wolff pointed out that the City of Rio Dell already has a higher sales tax than the surrounding areas so already has one disincentive for developers to come here. She said the higher tax level being discussed seems like a passive aggressive way of getting rid of an ordinance that maybe some of the councilmembers didn't want anyway.

Nick Angeloff said as President of the Chamber of Commerce, he would like to see the lowest taxes possible but from a business perspective what we're trying to create here is basically a closed system with horizontal integration from agriculture production to transportation out of there. He said that closed system in and of itself when considering manufacturing being equal to whatever the City is taxing for cultivation should be considered since they don't have to deal with transportation costs since basically everything will be done basically on site which is an incentive in itself. Also by not taxing businesses upfront, it gives businesses a year before they actually have to pay any taxes. He noted that the County doesn't have these taxes assessed on manufacturing or testing and that would be mitigated with all activities taking place at one basic location. He said the City has the opportunity to keep these activities consolidated and get a horizontally integrated group out there that can supply each other.

He said Option 4 sounds good but creating the unknown is the worst thing the City can do for a City.

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There being no further public comment, the public comment period was closed.

Councilmember Strahan said regarding upfront taxes she understood there would be no upfront taxes with the square footage but would be paid on a monthly basis. She understood the only upfront costs to the City would be building permit fees.

City Manager Knopp stated for clarification that there is flexibility in the method in which how the tax is paid.

Councilmember Strahan noted that as far as perks or incentives, pointed out that there will be no taxes the first year which is a great deal for the developers.

After further discussion the consensus of the Council was to approve Option 4-A with the modification changing “and” to “or” regarding the square footage tax or gross receipts and to direct staff to work with the City Attorney to draft an ordinance and resolution and bring it back to the Council at their April 4, 2017 meeting for further discussion and consideration with hopefully more stakeholders present.

Mayor Wilson announced a change in the agenda order and moved Resolution 1328-2017 up to allow the City Attorney to be excused from the remainder of the meeting.

Approve Resolution No. 1328-2017 Approving Award of Bid to Parker & Son in the amount of \$55,977.00 for the 2017 Asphalt Pavement & Crack Sealing Project

City Manager Knopp provided a staff report and said the 2016-2017 budget allocated \$80,000 towards pavement rehabilitation projects. He said that RFP’s were sent out for the 2017 Asphalt Pavement Repair & Crack Sealing Project in which two bids were received. He said the bids included one for \$55,977.00 from Parker & Son, Inc. and another for \$89,688.00 from GR Sundberg, Inc.

He said there was a slight problem in that Parker & Son, Inc. was required to submit documents under “Qualifications of the Bidder” and failed to submit the information in the bid package. He said the City received a protest from GR Sundberg, Inc. protesting the omission but Parker & Son did then provided the documents as required. He noted that the City Attorney indicated that the City has the right to waive inconsequential deviations in a bid provided the deviation did not give the bidder an unfair advantage over other bidders. He said since the failure to include the information initially did not affect the amount of the bid, the matter was considered inconsequential.

City Manager Knopp further reported that staff reviewed the qualifications of Parker & Son, Inc. and determined them to be the lowest responsible and responsive bidder.

He said staff’s recommendation is to approve Resolution 1328-2017 awarding the bid for the project to Parker & son and to also waive as immaterial the bid irregularity, authorize the City

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Manager to sign the Notice of Award and Contract Agreement, and establish the budget amount as \$100,000 as amended.

Mayor Pro Tem Johnson directed a question to the City Attorney and asked if the Resolution as presented will protect the City against any legal action.

City Attorney Gans explained that there is no way to prevent someone from submitting a bid protest but clearly the City has the right to waive inconsequential deviations in a bid and this fits into that category. He added that the lacking material was simply resume information and did not affect the scope of the bid. It clearly appears to be a bid defect which the City Council has the right to waive as stated in the resolution.

Mayor Wilson opened a public hearing to receive public comment on the proposed resolution.

There being no public comment, the public hearing closed.

Motion was made by Johnson/Garnes to approve Resolution No. 1328-2017 awarding the bid for the 2017 Asphalt Pavement Repair & Crack Sealing Project to Parker & Son, Inc. in the amount of \$55,977.00 and waive as immaterial the bid irregularity; authorize the City Manager to sign the Notice of Award and Contract Agreement for up to \$55,977.00 and further authorize any change orders during the project within the approved budget amount; and establish the budget amount as \$100,000 (as amended by Resolution No. 1327-2017) which includes \$55,977.00 for this project, \$32,700.00 for Slurry Sealing (not related to his particular bid or resolution), and \$11,323.00 as contingency. Motion carried 5-0.

City Attorney Gans left the meeting at this time, 7:56 p.m.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Request from Glenn White for the Sale of CBD/THC Infused Products

Community Development Director Caldwell provided a staff report and said a request was received from the Glenn White Group requesting the sale of medical CBD/THC infused cannabis products such as salves and oils at their proposed Health and Wellness Center. He said as the Council is aware, this type of activity is considered retail sales/dispensing and dispensaries are not allowed in the City. He said if the Council is receptive to allowing the sale of medical CBD/THC infused cannabis products at their facility, the Medical Cannabis Land Use Ordinance would need to be amended as well as Chapter 5.35 of the Rio Dell Municipal Code (RDMC).

Glenn White addressed the Council and said their hope is to be able to administer and sell Holistic Health and Beauty Care products consisting of CBD/THC infused oils, gel tablets, topical lotions, make-ups, creams, sublingual's, etc. He noted that all of these products will be

marketed and packaged for Medical Use Only and there will be no sales of open cannabis flowers or edibles.

He said the plan is to construct three (3) separate facilities with the Health & Wellness Day Spa the only one that will be open to the public. He noted that once the Cannabis Activity Center becomes operational, they believe the Wellness Center will become a main focal point and tourist attraction for the City.

Mayor Pro Tem Johnson said last year when the Council was discussing whether or not to allow dispensaries in the City, he was a proponent of allowing one (1) dispensary and he thinks this would be an appropriate addition to the Health & Wellness Center.

Councilmember Marks asked if the Center would be open to members only and questioned the reason for combining CBD's with THD's.

Glenn White said that the Center will be limited to members only and will focus only on health and wellness driven by the medical use of Cannabis products and bi-products. He said with regard to combining the components, there are certainly more medical benefits with blending small amounts of THC with CBD's.

Steve Ambrosini further explained if a person were to use a tincture containing primarily only CBD's then a tincture including THC as a booster, it will go to the root of the medical problem and without the THC component it doesn't solve the problem.

Mayor Wilson commented that he understands and supports what Mr. White is proposing to do but he personally can't support the use as a dispensary because it complicates the issue. He said if there is a way to include language in the ordinance to allow this and at the same time protect potential abuse of dispensaries in the City he would be willing to consider approval of the ordinance amendment.

Glenn White said they would like to be able to manufacture products and provide them to patients but is unclear as to how to delineate between the sale of these medical cannabis products and a dispensary. He agreed that there are a lot of people that use medical marijuana as an excuse to get high but learned first-hand of the medical benefits by using a roll-on product on his shoulder that really did relieve the pain he was experiencing.

The consensus of the Council was to table the item to allow staff to work with the City Attorney or possibly Mr. White's attorney and the Planning Commission to craft appropriate language that will not overly expose the City to liability then bring it back to the Council for further discussion and consideration.

Julie Woodall asked if there are any existing spas similar to what they are proposing.

Glenn White noted that there are other spas but they also use cannabis flowers and that he is not aware of any spas like what they are proposing. He added that their true goal is to bring health and wellness to the City.

Community Development Director Caldwell commented that this could be the first spa of this type which would be great exposure for the City.

Nick Angeloff commented that the Planning Commission had considered allowing one (1) dispensary in the City but feared that they would eventually end up all over the City. He said the Council could consider limiting the number of dispensaries to one (1) dispensary, limit the sale of only non-flowering products, and to require a report regarding clinical studies related to the use of the products.

Renaming of Eel River Sawmill Site

City Manager provided a staff report and said at the request of Councilmember Strahan at the last meeting; staff is bringing the matter of renaming the former Eel River Sawmill site.

He said that historical names associated with the site and its immediate surroundings include but are not limited to: Tokemuk, Eel River, McDiarmid's Prairie, Robinson's Ferry, Metropolitan Stone, Canyon and Eel River Sawmills.

He said other associates words mentioned to possibly be included in the name are Rio Dell, Humboldt, Wildwood, Eagle Prairie, Lorenzo Painter, Seth Kinman, Northern California, Fossil, Nanning Creek, Scotia Bluffs, Redwood, North Coast, Northwestern Pacific and Monument.

He also indicated that based on feedback from stakeholders, it appears the desire is to include in the name "business park" as opposed to "industrial park" or "cannabis park" as well as avoiding direct usage of the words "Marijuana" or "Cannabis."

City Manager Knopp then reviewed some optional names for the site such as:

- Rio Dell Business Park
- Eel River Business Park
- Humboldt Rio Dell Business Park
- Metropolitan Business Park
- Tokemuk Business Park
- Canyon Park
- Fossil Bluffs Business Park
- Wildwood Place
- Redwoods Gateway

He noted that once a name is identified, staff can work with a graphic artist to come up with a logo and potential designs associated with the name and site related to the site and bring it back to Council for formal selection and approval.

Councilmember Garnes stated that she likes the idea of *Humboldt Rio Dell Business Park* as it identifies the brand and incorporates Rio Dell with the brand.

Councilmember Marks and Mayor Pro Tem Johnson agreed.

Councilmember Strahan said she likes *Eel River Business Park* as well as *Fossil Bluffs Business Park*. She suggested as another alternative *Thompson Business Park* because of all the work former Councilmember Thompson put into this matter.

Mayor Wilson preferred *Eel River Business Park*.

Councilmember Garnes commented that the idea is to try and elevate Rio Dell and using any other name puts Rio Dell second. She said "Humboldt" is also needed to be heard when going outside the area. She said adding *Rio Dell* to the name no longer makes the City the ugly stepchild to Scotia.

Mayor Wilson called for public comment on the subject.

Rich Newman commented that what Councilmember Garnes said makes sense and pinpoints the area as the Eel River Valley encompasses a large area.

Nick Angeloff said anywhere you go and mention "Humboldt" the assumptions are already there. He said as an archeologist perhaps it would be nice to name the park *Humboldt Rio Dell Canyon Park Business Park*.

Dennis Wendt urged the Council to be careful with regard to selecting a name for the park as there are a lot of good ideas out there and as far as the stakeholders, he didn't hear about this item on the agenda until today. He said another thought would be *Eel River Business Park of Rio Dell*.

Steve Ambrosini commented that if you tell someone from out of the area that you are from Fortuna they sometimes say and think Fontana whereas; if you say you're from Humboldt it gets their attention. He said the word "Humboldt" is very important as far as packaging and labeling and it would also be good to include "Rio Dell" in the name.

Glenn White pointed out that Rio Dell isn't as well-known as Humboldt County. He said Rio Dell is in the heart of Humboldt and products coming out of this area are top notch. He felt the word "Humboldt" and "Rio Dell" should be included in the name of the park.

Community Development Director Caldwell presented a conceptual rendition he did that referred to the park as "In the Heart of the Humboldt Nation." His idea was well received.

Julie Woodall suggested the name be kept short and be memorable such as "*Rio Dell in the Heart of Humboldt,*"

Mayor Pro Tem Johnson directed a question to Dennis Wendt and asked who typically names new subdivisions and other development projects.

Dennis responded that the developer usually names them and often time incorporates the names of people who have owned the property for years.

Mayor Pro Tem Johnson suggested staff contact the other stakeholders to see if they support Humboldt Rio Dell Business Park or something similar to that as a brand.

Authorize staff to purchase Vector Trailer in the amount of \$44,608.00

City Manager Knopp provided a staff report and said the City's old Vector Truck has been in need of replacement for many years and the proposed Vector Trailer from "Vacmasters" doesn't require a Class B driver's license like the current vector truck since it will be towed behind a City utility truck.

He said the Council appropriated \$45,000 in the FY 2016-2017 budget and as such there will be no required budget amendment to authorize the purchase.

Councilmember Strahan asked how often the vector is used and if the current vector truck is still in operation.

Water/Roadways Superintendent Jensen commented that the existing vector truck is not in operation and the vector trailer will definitely be used a lot.

Mayor Pro Tem Johnson commented that there is no end to the need of having a vector system in the public works department.

Mayor Wilson called for public comment on the proposed purchase.

Dennis Wendt noted that a vector truck or trailer is an important piece of equipment and that the City's existing truck came from the City of Fortuna. He said anytime you work on water or things out.

Mike Strahan agreed and said a vector is invaluable especially when pumping out manholes as hazardous materials are subject to fines.

Motion was made by Johnson/Strahan to authorize the purchase of a Vactor Trailer from "Vacmasters" in an amount not to exceed \$44,608.00. Motion carried 5-0.

Public Works Update

City Manager Knopp provided a brief overview of the Public Works Update as presented.

Mayor Pro Tem Johnson referred to the 5-year National Pollutant Discharge Elimination System (NPDES) Permit and said with Council approval would like to work with staff on the development of the next 5-year permit renewal. Council agreed.

Mayor Wilson thanked public works staff for doing a great job keeping everything running efficiently in lieu of the limited staff and difficult weather conditions.

Mayor Pro Tem Johnson referred to the *Top Capital Replacement Priority* contained in the report related to the concern with inflow and infiltration (I & I) at the end of Painter St. which has been a long-standing issue and said he would expect that project to be incorporated into the FY 2017-2018 budget as a priority.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Approve Resolution No. 1327-2017 Budget Amendment for additional General Fund Streets Subsidy for Streets Repairs and Maintenance

City Manager Knopp provided a staff report and this item relates to the Asphalt Pavement & Crack Sealing Project and said as reported previously, the Council allocated \$80,000 in the FY 2016-2017 Operating and Capital budget for priority City streets repairs and maintenance. He said after going through the bidding process, an additional \$20,000 is being requested to fund the projects that have been determined to be high priority. He explained the \$100,000 breaks down to \$55,977 for the Paving Project, \$32,700 for slurry sealing, and \$11,323 for the project contingency.

Councilmember Strahan asked if this is related to the Safe Routes to School Project.

City Manager Knopp explained that this is an entirely different project and the request is to add \$20,000 to the existing \$80,000 budget for street repairs to complete some priority projects throughout the City.

Councilmember Strahan noted that some of the repairs are on the same streets as identified in the Safe Routes to School Project.

City Manager Knopp explained that the project does include some work on Davis St. but it is only for bike lanes.

Motion was made by Johnson/Garnes to approve Resolution No. 1327-2017 approving a Budget Amendment for additional General Fund Streets Subsidy for Streets Repairs and Maintenance. Motion carried 4-1; Councilmember Strahan dissented.

Approve Resolution No. 1324-2017 Budget Amendment for SLESF Funds for Purchase of Police Vehicles

Finance Director Woodcox provided a staff report and began by clarifying that this item doesn't actually require a budget amendment as stated because of recent notification by the State and as it turns out, the City has a good chance of being funded \$20,000 in grant funding to assist with the purchase of two (2) police vehicles.

She noted that the total cost of the vehicles is \$67,747 and allocations of \$40,000 from the General Fund and \$7,000 from the Realignment Grant fund have already been approved by the Council and the additional \$20,000 is anticipated to be funded through USDA. She said because of the immediate need to replace two of the older police vehicles, staff inquired into the funding requirements under USDA and asked to expend the City's required matching funds prior to receiving the USDA grant funding and were informed that the City could make a vehicle purchase now without compromising the USDA funding.

She noted that no formal action is needed by the Council and the report is simply being reported as an update on the purchase of the vehicles.

REPORTS/STAFF COMMUNICATIONS

City Manager Knopp stated that he had no written report to submit at this time.

Finance Director Woodcox said she had nothing to report.

OTHER COUNCIL REPORTS

Mayor Pro Tem Johnson reported on his attendance at the last HCAOG meeting and said at the meeting it was announced that the improvements to the safety corridor between Eureka and Arcata was pushed back to around 2021. He said it also came out that there are six (6) interchanges/intersections between Eureka and /Arcata and the only one that showed a greater than normal number of accidents was at the Indianola cutoff which was reported at 135% of normal. He noted that the rest of them were reported at about 25-30% of anticipated accidents. He said the task force will be working on getting some kind of improvement money into the Indianola area to hopefully get some immediate improvements done to that area.

He also said he wanted to commend staff on the City Council packet for this meeting and said it included a lot of good information without a lot of fluff.

ADJOURNMENT

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Motion was made by Johnson/Garnes to adjourn the meeting at 8:56 p.m. to the March 28, 2017 Joint Study Session with the Planning Commission. Motion carried 5-0.

Frank Wilson, Mayor

Attest:

Karen Dunham, City Clerk