



AGENDA
RIO DELL CITY COUNCIL
SPECIAL MEETING
TUESDAY, JUNE 10, 2014 – 6:30 P.M.
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE

***WELCOME . . .** By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

- A. CALL TO ORDER
- B. ROLL CALL
- C. PLEDGE OF ALLEGIANCE
- D. PUBLIC COMMENTS

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not intended. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3rds of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

Members of the Public are encouraged to attend and shall have an opportunity to directly address the City Council concerning any item described in this special meeting agenda before or during consideration of that item.

- E. CONSENT CALENDAR

2014/0610.01 - Authorize the City Manager to sign State of California State Lands Commission Amendment of Lease No. PRC 9081.9
(ACTION)

- F. SPECIAL MEETING MATTERS

2014/0610.02 - **STUDY SESSION** – Review of Draft FY 2014-2014 Budget

2014/0610.03 - Provide Staff Direction on Preparation of Local Revenue Measure
for the November 4, 2014 Ballot **(ACTION)**

G. ADJOURNMENT



In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting.

POSTED: June 6, 2014

*The next regular City Council meeting is scheduled for
Tuesday, June 17, 2014 at 6:30 p.m.*

CALIFORNIA STATE LANDS COMMISSION
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202



JENNIFER LUCCHESI, Executive Officer
(916) 574-1800 FAX (916) 574-1810
*California Relay Service From TDD Phone 1-800-735-2922
from Voice Phone 1-800-735-2929*

Contact Phone: (916) 574-0909
Contact FAX: (916) 574-1835

June 2, 2014

File Ref: PRC 9081.1

Jim Stretch, City Manager
Joanne Farley, Accountant
City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA 95562

Subject: As-built construction submittals for General Lease – Public Agency Use for a 14-Inch Diameter Effluent Pipeline beneath the bed of the Eel River, Humboldt County

Jim Stretch, City Manager:

The enclosed document, in duplicate, states the terms and conditions of the amended General Lease – Right-of-Way Use for the addition of the above-referenced improvements.

The application has been scheduled for consideration for approval by the State Lands Commission at the June 19, 2014 meeting. *If you find these documents to be in order, please execute all copies of the lease amendment before a notary public and return them to my attention at the above-stated address prior to June 19, 2014.*

Thank you for your attention in this matter. If you have any questions, please contact me at (916) 574-0909 or by e-mail at jonathan.sampson@slc.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jonathan Sampson', is written over a faint, larger version of the signature.

Jonathan Sampson
Public Land Management Specialist

Enclosure

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
State Lands Commission
Attn: Title Unit
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
pursuant to Government Code Section 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Appurtenant A.P.N. 205-111-039

County: Humboldt County

STATE OF CALIFORNIA
STATE LANDS COMMISSION

AMENDMENT OF LEASE NO. PRC 9081.9

WHEREAS, the State of California, acting through the State Lands Commission, hereinafter called Lessor, and **CITY OF RIO DELL**, hereinafter called the Lessee, have heretofore entered into an agreement designated as Lease No. PRC 9081.9 (Lease), authorized by the State Lands Commission on September 20, 2013 and executed by the State Lands Commission December 24, 2013, whereby Lessor granted to Lessee a General Lease – Public Agency Use covering certain State lands situated in Humboldt County; and

WHEREAS, Section 3, Paragraph 15(e) provides that the Lease may be terminated and its terms, covenants and conditions amended, revised or supplemented only by mutual written agreement of the Lessor and the Lessee (hereinafter referred to as the Parties); and

WHEREAS, Lessee requested that the Lease be amended to include a new Exhibit A, Land Description, and Exhibit B, Site and Location Map; and

WHEREAS, by reason of the foregoing, it is now the desire of the Parties to amend the Lease.

NOW THEREFORE, the Parties hereto agree as follows:

Replace EXHIBIT A, LAND DESCRIPTION and EXHIBIT B, SITE AND LOCATION MAP, and with the revised EXHIBIT A, LAND DESCRIPTION and EXHIBIT B, SITE AND LOCATION MAP, attached and by reference made a part of this Amendment.

The effective date of this Amendment to the Lease shall be June 19, 2014.

This Amendment is a portion of Lease No. PRC 9081.9, with a beginning date of August 23, 2013, consisting of four (4) sections with a total of (twenty) pages.

EXHIBIT A

PRC 9081.9

LAND DESCRIPTION

A 50 foot wide strip of State owned submerged land lying in the bed of the Eel River, adjacent to Lots 2 and 6 of fractional Section 36, Township 2 North, Range 1 West, HBM, as shown on official government township plat approved April 20, 1857, County of Humboldt, State of California, the centerline of which is described as follows:

BEGINNING at a point having CCS83, Zone 1, (2010.00) coordinates of North (Y) = 2,075,576.97 feet and East (X) = 5,972,388.97 feet, said point lying distant N 68°43'09" W 3483.09 feet from NGS Monument 101 HUM 53.32 (PID DH6338) having CCS83, Zone 1, (2010.00) coordinates of North (Y) = 2,074,312.82 feet and East (X) = 5,975,634.56 feet; thence N 68°07'57" W 590.48 feet to the beginning of a curve to the right having a radius of 1400.00 feet; thence along said curve through a central angle of 27°53'36" an arc distance of 681.57 feet; thence N 40°11'12" W 723.81 feet to the terminus of said strip.

EXCEPTING THEREFROM any portion lying landward of the Low Water Mark of the left and right banks of the Eel River.

The BASIS OF BEARINGS for this description is CCS83, Zone 1 (2010.00). All distances are grid distances.

END OF DESCRIPTION

Revised 04/08/2014 by the California State Lands Commission Boundary Unit.



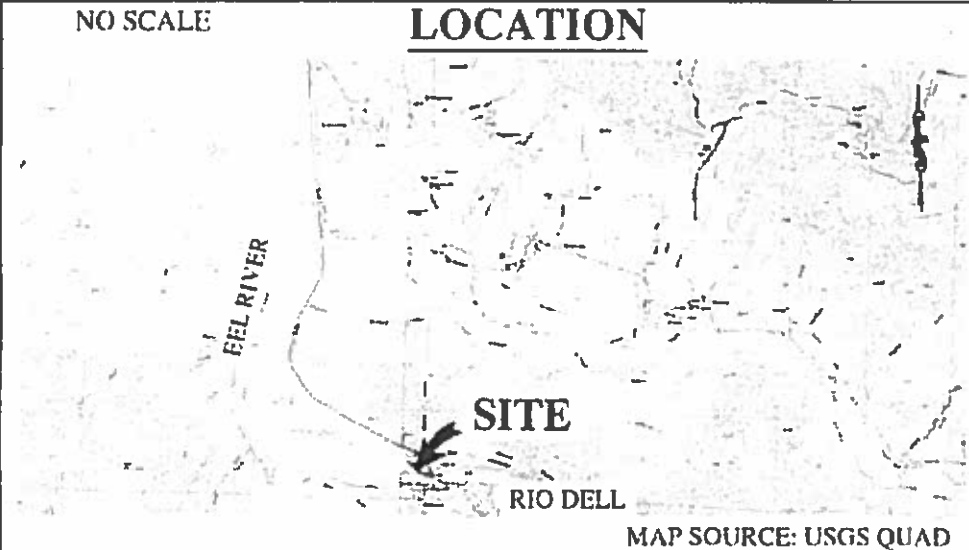
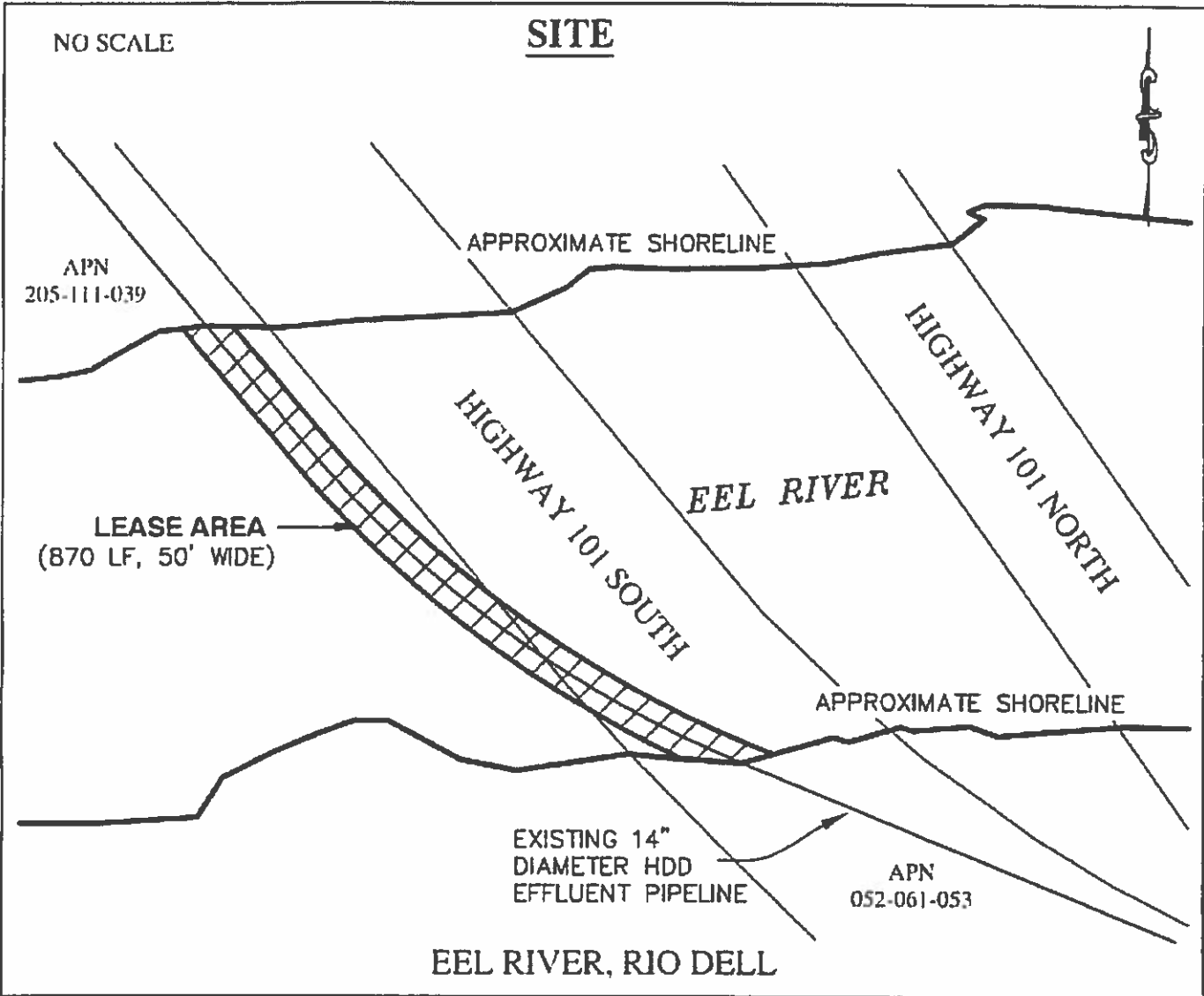


Exhibit B
 PRC 9081.9
 CITY OF RIO DELL
 APN 205-111-039 & 052-061-053
 GENERAL LEASE -
 RIGHT - OF - WAY USE
 HUMBOLDT COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

*Rio Dell City hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



June 10, 2014

TO: Rio Dell City Council
FROM: Jim Stretch, City Manager
SUBJECT: Providing Direction on Local Revenue Measure

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Provide staff direction on preparation of a local revenue measure for the November 4, 2014 ballot.

BACKGROUND AND DISCUSSION

The 2014-15 Recommended Budget for the City of Rio Dell is nearing completion and, as of the date of this writing, the General Fund cannot be balanced without affecting public services, unless its Reserve is used to fund expenditures. The imbalance between revenue and expenditures is estimated to be in the \$97,200 range (14%), assuming that there is no on-going subsidy of the Building Fund.

The recommended budget contains no frills and is fiscally tight. There is no cost-of-living adjustment for City employees, even though a recent total compensation study of comparable cities in the area indicates that Rio Dell is lagging behind them on average of 16.25%. The issue is not an expenditure problem as much as it is a revenue problem. And unfortunately, though the General Fund Reserve stands at \$1.1 million, a long term funding issue is apparent and needs to be addressed at the earliest opportunity.

The challenge is not just \$97,200 this fiscal year, but involves the larger issue of municipal services to the community. As you are aware, there were staff lay-offs and reductions in the public works department (2.0) and police department (4.0) over 2 fiscal years, beginning in 2010-11. These positions have not been added back, but some should be at a minimum.

A field crew of 4 Utility Workers simply cannot keep up with the maintenance of city streets, drainage courses and roadside vegetation, all of the buildings and grounds, our newest enhancement project that stretches the length of Wildwood Avenue and 20 miles of old fragile water and sewer piping and valves.

Likewise, the Police Department needs 6 sworn officers to provide the City with 24/7 coverage. Three Officers and 1.0 Records Clerk were laid-off in 2010-11; we now have the Chief of Police and 4 sworn Officers. There is no back-up when there is a court appearance, sickness, injury or

vacation. Off-duty Officers are subject to call out nights and weekends. Morale and officer safety are issues.

We may recall that special bond measures for street improvements were offered to voters twice and came as close of 25 votes to meeting the 2/3rd requirement, but failed. As a consequence, the Streets Fund will spend down its Reserve in the next 2 years and then the City may be looking to the revert many of our worst streets back to dirt or gravel. We had a choice.

The City of Rio Dell is basically at community service cross-roads, with one road leading to autonomy and self-governance and the other road leading in the opposite direction. Being independent takes a vision and the means to succeed. In this case, a revenue measure passed by the City voters is the most direct and appropriate path to fund the services most valued by the community. If we do nothing, we will lose further ground and maybe the ability to make our own decisions. We have a choice.

THE COST OF ADDING BACK

The net annual cost to the General Fund for adding back 1.0 Public Works Lead Worker (\$7,900) and 1.0 Police Officer (\$90,300) is \$98,200. The balance of the cost of the PW Lead Worker position is \$27,900 and would be charged to the 3 utility funds. Add to this cost the amount that we are in the hole for 2014-15 and the total is \$172,500.

LOCAL REVENUE MEASURE OPTIONS

There are 3 basic local revenue measures used by cities and many are already in place in Humboldt County. The Cities of Blue Lake, Eureka and Fortuna will have revenue measures on the November 4, 2014 ballot, which may include:

1. Utility user tax
2. Local sales tax
3. High energy user tax

UTILITY USER TAX

A utility user tax (UUT) can be imposed by a city on a utility such as gas and electric, cable TV, water and telephone. In this area, the City of Blue Lake will be placing a 4% UUT tax the on ballot for PG&E's gas and electricity service. The tax is relatively easy for PG&E to administer, so there is no charge for the collection and disbursement of the tax to the city.

PG&E ran a 4% UUT estimate for the City of Rio Dell for 2013 year and calculated that it would generate approximately \$127,200 annually. The UUT would have to be increased to 6.5% if it was only applied to PG&E. Adding in other utilities such as Suddenlink Cable, Eel River Disposal and City water and sewer, an additional \$87,700 would be generated with the 4% UUT, for a grand total of \$214,900 annually.

Pros—easy to implement with no administrative cost.

Cons—only City residents pay and the appearance might be that the City UUT is pervasive.

LOCAL SALES TAX

A city may impose a local sales tax on the total retail price of any tangible property. The Cities of Eureka and Arcata have had a local sales tax of 8.25% for several years and Eureka will have a measure to extend that tax for another 5 years on the 11-4-14 ballot. The City of Fortuna is giving final consideration to asking their residents to approve a local sales tax of 1% on the November 4th ballot.

The State Board of Equalization (BOE) administers such taxes and charges cities and counties for their services.

SBE's estimate of a 1% local sales tax for Rio Dell is based on 2013 retail sales in the City, and would generate approximately \$163,000 net. Add in the Dollar General and the number increases to the \$173,000 range.

Pros—non-City residents may pay a significant portion of the sales tax at the Dollar General, Kreation's Auto Body, Grundman's Sporting Goods, Shell station merchandise, Subway/Pizza/Grocery stores at Greyhound bus stop and any new commercial establishments at the intersection of Davis Street and US 101 in the next 5 years.

Cons—

- lag time to April 1, 2015 to implement
- BOE administrative fee
- estimated revenue is only \$173,000, but could grow

HIGH ENERGY USE TAX

The City of Arcata model for the high energy use tax identifies residential users that exceed 600% of baseline and then places a 45% tax on the excessive amount. The program is administered by PG&E and their charge to create the needed software will either be \$310,000 or \$485,000. Based on Arcata's experience, it would likely take 5 years for the City to recoup the lesser amount and 8 years for \$485,000. On May 20, 2014 the City Council decided to defer consideration of this tax program until the spring of 2015 in order to learn more from the experience of others.

GENERAL OR SPECIFIC USE OF TAX

Once the type of tax is selected, the next decision is whether to create a ballot measure that would be for the benefit of City services generally or a restricted revenue measure identified for a specific program, such as the Police Department. A general tax measure requires voter approval of only 50% plus 1, and the use of the tax for a specific program is 66 2/3% voter approval.

Staff is inclined to recommend to the Council a tax in support of city services generally, due to the lower voter approval threshold and greater flexibility in allocating the monies for programs that the residents prefer, such as streets, recreation and police services.

RECAP OF QUESTIONS?

1. UTILITY USER TAX OR LOCAL SALES TAX
2. TAX RATE TO BE APPLIED TO ONE OR MORE REVENUE MECHANISMS
3. SPECIFIC TAX OR GENERAL TAX

UNSCIENTIFIC LIMITED POLL LEANS TOWARD A GENERAL
SALES TAX OF 1% FOR THE NOVEMBER 4, 2014 BALLOT