

**RIO DELL CITY COUNCIL
REGULAR MEETING MINUTES
MAY 21, 2024**

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

ROLL CALL: Present: Mayor Garnes, Mayor Pro Tem Carter, Councilmembers Wilson, and Woodall

Absent: Councilmember Orr (excused)

Others Present: City Manager Knopp, Finance Director Sanborn, Water/Roadways Superintendent Jensen, Wastewater Superintendent Kelly, and City Clerk Dunham. Interim Police Chief Conner and Senior Fiscal Assistant Maciel were present for the Regular Meeting

Absent: Community Development Director Caldwell and Chief of Police Allen (excused)

STUDY SESSION – 5:00 P.M.

Discuss Fiscal Year 2024-2025 City Budget

Finance Director Sanborn provided a presentation on the Draft Recommended Operating and Capital Budget for FY 2024-25 including a summary of Capital and Special Projects, the draft Position Allocation Table, the draft Organizational Chart and a financial update on the 2022 Earthquake Disaster.

He began with an overview of the *FY 2024-25 Recommended Operating and Capital Budget – Budget Summary by Department and by Fund* which he explained breaks down the totality of the budget for the upcoming fiscal year.

He explained that the City has taken the stance to meet a 30% reserve target. The Sewer Operations Fund balance has historically been below the 30% but is on its way back up as a result of the Water/Wastewater Rate Study which accounted for some of the deficits. As the rates continue to rise at about 8.5% per year, that deficit amount will get closer to the positive side.

He reviewed each of the fund types and explained the purpose of each fund beginning with the General Fund Motor Pool which was developed in recent years to set aside money for general fund funded vehicles such as police vehicles and the admin car. He said that staff doesn't anticipate any vehicle purchases this year so this fund balance will end up at nearly \$150,000 which sets the City up very well for future vehicle purchases.

MAY 21, 2024 MINUTES
Page 2

Finance Director Sanborn explained that the Building Fund has historically operated at a deficit requiring a transfer of funds from the General Fund since expenditures exceed revenues.

He explained that the CDBG-RLF Fund is monies from the CDBG Program Income (PI) which is currently being put to use by the County to execute those funds for rental rehab and owner-occupied red-tagged homes as a result of the earthquake. He noted that there are a couple of people who have qualified for those loans and a few others that are going through the application process.

Next was review of the General Fund which is the main fund the City operates out of for City operations; aside from water and sewer. He said that the estimated beginning fund balance is a little over \$1.5 million and staff projects revenues to be a little higher than years past at \$1.7 million. A majority of those revenues is made up through vehicle license fees and taxes at \$460,000. The other highlight of the General Fund revenue is cannabis taxes with revenue projections increased by approximately \$100,000 based on recent expansion opportunities. He pointed out that as of the last quarter, the City is completely current and has collected all taxes from all cannabis businesses in town including operators on the Dinsmore Plateau.

Finance Director Sanborn went on to explain that the General Fund funds the City Council budget, the City Manager budget, the Finance Department, and the Police Department which is the largest expense, accounting for approximately 70% of the General Fund budget.

He commented that this budget will show that expenditures will exceed revenues by approximately \$350,000 and if everything goes as estimated, the ending fund balance will be about \$1.192 million which does exceed the 30% reserve target by almost double. He said that this is a number that staff has been tracking closely to make sure that number never gets too low, especially as some of these big grant funded projects are taking place.

City Manager Knopp interjected that historically the City has underspent in the General Fund with staff vacancies primarily in the Police Department. He added that the Management Analyst position was also cut and some capital projects were shifted out of the General Fund.

Finance Director Sanborn pointed out that most of the new staff in the Police Department has been coming in at Step A or B of the salary range although typically those positions are budgeted at Step C resulting in salary savings. In addition, benefits are usually projected at the highest full-family rate.

Councilmember Wilson asked for clarification that the change of \$349,000 represents the amount coming out of reserves for the year.

MAY 21, 2024 MINUTES
Page 3

Finance Director Sanborn explained that the projected revenues for the year are to be about \$1.7 million and the expenditures at almost \$2 million which creates that deficit if all the revenues and expenditures come in as projected.

Finance Director Sanborn said that the Economic Development fund was created a few years ago with initial seed money of \$300,000 which funds the Façade Improvement Program. The current fund balance is around \$260,000 and it is projected that if three façade improvement grants are awarded this fiscal year, the fund will still have \$200,000 for other economic development opportunities.

He noted that the City received two SB-1383 grants from the State; a \$20,000 grant and a \$75,000 grant for specific SB-1383 expenses.

City Manager Knopp noted that staff is in conversations with a consultant to work with the City on SB-1383 compliance.

Finance Director Sanborn anticipated receiving \$300,000 in interest earnings for the fiscal year from the City's Local Agency Investment Fund (LAIF) account.

Other budget highlights included the \$177,982 Park Per Capita Grant (Prop 68) for the new Dog Park project with construction scheduled to begin over the next month; the \$1.75 million Clean California Trails and Parks Fund for the Eel River Trails Project and Gateway Project including exercise equipment; and the \$740,132 in ARPA funding which can be used for anything City related but must be earmarked or allocated by December 31, 2024.

Total projected expenditures for FY 2024-25 were \$19,454,685.

Mayor Garnes pointed out that the City is currently down two full-time police officers and one police chief. She said that the City of Arcata is offering incentives that the City can't match but said that she would like to talk about some sort of incentive program for new and existing police officers, as a way to help level the playing field.

Finance Director Sanborn said that he and the City Manager discussed recruitment of police officers and noted that the cost for recruiting and training one officer is \$60,000. The idea of recruiting for a lateral level officer was also discussed.

City Manager Knopp commented that the police department is currently in transition for leadership and recruitment options need to be explored and executed. Those costs are not necessarily included in the draft budget but the budget can be amended as necessary. He pointed out that there are some significant savings in salaries and the need to recruit a lateral officer is needed but there will be some challenges pulling in an officer at that level.

MAY 21, 2024 MINUTES
Page 4

Councilmember Wilson asked how the police officer recruitment was going.

City Manager Knopp indicated that one applicant is going through the hiring process and the City is sponsoring through the academy as well as one other possible candidate. He said that the benefit of hiring a lateral officer is that it saves the time and expense for training. That officer would be a sworn POST certified officer from another agency.

Councilmember Wilson commented that one of the City Council's top five priorities was police department recruitment and is important to keep the department viable.

City Manager Knopp said that the number one objective has to be to get a new chief to see that through who is dedicated to the City. He noted that Jeff Conner has been very successful in the past with regard to recruitment efforts and as Interim Police Chief he will be a big help.

Finance Director Sanborn said that with regard to allocating additional funds down the road, there are things that are not necessarily included in the budget now but will be in the future. He said that the Traffic Committee recommended staff look into red curbs, compliance with AB 413 which is vehicles parking close to sidewalks, a radar sign, and a traffic study for the avenues. These are items that may come back to the Council for a possible budget adjustment once they are flushed out.

Finance Director Sanborn then provided a summary of Capital and Special Projects by fund. He reported there is a total of \$14,165,832 in Capital and Special projects for the fiscal year.

Wastewater Superintendent Kelly provided a brief summary of wastewater expenditures. She said for the SCADA upgrades they are looking at \$125,000 with costs split between water and sewer. \$35,000 was allocated for I & I reduction to go out and fix the issues. She noted that the public works crew is currently cameraing the lower laterals from the lower cleanouts to the main lines to identify what needs to be repaired. She said that they are also looking at completing their compliance project for Chloramine with the allocation of \$120,000 noting that they still need to complete a few more things including the SCADA upgrades. \$100,000 was allocated for the Biosolids tent roof which will either be repaired, replaced with a new roof, or replaced with a new metal building.

Water/Roadways Superintendent then reviewed projects and equipment in the Water Department which included the SCADA upgrade, water meter replacement, meter reading equipment replacement, infiltration gallery pump replacement, a backwash flow meter, and the Monument water line replacement with an allocation of \$278,000.

Finance Director Sanborn continued with review of the Organizational Chart and Position Allocation Table representing a slight reduction in staffing from 25.65 to 23.95.

He said that this represents the removal of the Management Analyst position and one full-time Public Works Utility Worker. In addition, the Community Development Director position was increased to a full-time position at his request.

The last segment of the presentation was an Earthquake Financial Update. The report included a damage description, cost estimate, 75% State reimbursement, 25% City cost share and the associated fund. Total cost estimates for earthquake related costs were \$35,985,136 with \$26,988,852 state reimbursement leaving potentially \$8,996,284 as the City's shared cost.

Finance Director Sanborn said that the City will however, be requesting reimbursement of the additional 25% City cost share and will wait to get the decision.

He reported that staff has submitted six projects to the State for reimbursement, received responses on four of those with two pending approval. Of the \$609,323 in submitted claims to the State, the City has received \$188,912 to date.

He concluded the presentation and called for questions from the Council.

Councilmember Wilson asked if there is a timeline associated with the Damage Survey Reports.

Finance Director Sanborn explained that staff has done what is required as far as providing the State with the engineering reports for the 22 listed projects and said that he doesn't believe there is a timeline as long as the City is working towards a goal to complete these projects. Staff is now waiting for the State to respond.

The Study Session ended at 5:55 p.m.

The Council resumed the regular meeting at 6:00 p.m.

CEREMONIAL MATTERS

Appointment of Members to the Parks Master Plan Ad Hoc Committee

Mayor Pro Tem Carter began by thanking everybody involved and said that it is an honor and privilege to serve this community and it will be for all the members on the Ad Hoc Committee. She said that she thinks that this is a really important project for many reasons and that it is really important to have all three of the Rio Dell's governing bodies joining together in this effort. She thanked the outflowing support from the Rio Dell Fire District, the Rio Dell School Board and the students.

She asked the students, Reed and Austin to step forward while she pinned on them Rio Dell pins followed by a photo. She followed this with Fire Commissioner Mickey Barsanti and School Board President Val Barrote with a photo taken with the entire Ad Hoc Committee.

PUBLIC PRESENTATIONS

Mayor Garnes invited public comment on non-agenda matters. No members of the public commented.

City Clerk Dunham read one written public comment related to the Rio Dell river bar and suspected illegal activity that has been occurring. (Submitted with these minutes as Attachment 1)

CONSENT CALENDAR

Mayor Garnes asked if any councilmember, staff or member of the public would like to remove any item from the consent calendar for a separate discussion.

Consent Calendar Item #7 related the Nor Cal Pipeline Services Agreement was removed from the agenda.

Mayor Garnes asked that the minutes be removed so she could abstain from vote since she was not at that meeting.

A motion was made by Woodall/Carter to approve the consent calendar including the following items:

- 1) Authorize the Purchase of Two Wastewater Pump Systems in the amount of \$11,600.00;
- 2) Approve the Proposal from Jim Brickley to Refinish the Name Plaques at Memorial Park for \$480.00;
- 3) Adopt Resolution No. 1603-2024 Establishing Rental Housing Inspection Program Registration and Inspection Fees;
- 4) Adopt the List of City Council Priorities for FY 2024-2025; and
- 5) Confirm the Appointment of Jeff Conner as Interim Chief of Police.

Motion carried 4-0.

ITEMS REMOVED FROM CONSENT CALENDAR

Approve Minutes of the May 7, 2024 Regular Meeting

Motion was made by Carter/Woodall to approve the minutes of the May 7, 2024 regular meeting as submitted. Motion carried 3-0; 1 abstention.

REPORTS/STAFF COMMUNICATIONS

City Manager/Staff Update

City Manager Knopp said that staff is requesting a special meeting on Thursday at 4:00 p.m. for the approval of the contract with Mobley Construction for the Eel River Trails Project. He said that there will also be a soft ribbon-cutting for the project starting at 11:45 a.m. on Friday inviting Council members to attend.

He also reported that staff is engaging in a police chief recruitment with submittal of applications closing on May 24th.

Councilmember Wilson asked what the building was that is currently under construction at the Humboldt-Rio Dell Business Park.

City Manager Knopp said that it is an approved single-story cannabis facility.

Councilmember Woodall referred to the City Clerk staff update and asked about the new business "This-N-That" resale clothing store on Rigby Ave.

City Clerk Dunham explained that it was located in the Neighborhood Center zone at Davis and Rigby at the former location of the General Store.

Mayor Garnes thanked Jeff Conner for stepping up as Interim Police Chief.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS/PUBLIC HEARINGS

Appointment of Ad Hoc Committee to Review California Department of General Services Acquisition of the former Todd Property and to Advise and Implement Next Steps

City Manager Knopp provided a staff report and said that the former Todd property is the 18+ acre parcel located on the corner of 4th Ave. and Davis St. This particular site has long been identified by the City and the community as a potential area for growth and development.

He noted that right around the time of the 2022 earthquake, the California State Department of General Services purchased the parcel for the express purpose of constructing a new Cal Fire Headquarters for the Humboldt-Del Norte unit. The current location is in Fortuna which is a relatively small location. He said that the proposed Cal Fire facility can be verifiably installed on 6 acres of the 18+ acre parcel, potentially locking away 12 acres as underutilized.

He pointed out that although the City does have some concerns with the proposed development, overall any development of the site is welcome. He said that some of the missed opportunities with development of the entire site by Cal Fire include hotels/motels

and business type amenities such as restaurants or other visitor type facilities. In addition, by Cal Fire acquiring the entire 18+ acre parcel, it actually removes potential development of 200 housing units from the City's Housing Element Regional Housing Needs.

REPORTS/STAFF COMMUNICATIONS

He commented that there are significant impacts to the City and the goal of the City is to maximize the benefits of Cal Fire coming to town and welcome them but to also minimize some of the negative consequences. He noted that the plan is to include a communications tower on site approximately 120' tall with possibly active dispatch through a PA system immediately adjacent to a residential area. He said that these are just some of the factors identified in the development.

He noted that the Department of General Services has been non-responsive in providing information on the project so staff requested information through a Public Records Act Request in order to garner any information about the project. He said that this week, staff did receive some of the latest design plans for the project. Staff has had concerns regarding the State working with the City on even a slight compromise which would improve the quality of the project and allow for some level of economic development and job creation. Staff has engaged and sent a letter to both Senator McGuire and Governor Newsom. He said that there needs to be a level of transparency and openness to discussion about potential shared uses of the site that would benefit everybody. Staff's concern is that it will end up just being an island in the City where there is no integration with one exit and entry to the freeway.

He said that because the City is not getting a lot of cooperation through the State bureaucracy, staff is recommending the formation of an Ad Hoc to help steer the next steps to make sure the City is getting the community engaged to make everybody aware of the potential missed opportunities. He reiterated that the goal is to help minimize the impacts and maximize the benefits.

The recommended focus of the Ad Hoc committee would be on community education and community-based advocacy on this issue.

Mayor Garnes pointed out that the 18+ acre parcel represents 75% of the available commercial property in the City.

City Manager Knopp agreed that commercial space for development is very limited and viability of the City becomes at risk with the development as proposed and the loss of commercial property for mixed-use development.

Mayor Garnes called for public comment on the subject.

Sharon Wolfe addressed the City Council and said that it might be great to include a couple of the members of the County Board of Supervisors. She said that RHNA allocations for the City will impact Humboldt County. In addition, the County has paid lobbyists that can be used to address issues the County has agreed to support or oppose. She said that it would also get more attention on the State side if the County were involved. Considering the State's budget, it is extremely hard to get the State's attention but Cal Fire is a State agency and tends to dump risks on others. She said that she would

be surprised if they would be interested on any kind of allowance of other businesses on their property because of the liability but they may be interested in allowing the purchase of a portion of the property. She commented that it would be great to bring in other visitor services with that parcel having great access from Highway 101. Having Cal Fire coming to Rio Dell is fantastic but the impact to the community is going to be strong so there needs to be uses beneficial to the community. In addition to advocacy, she suggesting going as public as possible. She noted that the loss of potential tax revenue to the City could be significant.

Councilmember Woodall agreed with everything Sharon said and suggested someone reach out to Supervisor Bushnell for support.

Mayor Garnes recommended the appointment of herself and Mayor Pro Tem Carter to the Ad Hoc committee.

Motion was made by Woodall/Wilson to approve the appointment of Mayor Garnes and Mayor Pro Tem Carter to the Ad Hoc committee. Motion carried 4-0.

The City Manager was asked to reach out to Supervisor Bushnell for support.

Appointment of Two Councilmembers to Serve on an Ad Hoc Committee to Work with City Manager on the Selection of a New Chief of Police

City Manager Knopp provided a staff report and noted that the Chief of Police position with the City of Rio Dell will become vacant on May 24, 2024 with recruitment currently underway. He said in the past, two members of the City Council participated in the selection process for new chiefs, including interviews and advising the City Council and City Manager on the selection.

Staff's recommendation was to select two members of the City Council to serve on the Ad Hoc committee. He said this is also the opportunity for individual councilmembers to opine on their view of what would be an ideal Chief or what type of qualities they would like to see to help advise the individual Ad Hoc members.

Councilmember Woodall suggested the City Council schedule a study session to discuss the Council's views regarding the Police Chief recruitment.

City Manager Knopp said that a study session could be scheduled but that it should be held relatively soon so the Ad Hoc could get started. He said that the City Clerk would work with the group and schedule an appropriate time for the study session.

Motion was made by Carter/Wilson approving the appointment of Councilmember Woodall and Councilmember Wilson to the Ad Hoc Committee on the selection of a new Chief of Police. Motion carried 4-0.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Carter reported on her attendance at a COAD meeting this morning and said that Nick Bown-Crawford is putting pressure on FEMA officials related to the threshold for natural disaster funding which is good to hear. She said that there was a Nuisance Advisory Committee meeting tomorrow, a Beautification, Walkability and Pride Committee meeting on Friday, and said that there would be a soft ribbon-cutting ceremony on Friday at 11:45 at the Eel River Trail with the trail ambassadors who are members of the 4th and 5th grade Eagle Prairie Elementary class leading the walk.

She also announced the date for the Humboldt Trails Summit as June 1, 2024 at Sequoia Park from 9:30-1:00 which she would be attending.

Councilmember Wilson reported that he attended a special HWMA meeting last night and would be attending a RCEA meeting on Thursday regarding the budget.

Councilmember Woodall said that she would also be attending the Nuisance Advisory Committee meeting on Wednesday and the Beautification, Walkability and Pride Committee meeting on Friday. She said that the committee has one project underway which is refinishing of the Memorial Park signs. She commented that the new trees in the Gateway look really nice and that she had received positive comments from the community.

ADJOURNMENT

A motion was made by Carter/Woodall to adjourn the meeting at 6:35 p.m. to the June 4, 2024, regular meeting. The motion carried 4-0.

Debra Garnes, Mayor

Attest:

Karen Dunham, City Clerk