

**RIO DELL CITY COUNCIL
REGULAR MEETING
FEBRUARY 1, 2011
MINUTES**

The Regular Meeting of the Rio Dell City Council was called to order at 6:30 p.m. by Mayor Pro Tem Marks.

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

Absent: Mayor Woodall

Others Present: City Manager Henrickson, Chief of Police Hill, Finance Director Beauchaine, Acting Public Works Director Jensen, Wastewater Superintendent Chicora and City Clerk Dunham

CONSENT CALENDAR

Mayor Pro Tem Marks announced the items to be approved on the consent calendar and asked the staff, the public and the Council members if there was anyone who wished to have any item removed from the consent calendar for separate discussion.

Councilmember Barsanti asked that Item 2 be removed from the consent calendar for separate discussion under *Special Call Items*.

Motion was made by Thompson/Barsanti to approve the consent calendar including approval of minutes of the January 18, 2011 regular meeting;

Motion carried 4-0.

SPECIAL PRESENTATIONS

Public Hearing – Wastewater Rate Adjustments

Finance Director Beauchaine provided a power point presentation on the proposed wastewater rate adjustments and began by stating that a wastewater rate increase is essential to cover State mandated regulatory requirements as identified in a Cease and Desist Order issued in 2003 and again in 2005 by the North Coast Regional Water Quality Control Board mandating the City change its method of treated wastewater disposal. She said the City also received an Administrative Civil Liability Complaint in 2007 for not meeting wastewater performance treatment standards and said failure to address these issues within the mandated timeframe will result in fines and potential conservatorship of the wastewater operation.

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In working toward compliance the City explored various options and chose to proceed with a long-term improvement project and to minimize the hardship on customers broke the Wastewater System Improvements into two projects.

Phase I of the project was completed in 2010 with acquisition of a \$2.25 million grant and included new equipment and components at the current wastewater treatment plant including replacement of the headworks, new biosolids dewatering equipment (sludge press) and a covered biosolids storage building, and installation and operation of a skid-mounted sodium dioxide generator with a 500-gallon brine tank and a 2,500-gallon sodium hypochlorite tank to replace the existing gaseous chlorine disinfection system.

Finance Director Beauchaine further stated that the City is aggressively pursuing permanent financing and anticipates securing an additional \$6 million grant and an estimated \$6.5 million loan to finance the remainder of the project costs. In order to secure the funding package, the City must demonstrate the ability to fund the debt service costs through a Prop 218 compliant wastewater rate increase.

Two different rate increase options were presented for consideration: Option 1: \$8.23 per EDU per month for a total of \$68.36; and Option 2: \$9.57 per EDU per month for a total of \$69.70.

Finance Director Beauchaine explained the difference between the two options is that Option 1 would include a 1.5% construction contingency and Option 2 a 2% construction contingency.

Although not being considered at this time, Beauchaine said to fully fund a Capital Improvement Program and allow for depreciation, a rate increase of \$15.21 per EDU per month would be needed.

Finance Director Beauchaine stated this would be the first public hearing on the proposed rate increase, followed by wastewater facility tours scheduled for February 4th and 5th, with a second public hearing on February 22, 2011. The proposed effective date for the rate increase would be March 1, 2011. Next was review of the process for protesting the proposed rate increase.

Councilmember Marks asked if staff anticipated the need to come back to the Council with further rate increase proposals in the near future; City Manager Henrickson stated aside from the annual 3% increase to address inflation, staff did not foresee any additional increases in the near future.

City Manager Henrickson pointed out that in the event that the construction contingency is not needed, the cost savings could possibly be used to offset the 3% annual increase.

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Councilmember Barsanti questioned the total project cost estimate; Beauchaine stated the estimate from Winzler & Kelly was at \$12.8 million. City Manager Henrickson said HDR Engineering would also be submitting an estimate so that number could change.

Councilmember Barsanti then asked if the proposed increase was based on the City securing no grant funding; Beauchaine said the increase was based on obtaining \$6 million in grant funding and the financing of the remaining \$6.8 million.

Councilmember Leonard asked what the timeframe was for completion of the project; City Manager Henrickson stated the project completion was scheduled for the end of 2012.

Councilmember Barsanti asked if the proposed sewer rates were consumption based; Beauchaine stated that in order to secure a funding package the consumption base method had to be postponed. She explained that each residential unit is equal to one EDU; non-residential uses are based on winter consumption.

The public hearing was opened at 6:57 p.m. to receive public input on the proposed rate increase.

Al Petrovich asked who would be funding the grant and if there was any federal influence; Beauchaine stated the grant was funded by State Water Resources Control Board through the Small Community Wastewater Grant Program; she said she didn't believe there was any federal influence.

There being no further public comment, the public hearing closed at 6:58 p.m.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Approve Water Claim Adjustment for Chris Dazzi at 130 Webster St. in the Amount of \$245.25
Councilmember Barsanti asked if the newly adopted water claim adjustment policy should apply to this claim; City Manager Henrickson stated that since the claim was submitted prior to adoption of the new policy the old policy applied.

City Clerk Dunham explained the claim was presented to the Council in January but action was postponed pending verification that the leak was repaired. She said the two subsequent meter readings showed normal consumption which indicated the leak was repaired successfully.

Motion was made by Leonard/Barsanti to approve the water claim adjustment for Chris Dazzi at 130 Webster St. in the amount of \$245.25. Motion carried 4-0.

CDBG Loan Portfolio Report

Finance Director Beauchaine stated the City has been managing the CDBG Program for around 20 years and contracts with Redwood Community Action Agency (RCAA) to monitor the program and perform a loan portfolio review which includes a review of the status of client

property taxes, insurance, residency, and housing condition as required by the mortgage agreement between the lender (City) and the client.

She reported out of 34 residences reviewed, 6 properties with loans totaling \$156,520 are currently out of compliance with the terms of their mortgage agreement; 3 of the properties have property taxes in default, 4 have no insurance on file, and 2 appear to be out of compliance with residency requirements. She said staff would follow-up and attempt to contact the property owners to address the compliance issues and any outstanding issues will be referred to the city attorney for further action.

Councilmember Marks asked if there were any CDBG loan funds available at this time; Beauchaine stated that there are no funds available for loans now but the City would pursue additional grant funding through the next funding cycle when funds become available.

Sharon Wolfe asked if there was a general idea of how much the City has received in the way of CDBG grant funding over the past 20 years; Beauchaine estimated a total of \$2.5 million over the past decade or so.

Approve Sale of 1994 Ford Crown Victoria to Southern Humboldt Unified School District in the Amount of \$765.00

Chief of Police Hill reported the police department recently de-commissioned a 1994 Ford Crown Victoria from service and had the emergency equipment removed in preparation of disposing of the vehicle as surplus property. He said during this process he was contacted by the Southern Humboldt Unified School District who was looking for a vehicle with a prisoner cage installed. With concurrence of the City Manager his recommendation was to sell the vehicle at the low Blue Book price of \$765.00. The school's district mechanic came and looked at the vehicle and approved of the vehicle and the price.

Motion was made by Leonard/Thompson to approve the sale of the 1994 Ford Crown Victoria (VIN 2FALP71WDRX147640) to the Southern Humboldt Unified School District in the amount of \$765.00. Motion carried 4-0.

Draft Labor Agreements with Rio Dell Employees' Association, Rio Dell Police Officers Association, and Contract Employees

City Manager Henrickson stated that based on direction of the City Council on January 18, 2011, he initiated labor negotiations with the various bargaining groups which have now been completed. His recommendation was to receive and file the agreements, place on the City's web site for public review and bring them back to the Council on the February 15, 2011 agenda for consideration.

Councilmember Marks pointed out that with the salary increases, elimination of 6 positions and the addition of 2 new positions, the budget still reflects an overall 11% reduction in salaries and benefits.

Councilmember Marks asked the City Manager if he felt the reorganization and reorientation of City Government as recommended was sustainable; City Manager Henrickson stated although it was hard to speculate in light of the State budget, he felt very confident the upcoming City budget would not require the use of reserves.

A public hearing was opened at 7:10 p.m. to receive public input on the proposed labor agreements. There being no public comment, the public hearing closed.

PUBLIC PRESENTATIONS

None

REPORTS/STAFF COMMUNICATIONS

City Manager Henrickson presented to the Council a *Project Task List* consisting of 15 items which he read aloud. He noted there were actually 2 additional items: 1) De-annexation of Blue Slide Road/Natural Resources Lands if Council so directs; and 2) Prop 84 Statewide Park Program Opportunity.

He said if the Council was interested in discussing Prop 84 further he would suggest a Study Session be scheduled to explore the possibilities. Consensus of the Council was to hold a study session on February 15, 2011 at 5:30 p.m.

City Manager Henrickson then asked for Council direction on the issue of de-annexation. Consensus of the Council was that the City Manager prepare a report and bring it back to the Council on a subsequent agenda.

Finance Director Beauchaine asked for Council direction regarding the proposed wastewater rate increase and a consensus on the preferred rate increase option. After brief discussion, the consensus was that both options be brought back for consideration at the February 22, 2011 public hearing.

Chief of Police Hill reported on recent activities in the police department stating in the event that anyone received any complaints regarding the Edwards Dr. gate being locked when it shouldn't have been, the problem has been resolved. He said he also wanted to thank public works staff for their help in retrieving an unusual piece of evidence for the police department.

Acting Public Works Director Jensen reported on recent activities in the public works department and announced tours of the wastewater facility were scheduled for February 4th at 2:00 p.m. and February 5th at 10:00 a.m.

COUNCIL REPORTS/COMMUNICATIONS

Councilmember Leonard announced that Mark Lovelace was appointed as Chair on Redwood Region Economic Development Commission (RREDC) and Jay Parrish as Chair on Humboldt County Association of Governments (HCAOG).

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 7:34 p.m. to the February 15, 2011 regular meeting.

Attest:

Melissa Marks, Mayor Pro Tem

Karen Dunham, City Clerk