

**RIO DELL CITY COUNCIL
REGULAR MEETING
OCTOBER 17, 2017
MINUTES**

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

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

Others Present: City Manager Knopp, Finance Director Woodcox, Interim
Chief of Police Beauchaine, Community Development
Director Caldwell, City Clerk Dunham, and City
Attorney Gans

Absent: Water/Roadways Superintendent Jensen

CLOSED SESSION

Public Employee Appointment – Title: Chief of Police (Pursuant to §54957 of the Govt' Code)
Mayor Wilson announced there was no reportable action taken in closed session.

PUBLIC PRESENTATIONS

Nick Angeloff provided an update on Chamber of Commerce activities and displayed for public view, seven of the twelve Christmas cutouts. He noted that he will meet with staff next week to identify actual locations for placement of the cutouts. He announced that they received some donations from local businesses including \$300 from Kreationz, \$100 from Humboldt Gables Motel, and \$500 from Aqua Dam in addition to the \$1,500 from the City. He said with the extra donations it may be possible to also place garland across Wildwood Ave.; next will be banners and door lights down Wildwood Ave.

He also commented that he was prepared to submit the \$1,500 check to the City from the grant for the sculptures but had forgotten it so will get it to staff this week.

CONSENT CALENDAR

Councilmember Strahan asked that items (3) and (4) be removed from the consent calendar for separate discussion.

Motion was made by Garnes/Marks to approve the remaining consent calendar items including minutes of the October 3, 2017 regular meeting; authorizing the City Manager to sign an agreement with the County of Humboldt for Measure Z funding; and to receive and file the check register for September 2017. Motion carried 5-0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Resolution No. 1362-2017 Adopting Revised Master Fee Schedule

Councilmember Strahan stated that revisions to the Master Fee Schedule are related to the Track and Trace Program and since the contract for Track and Trace services is also on the agenda for possible approval, she would like consideration of this item delayed until after that discussion. Council concurred.

Receive & File City's Health Insurance Update

Councilmember Strahan asked if the increase in health insurance premiums will require a budget adjustment and if the current insurance plan is an HMO or PPO plan.

Finance Director Woodcox explained that the increase will require an overall budget amendment which will likely come back to the Council as part of the mid-year budget adjustments. She said when the budget was prepared, staff didn't know what the increase would be so projected a 5% increase; the actual increase however will be 9%. Also, when staff budgeted insurance costs for the vacant positions, they were budgeted at the full-family rate which is not necessarily the case so the overall adjustment will reflect that difference as well and may not represent a full 4% budget adjustment.

She also explained that the current health insurance coverage is under a PPO plan and noted that in 2015 the City switched to a new insurance provider and went from an HMO plan to a PPO plan which represented a substantial cost savings to the City.

Councilmember Strahan commented that the reason she asked that question is that she was going to suggest the City go to a PPO plan to save money.

Motion was made by Garnes/Johnson to receive and file the City's health insurance update. Motion carried 5-0.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Discuss and Provide Input on Proposed Council Voting System

City Manager Knopp turned this item over to the City Clerk to provide an update.

City Clerk Dunham provided a brief staff report and explained that this item is returning to the Council for further discussion and consideration as requested at the last meeting. She noted that staff, at the last meeting provided a brief demonstration on the Electrovote System and that a voting system is the next phase of the project in improving the public address system in the council chambers. She said staff did some additional research on voting systems and this particular system is one of the few systems that is not wireless and doesn't require additional hardware or software. Also, there is approximately \$8,500 remaining in the budget for additional improvements and although the \$5,300 expenditure is within the purchasing authority of the City Manager, staff is asking for Council input.

Mayor Pro Tem Johnson questioned the age of the current voting system and its reliability.

City Clerk Dunham explained that the voting display box was installed in the 1980's and that the mixer was replaced approximately three (3) years ago but the rest of the system was at least 20 years old.

Councilmember Garnes supported the purchase since funds are budgeted and especially because the voting system eliminates the possibility of influenced votes which she felt was important.

Mayor Wilson expressed concern that the Electrovote system is an electronic device and that the company may not even be in business when components need to be replaced. He noted that this type of system is not designed to be repaired whereas the current system is a simplistic system that takes only basic electric skills to repair. He said his suggestion would be to research a video system and put the money into that rather than on a voting system and expressed the importance of having video recordings of meetings.

Mayor Wilson called for public comment on the item.

A student addressed the Council and said she agreed with the importance of video recording and noted that the agendas and minutes of meetings were unorganized on the City's web page.

Motion was made by Johnson/Garnes to authorize the City Manager to purchase the Electrovote System as proposed. Motion carried 3-2; Mayor Wilson and Councilmember Strahan dissenting.

Discussion on the Display of the Motto "In God We Trust" in the City Council Chambers

City Manager Knopp provided a staff report and said this item was placed on the October 3, 2017 agenda at the request of Mayor Pro Tem Johnson. At that time, the Council asked that the City Attorney provide a legal opinion regarding the display of the motto and on the validity of the Resolution that was adopted by the Council in 2009 supporting the display.

He noted that the City Attorney provided a memo as requested and in his opinion, the motto "In God We Trust" can be displayed in the Council Chambers. Also, in his opinion, Resolution No. 1064-2009 directing the motto to become permanently displayed above the City seal in the City Council Chambers is still valid. He did note that if the resolution is challenged, the Council could simply readopt the resolution.

City Manager Knopp said topics of discussion by the Council may be with regard to how and where the motto is displayed, who designs and installs it and how it's financed. If the Council is unable to come to an agreement, another consideration is to create an ad hoc committee to come up with a plan and recommendation to the Council.

Mayor Pro Tem Johnson noted that he has several scrap redwood slabs and that he had talked with Councilmember Marks and he indicated that he would like to work on a design and router out the inscription and bring it back to the Council for consideration.

Councilmember Garnes again expressed her concern about the separation between church and state because while the display is good for a majority of citizens it isn't necessarily good for all citizens pointing out that the City Council's responsibility is to represent all citizens rather than just the majority.

City Attorney Gans said as summarized in his report, under current law it is not deemed as a violation of Federal Constitution and there is no California state case that directly addresses the issue in the context of the California Constitution. He said again, the case law cites that it would be permissible to display the motto.

Mayor Wilson called for public comment.

Bryan Richter offered his assistance in hanging the display.

Mayor Wilson asked for clarification that the existing resolution is valid.

City Manager Knopp clarified that it is still valid and noted that the item can be placed back on the agenda once the display is ready to be presented to Council.

Approve Contract with SICPA for Track and Trace Services and Authorize City Manager to Sign the Contract

City Manager Knopp provided a brief staff report and said there are two fundamental questions attached with this contract. The first is whether the City wants to have a Track and Trace vendor in addition to what the State is pursuing; and whether they want to adopt the regional model.

He reviewed some of the advantages of contracting with SICPA and noted that as the City pursues development projects at the Humboldt Rio Dell Business Park, it is in compliance with federal guidance regarding marijuana activities, brand protection, and regional coordination with the County of Humboldt, Eureka, County of Mendocino and Yolo County participating. He noted that another advantage is transparency as it will help provide city staff with more tools in terms of enforcement.

He explained the contract comes at no cost to the city other than as a pass-through to the permit holder. SICPA will charge fees for training, ongoing monthly maintenance per permit; the City will then charge the permit holder. Also, with adoption of the fee Resolution will be an additional fee on top of the actual cost of the unique identifier tags to help cover the city's costs.

City Manager Knopp introduced Alex Bowman, Vice President of Business Development for SICPA who was present to answer questions about the program.

Councilmember Strahan commented that she called SICPA and spoke with Brian and learned that the pilot program ended February 2017 however; the program was extended until the end of the year.

Alex Bowman clarified that SICPA did an initial trial program with the County that started in August 2016 and ran through February 2017 with a limited number of participants. He said the County has decided to expand that to all permits issued from this point forward noting that they did their first round of training this week.

Councilmember Strahan asked for clarification that the State will essentially have its own track and trace program.

Alex explained that the State selected a vendor (Franwell) that also provides services to Colorado and Oregon which is expected to roll out and become effective January 2018 to coincide with the State's issuance of both permits and temporary licenses. He noted that the concept of that system will be for state use and not necessarily support any local variations nor is it designed to provide proof of origin components as authorized in the SB 94 trailer bill.

Councilmember Strahan asked if the vendors will have their own stamp with a different stamp placed on the product when it goes to a different site.

Alex stated that the concept they are proposing, in working with the City Manager is for Rio Dell to leverage the same platform as the County of Humboldt, like the City of Eureka is leveraging and provide a single uniform technology construct for both the unincorporated areas and cities. He said what they anticipate is that the system will integrate with any third party systems the industry may choose to use whether it's a cultivator using a cultivation management application or a distributor using a warehouse or inventory function, or a dispensary with a point of sale system, SICPA provides electronic integration capabilities so those systems can communicate with the system used by the city for regulatory administrative purposes.

Alex explained that there is only one stamp which they will distribute to the city and the city will then issue to the permit holders. He said that stamp (identifier) is used to go on any product that is created within the supply chain so it can track the product from "seed to sale." He said the unique identifier stamp is wrapped around the base of a plant or might get applied to a quarter ounce of flower, or a sleeve of infused cookies, etc. It is a single design stamp that has a set of currency grade counterfeit features so when the stamp is placed on a product; you know it is an original stamp and not a fake or duplicate stamp. He said the stamp then links back into the technology they maintain so all of the events in moving a product get recorded in the database which is available to law enforcement and the regulatory authorities.

Alex further explained that there are a set of reconciliation pieces that run within the program to identify potential non-compliant events and eliminate mixing any black-market activities with legitimate activities.

Councilmember Strahan asked if the stamp (unique identifier) will be specific to Humboldt County.

Alex noted that counties are allowed to designate themselves as places of origin and protect against permit holders from using the Humboldt brand as well as providing consumers with information on the point of origin.

Mayor Wilson called for public comment on the proposed contract.

Nick Angeloff had a question regarding documentation and the possibility of Humboldt County establishing a higher quality rating of products produced locally. He asked if a permit holder could identify their product as "Humboldt Organics" for example and get a higher level of quality including a brand or even a trade mark and Good Housekeeping seal.

Alex explained the idea of their platform is that it presents the ability for a permit holder to present their products in a way that is consistent with the product and as such they can't use the term "organic" or use trademarks. He commented that the State of California has designated in state law and verified the need to have appellations which the Department of Food and Agriculture is charged with, by 2021 to promulgate rules for establishing appellations. For now, it's just the "proof of origin" that protects the Humboldt brand. He added that the UR code can be scanned through an application that can be downloaded to get product profile information including the creation, potency etc. of the product.

Also, the County will be having conversations with the industry regarding rating guidelines to differentiate one product from another with regard to quality.

Mayor Wilson asked for confirmation that the contract will only be in effect until the end of 2018.

City Manager Knopp noted that the effective date for termination of the contract is December 31, 2018 which will allow the City time to see how the state system is working and how SICPA plays into that system and reassess it at that time.

Mayor Wilson referred to the staff report indicating that staff anticipates only one cannabis permittee to be in position for startup in 2018 at the Humboldt Rio Dell Business Park.

City Manager Knopp confirmed that currently there is only the one permittee expected to be doing business in 2018 so the City is not anticipating having a heavy use of Track and Trace services the first year. He said as the council is aware, staff is still trying to work out details to

get some of the facilities constructed but as the business park develops, use of the Track and Trace system will increase. He added that the ramp-up associated with this program will be manageable for staff.

Mayor Wilson asked for confirmation that the program will be cost neutral for the City.

City Manager Knopp commented that the Track and Trace program will actually open up a small new revenue source for the city through the mark-up of the unique identifier stamp to help cover the cost of administering and overseeing the program.

Motion was made by Johnson/Garnes to approve the contract with SICPA for Trace and Trace services from November 1, 2017 to December 31, 2018, authorize the City Manager to sign the contract, and authorize the City Attorney to make any non-substantive changes to the contract as he deems necessary in coordination with the City Manager and report back to the Council of any non-substantive change for ratification. Motion carried 5-0.

Resolution No. 1362-2017 Adopting Revised Master Fee Schedule

City Manager Knopp provided a brief staff report and explained the proposed resolution will amend the Master Fee Schedule to establish Track and Trace fees; incorporate the recently adopted Billable Burden rates; and include a reference regarding annual water and sewer rate increases to ask that citizens contact the city to get the current rates in effect.

Mayor Wilson called for public comment on the proposed resolution; no public comment was received.

Motion was made by Johnson/Garnes to approve *Resolution No. 1362-2017 Amending the Master Fee Schedule*. 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 reported that the Pavement Management Update (2016-17) Final Report was distributed to Councilmembers; reported on the emergency repairs made to the Painter Street lift station due to pump failure; reported on SB 231 that Governor Brown recently signed into law that allows for storm drain charges to be adopted by the majority protest procedure; basically treated the same as water and sewer rates under Prop 218; and reported that the Governor also vetoed SB 649, the bill that would have taken away local control over cell towers.

Mayor Wilson asked for an update on the City's new website and said there is outdated information on the old website and expressed the need to keep it updated as long as it is available to the public.

City Manager Knopp noted that construction of the new city website is still in progress and

simply stated that he wished that staff had more time to devote to it.

Finance Director Woodcox reported that it was business as usual in the finance department with nothing new to report.

Interim Chief of Police Beauchaine reported on recent activities and events in the police department and said since the last council meeting they made 30 incident reports, 15 arrests and approximately 100 calls for service. He also reported that Officer Walstrom was involved in two vehicle pursuits; one involving a stolen vehicle and the other with a 15 yr. old suspect brandishing a weapon.

Community Development Director Caldwell reported on recent activities in the community development department and said the next regular meeting of the planning commission is scheduled for October 24th and the Commission will be considering the Design Review for a residential 4-Plex on the corner of First and Berkeley; minor amendment to the Cannabis Regulations; and amendment to the Sign Regulations.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson reported on his attendance at the last HCAOG meeting and said they presented the public review draft of the 2017 update of the 20-Year Regional Transportation Plan (VROOM...Variety in Rural Options of Mobility). He said the document should help the city establish a roadmap on how to maintain and rehabilitate the streets and what the long-term commitment will be for the city. He encouraged the councilmembers to read the document and said although it not a perfect document it is a well-considered document.

He also announced that he will be in San Diego next week attending the Annual Statewide Local Agency Formation Commission (LAFCO) meeting. He also announced that he will not be attendance at the November 7th council meeting as he will be in Colorado hunting.

Mayor Wilson reported on his attendance at the Redwood Coast Energy Authority (RCEA) meeting and said they are moving forward with the Community Choice Energy (CCE) Program. He said there was also a presentation on off-shore wind energy and said there is a company based out of France working with local fishermen and that there is real potential for off-shore wind power here in the future. He commented on the success of wind energy in other sea ports bringing increased business to the local communities.


He also reported on his attendance at Humboldt Waste Management Authority (HWMA) and said that something interesting that was brought to his attention had to do with recyclables that we sell. He said that they are losing their value because a large portion of them went to China and the items they had no use for they simply burned as they weren't concerned about pollution. Recently that has changed and they no longer will take everything so some of the

recyclables now go to the landfill. He noted that this could have an effect on the State's goal for 75% waste reduction going to landfills by 2020.

Mayor Wilson said the other subject brought up was the concept of a regional recycling program and the City will need to decide whether they want to participate or not. He said unfortunately, garbage will be a topic of discussion for the council in the near future.

ADJOURNMENT

Motion was made by Johnson/Garnes to adjourn the meeting at 7:28 p.m. to the November 7, 2017 regular meeting. Motion carried 5-0.


Frank Wilson, Mayor

Attest:


Karen Dunham, City Clerk

The Pavement Management Update (2016-17) Final Report has been distributed to Councilmembers in paper format. The report assists decision makers to assess the adequacy of ideal and projected revenues to meet the maintenance needs recommended for the City. A previous DRAFT version was distributed electronically on October 4th.

Painter Street Lift Station – An emergency repair was made to the painter street lift station as a result of one dead pump and one impaired pump at the station. These are the only two pumps that help prevent overflow situations. The station has original infrastructure installed during construction of the bypass and needed to be replaced prior to the rains this year. An adjustment will be coming to the Council on the November 7th Agenda.

Governor Brown signed Senate Bill number 231 (SB 231) into law on October 6, 2017. This new law explicitly allows for storm drain charges to be adopted by the majority protest procedure. Storm drain rates and charges are now to be treated in the same manner as water, sewer, and solid waste under Proposition 218 (California Constitution Article XIII D). This is important because it provides local governments a funding source to support storm water conveyance, collection, and even treatment, through a rate study for storm water services. This potentially provides the City with future financial options to deal with long-standing deferred maintenance and outright failed drainage systems throughout the City, but only after it works its way through the court system.

SB 649 the Cell Tower bill that would have taken away local control over cellular towers was vetoed by the Governor. No word yet on whether the veto will be overridden.