

**RIO DELL CITY COUNCIL
STUDY SESSION
SEPTEMBER 2, 2010
MINUTES**

A Special Meeting of the Rio Dell City Council was called to order at 7:00 P.M. by Mayor Pro Tem Marks in the Monument Middle School Multi-Purpose Room, 95 Center St., Rio Dell, CA.

ROLL CALL: Present: Mayor Pro Tem Marks, Councilmembers Dunker and Thompson

Absent: Mayor Woodall and Councilmember Barsanti

Others Present: City Manager Henrickson, Governmental Consultant Stretch, Finance Director Beauchaine and City Clerk Dunham

STUDY SESSION MATTERS

City Manager Henrickson thanked everyone for coming and announced the purpose of the study session was to inform and empower the public on facts about Scotia Annexation vs. formation of a CSD.

City Manager Henrickson began with a power point presentation titled "*Scotia Annexation and Projected Sewer Rates.*"

The presentation included 22 frequently asked questions and answers in regard to projected sewer rates with or without annexation of the town of Scotia. Six sewer rate scenarios were presented which showed the monthly cost per typical household to be approximately 15% less under annexation.

City Manager Henrickson stated that adding Scotia to the City's wastewater improvement project would increase the project construction cost from \$12.8 million to \$17.7 million; however, the additional \$4.9 million is proposed to be paid by the developer, the Town of Scotia, LLC, and not by the Rio Dell rate payers.

City Manager Henrickson also pointed out that under Rate Scenario 2 the community would save about \$254,000 per year under annexation and a combined sewer system; \$323,900 per year under Rate Scenario 6.

Citizens were encouraged to attend and voice support for annexation at the LAFCo public hearing scheduled for September 15th at 9:00 a.m. at such time LAFCo would be making a decision on whether Scotia will be established under a Community Services District (CSD) or annexed to the City.

John Coleman, Monument Rd. resident asked who the LAFCo members were and if they could be lobbied by citizens who worked and would not be able to attend the LAFCo public meeting; City Manager Henrickson stated the names of the Commissioners would be on the City's web site.

Benicia Matos, 175 Davis St. asked if citizens could send letters to LAFCo; those citizens unable to attend the public hearing were encouraged to send letters.

Jim Scroggins, 216 Ogle Ave. said it sounded to him that the City was implying that if citizens didn't attend the LAFCo meeting or write a letter in support of annexation, the CSD would be approved; City Manager Henrickson explained that LAFCo is charged with making a decision based on the best interests of the citizens and in his opinion, the interests of Rio Dell citizens have been shadowed.

John Coleman commented that the voters of Rio Dell elect officials who have the citizens best interests at heart and have faith that they will act accordingly but was curious if the City had actually put together a proposal for LAFCo or were merely sitting in the peripherals waiting to see what is going to happen; City Manager Henrickson explained staff prepared a very comprehensive Municipal Services Review (MSR) that was reviewed by the Planning Commission and adopted by the City Council and presented to LAFCo.

Marlene O'Dell, 132 Wildwood Ave. stated she felt the City of Rio Dell has enough problems without taking on additional problems associated with annexation of Scotia; City Manager Henrickson said with a larger community there is a much better chance of solving those problems.

An unidentified member of the audience asked if LAFCo had done an analysis of the formation of a CSD versus annexation and stated that if there was a larger gap between the two choices it seems the room would be full of citizens.

City Manager Henrickson pointed out that in the fall without annexation and the City is forced to raise sewer rates and citizens come to the Council meeting and protest, they will be reminded that they had the chance to speak out in support of annexation to keep rates down but didn't.

Mike Yordy, Monument Road stated when you figure in the costs of upgrading the roads and water in Scotia, there may not be a savings and that a combined Fire Department may require paid fireman rather than volunteers.

City Manager Henrickson noted that the developer (The Town of Scotia) would be required to invest \$30 million in infrastructure improvements and that we would have a better chance of getting our streets improved by combining communities.

Carol Thouriet, Pacific Ave. stated if we annex Scotia we may save on sewer rates however we would still have the responsibility of fixing the streets and commented that many of the homes in Scotia have faulty wiring, no insulation and aging plumbing.

Jim Stretch stated that the Town of Scotia was in the process of making improvements to the homes with new windows, paint and insulation but agreed that the plumbing or wiring would most likely not be upgraded. He said the selling price of the homes however would reflect that.

Mike Yordy stated the citizens of Rio Dell would be faced with paying for infrastructure improvements of Scotia; City Manager Henrickson stated that \$5 million would be set aside by the Town of Scotia before annexation would be approved.

Sharon Wolfe, 3 Painter St. pointed out that the City of Rio Dell doesn't actually have an annexation application before LAFCo at this time and the action before them will be to make a decision on approval of the CSD application.

Dean Smither, Rio Dell Businessman, pointed out that many Rio Dell citizens shop in Scotia however, Rio Dell receives none of those tax dollars spent and if Scotia is annexed to Rio Dell we would receive that benefit. He said annexation is not just about sewer rates and once the CSD is formed, the developer will leave and the houses will most likely not sell because no one will be able to afford to buy them with the projected assessments that will be imposed.

City Manager Henrickson stated that he believed in the future of Rio Dell but with annexation of Scotia we would have that much better chance for success. He said these communities have been linked together for hundreds of years and it makes sense to officially join together.

Mike Yordy asked why the citizens of Rio Dell will not be given the opportunity to vote on whether we should annex Scotia; City Manager Henrickson said that citizens have the opportunity to have their voices heard at the LAFCo meeting and said if anyone feels strongly about the issue, they should talk to their neighbors and help get the word out.

Carol Thoueirt suggested the City Council write a letter in support of annexation that is available for citizens to sign rather than speaking before LAFCo; it was agreed that such a letter would be available on the front counter at City Hall.

Councilmember Thompson stated that Rio Dell and Scotia have been close communities in the past and without annexation we will see a whole new community in Scotia. He said Rio Dell must develop a base for taxes and annexation would accomplish that goal. He said he also felt that the CSD if developed, would be bankrupt in 5 years. Another thing is that he doesn't like the fact that Scotia's sewer plant is in the flood plain and upstream from Rio Dell's water system. If Palco hadn't filed bankruptcy, he believes annexation would have already happened.

Annexation will create one stronger community and LAFCo needs to say No to the CSD and Yes to annexation and that they want to take a closer look at annexation.

Mike Yordy asked if the vote for annexation was unanimous by the City Council; he was told that it was.

Councilmember Marks urged citizens to review the Municipal Services Review (MSR) on the City's web site as it was a very well written document and answers a lot of questions.

Councilmember Dunker stated a few years ago Palco came to Rio Dell and initiated the idea of annexation. Basically the main reason the communities couldn't come to agreement was either Palco couldn't at that time or did not want to invest in the infrastructure improvements the City was requesting. The purpose of the Town of Scotia is to do enough repairs to sell off the properties. He said the City would benefit with annexation stating that the City has primarily had to rely on grant funding for street improvements which is very limited and everyone is tired of the poor conditions of our streets. By combining the communities we would have a larger tax base and more rate payers in which to spread costs. He said we can either choose to be part of the problem or part of the solution. His prediction was that if the CSD is approved, the Town of Scotia will in five years be looking to the City of Rio Dell for annexation.

Flo Lane, 1249 Riverside Dr. pointed out that the Town of Scotia generates much more sales tax than the City of Rio Dell and with approval of the CSD, the County would continue to get revenue from the sales tax rather than the City.

Jim Stretch noted that transient occupancy taxes (TOT) revenue and vehicle license fees would also stay with the County and with annexation it was estimated the City would receive \$198,000 which would be used to provide services such as law enforcement.

ADJOURNMENT

There being no further questions or comments, the meeting adjourned at 8:10 P.M.

City Manager Henrickson announced staff and council members would remain to answer any further questions.

Melissa Marks, Mayor Pro Tem

Attest:

Karen Dunham, City Clerk