



**AGENDA**  
RIO DELL CITY COUNCIL  
CLOSED SESSION – 6:00 P.M.  
REGULAR MEETING – 6:30 P.M.  
TUESDAY, APRIL 15, 2014  
CITY COUNCIL CHAMBERS  
675 WILDWOOD AVENUE, RIO DELL

*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.*

*In compliance with the Americans 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 this meeting.*

**THE TYPE OF COUNCIL BUSINESS IS IDENTIFIED IMMEDIATELY AFTER EACH TITLE IN BOLD CAPITAL LETTERS**

A. CALL TO ORDER

B. ROLL CALL

C. ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:

1) 2014/0415.01 - **CONFERENCE WITH LEGAL COUNSEL- PENDING LITIGATION**

Name of Case: City of Rio Dell v. SHN Consulting Engineers & Geologists, Inc. a California Corp. - Case No. DR130745 pursuant to Subdivision (a) of Section 54956.9

2) 2014/0415.02 - **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION.** Consider initiation of litigation pursuant to paragraph (4) of Subdivision (d) of Section 54956.9: (One potential case, facts and circumstances known to adverse party): Roger Barisdale, 555 Painter Street, Rio Dell, Encroachments to Public Right of Way.

D. PUBLIC COMMENT REGARDING CLOSED SESSION

E. RECESS INTO CLOSED SESSION

F. RECONVENUE INTO OPEN SESSION – 6:30 P.M.

G. ORAL ANNOUNCEMENTS

## H. PLEDGE OF ALLEGIANCE

## I. CEREMONIAL MATTERS

- 1) 2014/0415.03 - Proclamation in Recognition of National Bike Month May 2014

## J. PUBLIC PRESENTATIONS

*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 Councilmembers present 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.*

## K. CONSENT CALENDAR

*The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Council members if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually in the next section, "SPECIAL CALL ITEMS".*

- 1) 2014/0415.04 - Approve Minutes of the April 1, 2014 Regular Meeting (**ACTION**)
- 2) 2014/0415.05 - Approve New Contract with Access Humboldt to Manage the Community Media Center and Provide Peg Access Programming and Community Media Services (**ACTION**)
- 3) 2014/0415.06 - Approve Internal Finance Department Transfer of \$14,790 to Cover Unanticipated Cost of 2012-2013 Audit and Additional Auditor's Cost for 2013-2014 (**ACTION**)
- 4) 2014/0415.07 - Correction to Staff Report Presented to Council at the April 1, 2014 Related to Termination of Kemp Inspection Services Contract (**RECEIVE & FILE**)

## L. SPECIAL PRESENTATIONS

- 1) 2014/0415.08 - Presentation from Bartle Wells Associates Regarding Wastewater Rate and Capacity Fee Study Final Draft, Conduct Public Hearing and Approve Resolution 1222-2014 Establishing Wastewater Fees and Charges (Adjusting Rates from a Flat Rate to a 70% Fixed and 30% Volume Rate Schedule) (**ACTION**)

## M. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS



- 1) "SPECIAL CALL ITEMS" from Consent Calendar
- 2) 2014/0318.09 - Authorize the City Manager to Execute a one-year Merchant Agreement with GovTeller to Provide Credit Card Processing Services for the City (**ACTION**)

N. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

- 1) 2014/0415.10 - Conduct Second Reading (by title only) and Adopt Ordinance No. 320-2014 Regarding the Addition of Section 13.10.231 of the Rio Dell Municipal Code Concerning the Establishment of a Penalty for Nonpayment of Delinquent Sewer Bills for Customers that do not Subscribe to Water Service, and a Means of Collecting Delinquency on the Property Tax Bill (**ACTION**)

O. REPORTS/STAFF COMMUNICATIONS

1. City Manager
2. Chief of Police - **Monthly Police Activity Report for March**
3. Finance Director – **Monthly Check Register for March**
4. Community Development Director

P. COUNCIL REPORTS/COMMUNICATIONS

- Q. ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS: **No Closed Session Items Scheduled**

R. ADJOURNMENT

*The next regular meeting will be on May 6, 2014  
at 6:30 p.m. in City Hall Council Chambers*

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*675 Wildwood Avenue  
Rio Dell, CA 95562*



## **STAFF REPORT**

**TO:** Mayor and Members of the City Council

**THROUGH:** Jim Stretch, City Manager

**FROM:** Karen Dunham, City Clerk

**DATE:** April 15, 2014

**SUBJECT:** Proclamation in Recognition of National Bike Month May 2014

### **RECOMMENDATION**

Read and present the Proclamation in recognition of National Bike Month May 2014

### **BACKGROUND AND DISCUSSION**

George Ingram from Area I Agency on Aging will be present at the meeting to accept the Proclamation.

**ATTACHMENTS:** Proclamation

**City of Rio Dell Proclamation  
NATIONAL BIKE MONTH  
May 2014**

WHEREAS, bicycle travel is an effective means to improve air quality, reduce traffic congestion and noise, increase physical activity, as well as conserve energy;

WHEREAS, bicycling is part of the solution for addressing transportation needs, limiting impacts to city infrastructure, conserving energy, and improving public health; and

WHEREAS, bicycle travel can help us achieve the Global Warming Solutions Act of 2006, which requires California to reduce our greenhouse gas emissions 30 percent by 2020, and by 80 percent by 2050;

WHEREAS, bicycle commuting benefits both employees and employers through better employee health and fitness; reduced commuting, parking, and health care costs; lower employee absenteeism and turnover; and increased employee productivity;

WHEREAS, Saturday, May 10, 2014, is the annual Tour of the Unknown Coast, Humboldt County's premiere cycling event where hundreds of cyclists pass through Rio Dell; and

WHEREAS, Wednesday, May 7, 2014, is the annual Kids' Bike Rodeo at the Rio Dell Volunteer Fire Department's parking lot; and

WHEREAS, the City has participated in Safe Routes to School programs and regional trail and transportation planning; and

WHEREAS, the City of Rio Dell has been involved in discussions to support the creation of the Eel River Trail, with Scotia/Rio Dell as a possible southern entry point of access, which would increase bicycle commuting and recreation opportunities for Rio Dell residents

WHEREAS, the month of May is "National Bike Month" which promotes the bicycle as a means of transportation and recreation and May is also "Clean Air Month" which promotes air quality;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rio Dell:

- I. Believes that achieving increased levels of bicycling and bicycle commuting is in the local, state, national and global interest; and
- II. Proclaims May 2014 as NATIONAL BIKE MONTH throughout Rio Dell;
- III. Encourages adjacent jurisdictions to adopt similar proclamations in support of the Bike Month.
- IV. Urges all citizens to support and participate in these and other activities that contribute to the health of the community and the environment.

**RIO DELL CITY COUNCIL  
CLOSED SESSION  
REGULAR MEETING  
APRIL 1, 2014  
MINUTES**

The closed session/regular meeting of the Rio Dell City Council was called to order at 6:00 p.m. by Mayor Thompson.

**ROLL CALL:** Present: Mayor Thompson, Councilmembers Johnson, Marks, Wilson and Woodall

Others Present: Closed Session: City Manager Stretch

Regular Meeting: City Manager Stretch, Chief of Police Hill, Community Development Director Caldwell and City Clerk Dunham

Absent: Water/Roadways Superintendent Jensen, Wastewater Superintendent Chicora (excused)

**ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:**

**CONFERENCE WITH LABOR NEGOTIATOR**

Labor Negotiator: James Stretch, City Manager – Meet and Confer Discussion Related to (2) Employee Organizations and Contract Employees (Pursuant to Government Code Section 54957.6)

Mayor Thompson announced the Council would be recessing into closed session to discuss the above matter. There was no public present to comment on the closed session.

The Council reconvened into open session at 6:30 p.m. Mayor Thompson announced there was no reportable action taken in closed session.

**PUBLIC PRESENTATIONS**

**Nick Angeloff** provided a brief update on the east-west rail and said the Upstate Rail Committee will be meeting in Weaverville the following day and he will have more to report at the next meeting; said there may be an NCRA tire grant coming up; thanked the City for the in-kind contribution related to the Headwaters Grant and the Business Incubator Program; and announced the Little League would be having their first game on April 10<sup>th</sup> and invited everyone to come out for opening day. He said thanks to all the many donations from businesses throughout the community many much needed repairs have been done to the Little League Park and the snack shack and bathrooms are open. He gave special thanks to Diamond Plumbing, Do-it-Best Lumber, Eureka Sand & Gravel, Ready-Rents, Fortuna Signage, and Humboldt Fencing for the generous donations. He said they would also be doing some repairs to the parking lot in



which public works personnel will be present to make sure the repairs are done to City specifications.

## CONSENT CALENDAR

Councilmember Wilson asked that Item No. 4 be removed from the Consent Calendar for separate discussion.

Motion was made by Johnson/Woodall to approve the consent calendar including the approval of minutes of the March 18, 2014 regular meeting; approval of appointment of Susan Pryor to the Wildwood Avenue Sculpture Committee as the Chamber representative, Ranjith Jim Box as the Eagle Prairie Arts District representative, and Cheryl Gatlin as the Community representative; to receive and file the Traffic Committee Report; approval of Finance Director Agreement; and to receive and file the status report from Avery Associates re: City Manager Recruitment. Motion carried 5-0.

## SPECIAL CALL ITEMS

(From Consent Calendar)

### Adopt Roadway Repair and Specifications for Repair of City Streets

Councilmember Wilson stated that the specifications as presented appear to address roadway repairs for asphalt areas and asked if the same would apply for non-asphalt surfaces.

City Manager Stretch explained if the repair is not replacing asphalt, a minimum of 6 inches of  $\frac{3}{4}$  inch aggregate base filled to finish grade or to ground level is acceptable. He further explained that there are many areas throughout the City where the paved area of the roadway does not extend to the edge of private property lines and that area between the asphalt and the property line is usually in need of repair. Due to the limitation of Street Funds for repairs, the City usually cannot do these types of repairs. He said at times residents offer to fill the holes along the right-of-way area but the City's current specifications make the repairs cost prohibitive. He said staff is recommending the Council adopt the proposed specifications for the repair of City roadways by residents desiring to make such repairs and that the Public Works Department develops a free permit that must be filled out by the resident and filed with the department prior to commencement of any work.

Councilmember Johnson referred to the cross section drawing of a typical street and suggested the word "unyielding" be changed to "stable" with regard to river run sub-base compaction. Council concurred.

Motion was made by Wilson/Johnson to adopt the Roadway Repairs and Specifications as revised, for the repair of City streets, and require city residents that wish to effectuate repairs, typically between their property line and the paved City right-of-way, to make application with the City at the City Clerk's Office, and require that the Public Works Director, or his designee,

make a pre-work inspection for the approval of the application and also a post work inspection, signing off that the work was satisfactory and as approved. Motion carried 5-0.

### SPECIAL CALL ITEMS

#### Authorize Expense for Davis Street Survey and School Site Acquisition and Related Supplemental Budget

City Manager Stretch provided a staff report and said the Council at their meeting on February 18, 2014 approved moving forward with accepting a gift of 3.4 acres of school property for City recreation purposes in exchange for the City funding a number of things including a survey and legal description of the parcel, preparing the legal documents and fees related to the property transfer and fencing of the property. He said at that time, the total costs were not defined so the matter is now being brought back to the Council for authorization of the expenditures.

He said the estimated costs including the survey, fencing and legal fees total \$17,145 with \$7,300 coming from Park Development Impact Fees (Park & Recreation Reserve Account) and the remaining \$9,845 from the General Fund Reserve Account (City Manager's Professional Services Account 5115).

City Manager Stretch stated that he also obtained a quote from the surveyor to prepare a survey with monuments on the ground for the end of Davis Street and the intersection of Edwards Dr. where it intersects with Davis Street to address the right-of-way issues for access to the river. He said since the work can be done at the same time as the school property survey, the cost will be \$1,775. He noted that the Street Fund budget has the money to fund the additional work and recommended approval of all of the work as proposed for a total estimate of \$18,920.

Councilmember Marks asked for clarification that the Park & Recreation funds were generated from Planned Development Projects.

Community Development Director Caldwell explained the \$7,300 was generated from previous Planned Development Projects, primarily the Hilda Ct. Subdivision however; the code was recently changed whereas all new subdivisions will be subject to Park Development Impact Fees.

Mayor Thompson called for public comment on the matter.

Nick Angeloff urged the Council to approve the expenditures related to acquisition of the school property for recreation purposes and pointed out that the State establishes guidelines related to the amount of parkland and that the City does not meet the requirement. He said during the recent cleanup of that park area, he has seen more use of the facility and said further development of the park will be positive for the community.

Motion was made by Woodall/Marks to authorize the expense of \$17,145 from the General Fund and Parks & Recreation Fund Reserves related to the gift of recreational property from the Rio

Dell School District; authorize the expense of \$1,775 of Street Funds for the survey of the Davis Street right-of-way and Edwards Dr.; and approve Resolution No. 1221-2014 Amending the 2013-2014 Budget to fund costs related to the transfer of recreational property from the Rio Dell School District to the City of Rio Dell. Motion carried 5-0.

City Manager Stretch commented that staff measured the field to see if it could accommodate a soccer field for age 12 and under and it appears that the area is not quite large enough. He said with Council's permission, he will approach the School District regarding the possibility of acquiring additional land for that purpose. Council concurred to allow staff to pursue the possibility.

City Manager Stretch requested an item be added to the agenda as an urgency matter related to the termination of the Building Inspection and Plan Check contract with Kemp Inspection Services.

Motion was made by Woodall/Johnson to add an unlisted item to the agenda titled **“Ratification of City Manager Action to Terminate Contract with Arnie Kemp or Plan Check and Building Inspection Services with Cause; Authorize Interim Contract(s) for Plan Check and Building Inspection Services; and Authorize Training of Staff for Program Requirements.”** Motion carried 4-0; Councilmember Wilson abstained from vote.

City Manager Stretch provided a staff report and said as the Council is aware, a new contract with Arnie Kemp for plan check and building inspection services was approved by the Council at their February 18, 2014 meeting. He said the new contract contained several new requirements including the acquisition of appropriate insurance coverage and submittal of current Plan check and Building Inspection Certificates to the City. He said as of March 20, 2014, these certificates were not provided and after consulting with the City Attorney he served Mr. Kemp with a 30 day notice of termination of his agreement with the City. He said under the prior agreement, he is required to complete the inspections for all permits issued through February 18, 2014 since he has already been paid up-front for these services; if he is unable or unwilling to perform those services then he will be required to reimburse the City for the fees he received for those services.

He further stated that he immediately contacted the City of Fortuna and the County of Humboldt to arrange for interim building inspection services and the City of Fortuna Building Department responded quickly, offering to provide those services. He said he will be meeting with the City Manager to come up with an agreement and will bring it back to the Council as soon as possible for approval. He said the County has also said they would be willing to provide services if needed.

He reported that the Community Development Director has expressed interest in becoming certified to perform plan check and building inspection services and believes he can work the Building Program into his schedule since he has been able to update most of the outstanding

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General Plan Elements on the Planning side. He said if this works out, it will reduce expenses in the Building Department.

Councilmember Woodall asked for a timeline related to certification of the Community Development Director. Staff responded that the plan is for him to attend the first workshop in Santa Maria on April 23, 2014.

Councilmember Johnson commented that there are a lot of requirements related to certification and asked what a 2 day workshop would cover.

Community Development Director Caldwell said this is a 3-day workshop and covers the basics so follow-up training will be necessary. He commented that he is willing to take on the building program for the City and believes having the program administered in-house will provide better service to the community.

Councilmember Johnson expressed his support for the arrangement and asked if he would be taking refresher courses on perhaps a bi-annual basis. Community Development Director Caldwell indicated that he would do whatever is necessary to keep up with current code changes.

Councilmember Wilson asked if this position would be on a contract basis; City Manager Stretch stated the additional duties would be written into his current job description.

Councilmember Wilson questioned whether the Community Development Director could fit the additional duties into his schedule and still handle the responsibilities of the Planning Department.

Community Development Director Caldwell commented that he has completed many of the outstanding planning projects so does have extra time to take on the additional duties and that many of the smaller jurisdictions combine the two positions.

Councilmember Wilson asked if the savings will offset some of the shortfall in the building department budget. City Manager Stretch stated that it is unknown at this time how much expenditures in the building department will be reduced but the administrative fee can be modified as necessary.

Mayor Thompson asked for public comment on the matter. There was no public comment received.

Motion was made by Johnson/Marks to ratify the City Manager's March 20, 2014 letter and action to terminate the Building Plan Check and Building Inspection contract with Arnie Kemp, effective April 19, 2014, with no work to occur under the agreement as of March 20, 2014; authorize the City Manager to contract with the City of Fortuna and/or County of Humboldt for



interim plan check and building inspection services until a permanent arrangement is established; and authorize the training and certification of the Community Development Director as the City Building Official, including amendment to his job description and employment contract, with Council approval. Motion carried 5-0.

## **ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS**

### Conduct First Reading (by title only) of Ordinance No. 320-2014 to amend Rio Dell Municipal Code Sections 13.10.231 Establishing a Penalty for Non-Payment of Delinquent Sewer Bills for Customers that do not Subscribe to Water Service, and a Means of Collecting the Delinquency on the Property Tax Bill

City Manager Stretch provided a staff report and said under the current Rio Dell Municipal Code, there are provisions that provide the City the right to discontinue water service if a customer is delinquent in the payment of their water bill. However, in the event that a sewer customer that does not receive City water service is delinquent in the payment of their sewer bill, there is little or no recourse for collecting the bill. He said there is currently (1) sewer customer that is habitually delinquent and does not respond to the City's demand for payment.

City Manager Stretch said the proposed amendment establishes a penalty as allowed by Government Code Section 54348, similar to the water utility. If the rates and charges are not paid on or before the date of delinquency, a 10% penalty of each month's charges for the first month delinquent is assessed and thereafter an additional 10% for each additional month of delinquency. In addition to the basic penalty is an additional penalty of one-half percent (.50%) per month for nonpayment of the delinquent charges and penalty.

He further explained that City may initiate proceedings to have the delinquent bill and penalties assessed against the real property where the service is provided to become a lien against the property. The lien is turned over to the County Assessor who will enter the lien on the assessment rolls as a special assessment to be collected at the same time and in the same manner as ordinary property taxes which is subject to the same penalties.

Councilmember Johnson asked if there is currently only one (1) customer who is delinquent with their sewer bill. City Manager Stretch said currently there is one customer who is habitually late and the delinquent bill is up to around \$500 - \$600.

A public hearing was opened to receive public comment on the proposed ordinance amendment.

Alice Millington asked if the City has the ability to disconnect sewer service for non-payment of the bill. City Manager Stretch said that is not an option because it becomes a health & safety issue.

Motion was made by Wilson/Marks to conduct the first reading (by title only) of *Ordinance No. 320-2014 Regarding the Addition of Section 13.10.231 Concerning the Establishment of a Penalty for Nonpayment of Delinquent Sewer Bills for Customers that do not Subscribe to Water Service, and a Means of Collecting the Delinquency on the Property Tax Bill*. Motion carried 5-0.

## **REPORTS/STAFF COMMUNICATIONS**

City Manager Stretch reported on recent activities and events and said he received the report from PG&E related to data needed to consider a High Energy Use Tax and said because he had a number of questions, he would be meeting with PG&E before bringing the matter back to the Council. He said out of 1679 PG&E rate payers in the City only 78 of those meet the criteria of usage 600% above the baseline. He said as Alison Talbott from PG&E pointed out, the cost of implementing a High Energy Use Tax in a small agency is much more costly than the tax collected.

City Manager Stretch also reported that as of last week, 22 applications were received for City Manager and with the deadline for submittal in three (3) days, Avery Associates expected to receive several more; said the first day on the job for the new Finance Director would be April 7<sup>th</sup>; learned today that Xerox has agreed to send the City a new copier because of the difficulty the City has had with the current machine; reported on a problem with the State Lands Commission related to the Wastewater Treatment Plant Upgrade and Disposal Project stating that on the drawing it shows a 50 foot easement but they only approved a 20 foot easement and it is believed the effluent pipe was placed within the 50 foot. He said the City had to send the State Lands Commission a \$2,500 check to amend the application and because of this, the former finance director who was here last weekend to close out the project was not able to do so. He said he will be discussing with the contractor, whose responsibility it should be to pay for the application amendment. He reported that the City is holding \$15,000 in retention.

Councilmember Johnson said the City's application to the State Lands Commission was submitted with a 50 foot easement and if they changed it to 20 feet, the City should have been aware of the change.

Councilmember Marks asked if the City Council will be interviewing all of the applicants for City Manager and if any members of the Council were appointed to the interview committee.

City Manager Stretch explained the hiring process is somewhat different this time in that the consultant will make contact with the applicants and present the list of candidates who meet the qualifications along with background material to the City Council for initial screening and interviews followed by selection of the top 3-5 candidates for final interview.

Councilmember Wilson asked if the consultant will be bringing the entire list of applicants to the Council.

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City Manager Stretch reviewed the proposed recruitment timeline as presented and said the City Council will see the complete list of applicants but the consultant will develop the list of qualified candidates who they recommend as finalists.

Councilmember Woodall reminded staff and Council that she will be gone from April 28-May 5<sup>th</sup>.

Councilmember Johnson questioned the \$73.00 finance charge and the \$49.00 late fee on the Bank of America credit card statement. City Clerk Dunham explained those charges were charged in error and reversed by the bank.

Chief of Police Hill stated he had nothing to report at this time.

Community Development Director Caldwell reported on recent activities in the Planning Department and said he attended the Annual NEPA Workshop in San Francisco last month with approximately 75 attendees and another 300 via broadcast over the western United States. He said they unveiled some new tools as far as noise and traffic modeling and talked about categorical exemptions which planners often rely on. He said overall the workshop was good although part of the presentation was a little dry which he did mention to them.

He said he also attended a Code Enforcement Workshop in Sacramento last month on 4<sup>th</sup> Amendment Rights which has to do with private property rights, warrants and seizures which he said was interesting. He noted that some communities are pretty aggressive with getting warrants, especially inspection warrants. He said with a search warrant you have to have probable cause; with an inspection warrant you just have to have a reason and may not have to have any evidence at all.

He also reported the Planning Commission will be meeting on April 10<sup>th</sup> and on the agenda will be the establishment of a Residential Multifamily (RM) designation with an allowable density of 15 units per acre. He said the recommended area to be designated as RM includes the six (6) parcels along Rigby Avenue and Center Street currently designated Urban Residential (UR). Also, the Commission will be considering a General Plan Amendment and Zone Reclassification of the City Parking Lot from Town Center (TC) to Public Facility (PF), and establishment of Emergency Shelters and Transitional Housing Regulations. He said as part of the last Housing Element update in 2008, the City was to designate an area for emergency shelters and transitional housing and indicated to the State it would be done by 2011 with the next update but it was never done. He said it must be done with the upcoming update of the Housing Element. He explained the City must have suitable land for Emergency Shelters and Transitional Housing but doesn't have to build them. He said the Commission will also re-continue the discussion and review of the Land Use Matrix and definitions.

Councilmember Marks commented that at the Traffic Committee meeting they talked about the placement of a sign for the City Parking Lot and said she would like to see the sign fit with the theme for the downtown.

### **COUNCIL REPORTS/COMMUNICATIONS**

Councilmember Johnson reported on his attendance of the League of California Cities quarterly meeting in Ukiah and said the legislature has before it now 2002 bills to consider this year. He said one of the things the League staff does is reviews all of the bills to see which if any will impact cities and whether the impact is negative or positive, then make recommendations for support or non-support. He said the Governor's budget had some proposed legislation attached to it which would modify the percentage for local improvement districts reducing voter approval from 66% to 55% and stated there are other bills out there that are kind of mimicking that percentage which the League will be watching closely.

Mayor Thompson reported that he attended the HCAOG meeting in Councilmember Johnson's absence and the approximate 4 hour meeting included several presentations. He said one of the discussions at the end of the meeting had to do with discussions at a recent meeting the Chair of HCAOG attended where it was brought up that the tax on fuel is not providing enough revenue to Cal-Trans for highway improvement projects so they are looking at various ways to increase the tax, one of which is to impose a tax on actual miles traveled.

He said he also attended the HWMA meeting and said the State Water Board required HWMA to cap the Cummings Road Ash dump so they began last September with completion of an EIR then went out to bid for a \$2.3 million contract. He said to finish the capping another \$4 million is needed. He said there is a short time frame so some kind of mechanism is needed to find a way to pay for the project by September. He said they applied to the Headwaters Fund for interim funding which they are willing to provide. He said it is uncertain how this will impact garbage rates.

He reported on current programs being sponsored by HWMA including the Free Tire Rebate Program ending on April 4th, the Free Electronic Waste and Battery Collection Event to take place at City Hall on April 12th and the Medication Collection Event too take place on April 26<sup>th</sup> at HWMA's Hazardous Waste Facility.

Community Development Director Caldwell noted that the City Newsletter will be going out during the next few days with information about the various events.

### **ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 7:30 p.m. to the April 15, 2014 regular meeting.



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Jack Thompson, Mayor

Attest:

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Karen Dunham, CMC



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675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
(707) 764-5480 (fax)  
E-mail: [cm@riodellcity.com](mailto:cm@riodellcity.com)

April 15, 2014

**TO:** Honorable Mayor and Council Members

**FROM:** Jim Stretch, City Manager

**SUBJECT: APPROVE NEW CONTRACT WITH ACCESS HUMBOLDT TO  
MANAGE THE COMMUNITY MEDIA CENTER AND PROVIDE PEG  
ACCESS PROGRAMMING AND COMMUNITY MEDIA SERVICES**

**IT IS RECOMMENDED THAT THE CITY COUNCIL:**

Approve the attached five year contract with Access Humboldt, effective May 9, 2014 and authorize the City Manager to execute the agreement.

**BACKGROUND:**

Access Humboldt was formed in 2006 to develop and provide PEG (public, educational, government) access services and to build sustainable community media and broadband access for Humboldt County and the region. By previous agreement, Access Humboldt has provided PEG services since May 9, 2006.

The creation of Access Humboldt was one of the outcomes of an extensive community input process that included diverse stakeholders and best practices design that was undertaken between 2004-2006 as part of the cable franchise renewal process. As a result of the cable franchise renewal process and negotiations, PEG access channels, optical fiber links, and funding were secured in the renewed franchise agreements with Cox Cable. Subsequent to that renewal process, Cox Cable transferred ownership of the franchise to Suddenlink and the contractual obligations transferred with it.

Access Humboldt was created and designated by Humboldt County and the Cities of Arcata, Eureka, Ferndale, Fortuna, Blue Lake, and Rio Dell to manage the Community Media

Center and those PEG access channels and resources that were the outcome of that franchise renewal process.

The Franchise Agreements with Suddenlink will expire in April/May 2014, (varies by City/County) and will be replaced by video service franchises issued by the California Public Utilities Commission pursuant to the Digital Infrastructure and Video Competition Act (“DIVCA”) of 2006. Also pursuant to DIVCA, upon the expiration of the Franchise Agreements the Cities and County no longer have the authority to grant franchise agreements. The authority to grant Franchise Agreements is provided to the California Public Utilities Commission.

The Cities and County have codified their rights pursuant to DIVCA in the City and County Codes. Pursuant to those rights, cable/video service providers granted franchises pursuant to DIVCA must provide certain PEG access channels, funding, and resources to the Cities and County.

The City and County Managers have met to discuss and agree upon the terms and conditions of the new contract and recommend that Access Humboldt be the designated Access Management Operator to manage the PEG access channels, operate the Community Media Center, and continue to provide PEG access programming and services pursuant to the new agreement.

Attachment: Contract Between the Cities of Arcata, Eureka, Blue Lake, Fortuna, Ferndale, Rio Dell and Humboldt County, and Access Humboldt

CONTRACT BETWEEN THE CITIES OF ARCATA, EUREKA, BLUE LAKE, FORTUNA,  
FERNDALE, RIO DELL AND HUMBOLDT COUNTY  
AND  
ACCESS HUMBOLDT

**AGREEMENT**

This Agreement is made this 15th day of April, 2014, by and between the Cities of Arcata, Eureka, Blue Lake, Fortuna, Ferndale, Rio Dell and Humboldt County (collectively the "Cities/County"), and Access Humboldt, a California nonprofit corporation, who agree as follows:

**RECITALS**

1. The Cities/County desire to provide support for the use of public, educational, and governmental ("PEG") access cable channels provided pursuant to federal law.
2. Each of the Cities/County granted an identical franchise to Cebridge Acquisition, L.P. d/b/a Suddenlink ("Cebridge") to operate a cable television system in the Cities/County (each referred to as a "Franchise Agreement," collectively as the "Franchise Agreements").
3. The Franchise Agreements indicate that the Cities/County shall designate a non-profit PEG Access Management Organization ("AMO") to operate and administer the public educational and governmental ("PEG") access channels, facilities, services and programming.
4. The Franchise Agreements provide that certain channel capacity and fiber links shall be provided for PEG access.
5. The Franchise Agreements provide that certain grant payments shall be made by the Franchisee for PEG access equipment, facilities, and services (hereafter "PEG Uses").
6. The Franchise Agreements provide that certain in-kind services shall be provided by the Franchisee to support PEG Uses.



7. The Franchise Agreements will expire in April/May 2014 (varies by City/County) and will be replaced by video service franchises issued by the California Public Utilities Commission pursuant to the Digital Infrastructure and Video Competition Act ("DIVCA") of 2006. Pursuant to DIVCA upon the expiration of the Franchise Agreements, the Cities/County no longer have the authority to grant franchise agreements. The authority to grant Franchise Agreements is provided to the State of California Public Utilities Commission.
8. The Cities/County have codified their rights pursuant to DIVCA in the Cities/County Code. Pursuant to those rights, cable/video service providers granted franchises pursuant to DIVCA must provide certain PEG access channels, funding, and resources to the Cities/County.
9. Through a community based effort that included diverse stakeholders and best practice design, Access Humboldt was formed in 2006 to develop and provide PEG access services and to build sustainable community media and broadband access for Humboldt County and the region. By previous agreement Access Humboldt has provided PEG services since May 9, 2006.
10. The Cities/County have determined that they wish to provide continuing support for PEG access.
11. The Cities/County have designated Access Humboldt as the AMO to operate and manage PEG access and to be the recipient of those PEG access channels, funding, and resources.
12. Access Humboldt has agreed to serve the Cities/County by managing the Community Media Center and providing PEG access programming and services.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

**SECTION 1. SCOPE OF SERVICES.** In exchange for the resources provided by the Cities/County to Access Humboldt, pursuant to this Agreement, Access Humboldt shall provide the following services:

- A. *OPERATE PUBLIC ACCESS CABLE CHANNEL(S)*. Operate the public access cable channel(s) for public/community access programming purposes in a manner that is consistent with the principles set forth in the Franchise Agreements, with the primary purpose being to administer, coordinate, and assist those requesting access on a non-discriminatory basis.
- B. *OPERATE EDUCATIONAL AND GOVERNMENTAL ACCESS CHANNELS*. Operate the educational and governmental access channel(s), with the primary purpose being to administer, coordinate, and assist the Cities/County and educational institutions requesting access on a non-discriminatory basis.
- C. *OPERATE A COMMUNITY ACCESS CENTER*. Manage a media production facility and equipment, available for public use at such hours and times as are determined by Access Humboldt. Access to equipment and facilities shall be open to all those who: (1) satisfactorily complete required training classes provided by Access Humboldt; or (2) receive certification from Access Humboldt, identifying said persons as having satisfied training requirements through other means.
- D. *PROVIDE NONDISCRIMINATORY ACCESS*. Provide access to the equipment, facilities, channels, and services provided hereunder on a non-discriminatory basis to all residents of the Cities/County for non-commercial programming purposes, whether individuals or organizations, pursuant to operating rules promulgated by ACCESS HUMBOLDT.
- E. *DEVELOP OPERATING POLICIES AND PROCEDURES*. Develop policies and procedures for use and operation of the PEG access equipment, facilities, and channels. The policies and procedures shall be filed with the Cities/County and shall be provided to any resident of the Cities/County who requests them.
- F. *COMPLIANCE WITH LAWS RULES, AND REGULATIONS*. Administer the PEG access channels and facilities in compliance with applicable laws, rules, regulations, and in compliance with the Franchise Agreements.

- G. *TRAINING.* Train residents of the Cities/County and, when requested, employees of the Cities/County and local school or college employees, in the techniques of media production, and provide technical advice in the execution of productions.
- H. *PLAYBACK/CABLECAST.* Provide for the playback/cablecasting of programs on the PEG access channels. Access Humboldt shall cablecast an average of at least 20 hours of programming per week.
- I. *MAINTENANCE OF EQUIPMENT.* Provide regular maintenance and repair of all equipment purchased with monies received pursuant to this Agreement and/or donated, loaned, or leased to Access Humboldt by the Cities/County.
- J. *SPECIAL NEEDS GROUPS.* Support special needs groups in program production through training and other means.
- K. *PROMOTION.* Actively promote the use and benefits of the PEG access channels and facilities to cable subscribers, the public, PEG access users, and the Franchisee.
- L. *PERFORMANCE REVIEW.* Access Humboldt, shall beginning in year two (2) and every four (4) years thereafter under this Agreement, contract with an entity from outside the Cities/County that is expert in PEG access matters to conduct a performance review of Access Humboldt's operations. This review shall include an opportunity for PEG access users and cable subscribers to provide input. Upon completion, a copy of the performance review shall be submitted to each of the Cities/County.
- M. *OTHER ACTIVITIES.* Undertake other PEG access programming activities and services as deemed appropriate by Access Humboldt and consistent with the obligation to facilitate and promote PEG access programming and provide non-discriminatory access.

SECTION 2. PUBLIC ACCESS CHANNELS OPEN TO PUBLIC. Access Humboldt agrees to keep the public access channel(s) open to all potential users regardless of their viewpoint, subject to FCC regulations and other relevant laws. None of the Cities/County, the Franchisee, nor Access Humboldt shall have the authority to control the content of programming placed on the public access channel(s) so long as such programming is lawful. Provided that, nothing herein shall prevent Access Humboldt, any of the Cities/County, or the Franchisee from producing or sponsoring programming, prevent any of the Cities/County or the Franchisee from underwriting programming, or prevent any of the Cities/County, Franchisee, or Access Humboldt from engaging in activities designed to promote production of certain types of programming or use by targeted groups as consistent with applicable law and rules for use of the channel(s). Access Humboldt may develop and enforce policies and procedures which are designed to promote local use of the channel(s) and make programming accessible to the viewing public, consistent with such time, place, and manner regulations as are appropriate to provide for and promote use of PEG access channels, equipment and facilities.

SECTION 3. INDEMNIFICATION. Access Humboldt shall indemnify, defend, and hold harmless each of the Cities/County, their officers, agents, and employees from and against any and all claims, suits, actions, causes of action, losses, damage, or liabilities of any kind, nature or description, including payment of litigation costs and attorneys' fees, brought by any person or persons for or on account of any loss, damage or injury to person, property or any other interest, tangible or intangible, sustained by or accruing to any person or persons, howsoever the same may be caused, directly or indirectly arising or resulting from any alleged acts or omission of Access Humboldt, its officers, employees, agents or subcontractors arising out of or resulting from the performance of this Agreement.

Access Humboldt shall indemnify and hold harmless each of the Cities/County, their officers, agents, employees and volunteers from and against any and all claims or other injury, including costs of litigation and attorney's fees, arising from or in connection with claims or loss or damage to person or property arising out of the failure to comply with

any applicable laws, rules, regulations or other requirements of local, state or federal authorities, for claims of libel, slander, invasions of privacy, or infringement of common law or statutory copyright, for breach of contract or other injury or damage in law or at equity which claims, directly or indirectly, result from Access Humboldt's use of channels, funds, equipment, facilities or staff granted under this Agreement or franchise agreements between the Cities/County and Cebridge/Suddenlink.

Each of the Cities/County, respectively, shall indemnify, defend, and hold harmless Access Humboldt, its officers, agents and employees from and against any and all claims, losses, liabilities, or damage including payment of reasonable attorneys' fees arising out of or resulting from the performance of this Agreement, caused in whole or part by any act or omission of the respective City or County.

SECTION 4. COPYRIGHT CLEARANCE. Before cablecasting any program material, Access Humboldt shall require all users to agree in writing that they shall make all appropriate arrangements to obtain all rights to all material cablecast and clearances from broadcast stations, networks, sponsors, music licensing organizations' representatives, and without limitation from the foregoing, any and all other persons as may be necessary to transmit their program material over the PEG access channels that are operated and managed by Access Humboldt. Access Humboldt shall maintain for inspection by any of the Cities/County, upon reasonable notice by the Cities/County and for the term of the applicable statute of limitations, copies of all such user agreements.

SECTION 5. COPYRIGHT AND OWNERSHIP. Access Humboldt shall own the copyright of any programs, which it may choose from time to time to produce. Copyright of programming produced by other parties shall be held by the persons who produced said programming.

## SECTION 6. DISTRIBUTION RIGHTS.

- A. Access Humboldt shall require that programs produced with funds, equipment, facilities, or staff granted under this Agreement shall be distributed on the channels whose use is authorized by this Agreement. This subparagraph shall not be interpreted to restrict other distribution (beyond distribution on channels authorized by this Agreement), so long as such other distribution is consistent with any pertinent guidelines established in the PEG access operating policies and procedures.
- B. At least twice each day that programming is cablecast on the PEG access channels whose use is authorized by this Agreement, Access Humboldt shall display a credit stating "Partial funding for the operation of this channel is provided by the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, and Humboldt County. Such credit shall also state that opinions expressed in PEG access programs are the sole responsibility of the program producers.

## SECTION 7. EQUIPMENT AND FACILITIES.

- A. Access Humboldt shall be responsible for maintenance of all equipment and facilities owned, leased or loaned to it under this Agreement or purchased with funds provided pursuant to this Agreement.
- B. Access Humboldt shall own all equipment and facilities acquired by it and purchased with funds received pursuant to this Agreement, except that upon termination or non-renewal of this Agreement all equipment or facilities purchased with funds received pursuant to this Agreement shall become the property of the Cities/County (in a manner determined by the Cities/County), which shall ensure that all such equipment or facilities shall be used for PEG access purposes.

To secure all of its obligations under this Agreement, Access Humboldt hereby grants to each of the Cities/County a security interest in the assets and interests owned or hereafter acquired by Access Humboldt with funds

provided by the Cities/County, and the proceeds thereof, including but not limited to Access Humboldt deposit accounts, inventory, and all equipment and fixtures acquired with funds provided by the Cities/County. Access Humboldt agrees to take all steps reasonably requested by any of the Cities/County to perfect and enforce the security interest of the Cities/County, including the execution and processing of financing statements and continuation statements under the California Uniform Commercial Code. Access Humboldt will also notify any institution with whom it now or hereafter maintains any deposit account of the existence of a security interest by the Cities/County in the account.

The Cities/County agree to subordinate their interest if necessary to finance the purchase of equipment or property. The subordination shall only be with respect to the specific equipment or property that Access Humboldt might wish to finance.

- C. Upon the dissolution of Access Humboldt, it shall, subject to the approval of the Cities/County, transfer all assets of Access Humboldt representing equipment and facilities funded by the Cities/County, and/or the proceeds of either to the Cities/County, or at the option of the Cities/County, to such organization or organizations designated by the Cities/County to manage PEG access which shall at the time qualify as a tax exempt organization(s) under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provisions of any superseding law).

**SECTION 8. INSURANCE.** Access Humboldt shall maintain in full force and effect at all times during the term of this Agreement insurance as required by this Section. The cost of such insurance shall be borne by Access Humboldt and may be included in its annual budget.

- A. ***COMPREHENSIVE LIABILITY INSURANCE.*** Comprehensive liability insurance, including protective, completed operations and broad form contractual liability, property damage and personal injury coverage, and comprehensive automobile liability including owned, hired, and non-owned



automobile coverage. The limits of such coverage shall be at a minimum: (1) bodily injury including death, \$2,000,000 for each person, each occurrence and aggregate; and (2) property damage, \$2,000,000 for each occurrence and aggregate.

- B. *EQUIPMENT INSURANCE.* Insurance shall be maintained on all equipment and facilities, including fixtures, funded in whole or in part under this Agreement to replacement cost. The insurance shall include, at a minimum insurance against loss or damage beyond the user's control, theft, fire or natural catastrophe. The Cities/County shall be shown as **additional insured** on all policies.
- C. *WORKERS' COMPENSATION.* Full Workers' Compensation Insurance and Employer's Liability with limits as required by California law with an insurance carrier satisfactory to the Cities/County. The worker's compensation policy is to contain, or be endorsed to contain the following provisions:
- (1.) A waiver of subrogation clause indicating the insurance company agrees to waive all right of subrogation against the Cities/County, their officers, officials, employees and volunteers for losses paid under the terms of this policy which arise from the work performed by the named insured for the Cities/County or from operations performed by the Named insured on Cities/County premises.
- D. *CABLECASTER'S ERRORS AND OMISSIONS INSURANCE.* Insurance shall be maintained to cover the content of productions which are cablecast on the PEG access channels in, at minimum, the following areas: libel and slander; copyright or trademark infringement; infliction of emotional distress, invasion of privacy; plagiarism; misuse of musical or literary materials. This policy shall not be required to cover individual PEG access producers.
- E. *CITIES/COUNTY AS CO-INSURED OR ADDITIONAL INSURED.* All Cities/County shall be named as co-insured or additional insured on all aforementioned insurance policies. The policies shall provide that no cancellation, major change in coverage or expiration may be affected by the

insurance company or Access Humboldt without first giving each of the Cities/County thirty (30) days written notice prior to the effective date of such cancellation or change in coverage. Any insurance or self-insurance maintained by the Cities/County, their officers, agents, employees, or volunteers shall be in excess of Access Humboldt's insurance and shall not contribute to it.

F. *NOTIFICATION OF COVERAGE.* Access Humboldt shall annually file with the Cities/County proof of insurance coverage as follows: (1) Comprehensive Liability and Workers' Compensation; (2) equipment insurance; and (3) cablecaster's errors and omissions insurance

G. *OTHER INSURANCE REQUIREMENTS*

Cities/County or its authorized representative or agents shall have the right to require additional insurance, or high limits of insurance, at anytime during this Agreement should it be deemed necessary.

The general liability policy is to contain, or be endorsed to contain the following provisions:

- (1) Cities/County, their officers, officials, employees and volunteers are to be covered as additional insured's with respect to liability arising out of ownership, maintenance or use of that part of the area in use by Access Humboldt pursuant to this Agreement.
- (2) Access Humboldt insurance coverage shall be primary insurance as respects the Cities/County, their officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the Cities/County, its officers, officials, employees or volunteers shall be excess of Access Humboldt's insurance and shall not contribute with it.

SECTION 9. NON-DISCRIMINATION IN EMPLOYMENT AND SERVICE. Access Humboldt shall comply with Title VII of the Civil Rights Act of 1964 and no person shall, on the grounds of race, religion or religious creed, color, age (over 40), sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), sexual orientation (including heterosexuality, homosexuality and bisexuality), national origin, ancestry, marital status, medical condition (including cancer and genetic characteristics), mental or physical disability (including HIV status and AIDS), military service, or any other classification protected by federal, state, or local laws and ordinances be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement.

SECTION 10. INDEPENDENT CONTRACTOR. It is understood and agreed that Access Humboldt is an independent contractor and that no relationship of principal/agent or employer/employee exists between the Cities/County and Access Humboldt. If in the performance of this Agreement any third persons are employed by Access Humboldt, such persons shall be entirely and exclusively under the control, direction and supervision of Access Humboldt. All terms of employment, including hours, wages, employee benefits, working conditions, discipline, hiring and discharging or any other term of employment shall be determined by Access Humboldt and the Cities/County shall have no right or authority over such persons or terms of employment.

SECTION 11. ASSIGNMENT OR TRANSFER. Neither this Agreement nor any interest herein shall be assigned or transferred by Access Humboldt, except as expressly authorized in writing by the Cities/County.

SECTION 12. ANNUAL REPORTS. Prior to June 30 of each year, Access Humboldt shall submit to the Cities/County an annual report regarding its activities during the preceding fiscal year (January 1 - December 31). This report shall contain, at a minimum, the following information:

- A. Statistics on programming and services provided;
- B. Current and complete listing of Access Humboldt's Board of Directors; and



- C. Year-end financial statements reviewed by an independent certified public accountant.

SECTION 13. RECORDS, FISCAL AUDIT.

- A. Access Humboldt shall maintain all necessary books and records, in accordance with generally accepted accounting principles.
- B. Upon reasonable request from any of the Cities/County, Access Humboldt shall, at any time during normal business hours, make available all of its records with respect to all matters covered by this Agreement.
- C. Access Humboldt shall prepare (or have prepared) and submit to the Cities/County a fiscal audit by an independent certified public accountant, at least every three (3) years unless requested more frequently by Cities/County.

SECTION 14. PEG ACCESS FUNDING, CHANNELS, AND OTHER RESOURCES.

Pursuant to the following City and County Code citations, certain PEG access funds, channels, and resources are to be provided to the Cities/County by Cebridge/Suddenlink and any entity issued a State Video Franchise. The Cities/County do by this Agreement transfer those funds, channels, and resources as delineated in the Cities/County Code to Access Humboldt for the purposes described in this Agreement including:

- A. *PEG CHANNEL CAPACITY.* "A state franchise holder shall designate a sufficient amount of capacity on its network to allow the provision of four (4) PEG channels."
- B. *PEG SUPPORT.* "Any state franchise holder shall pay to the [Cities/County] - - or if directed by the [Cities/County], to the [Cities/County] designated PEG provider -- a PEG fee equal to three percent (3%) of gross revenues."
- C. *PEG CARRIAGE AND INTERCONNECTION.* "PEG Channels are receivable by all subscribers, whether they receive digital or analog service, or a combination thereof, without the need for any equipment other than that

needed to receive the lowest cost tier of service.” . . . “Each state franchise holder and incumbent cable operator shall provide interconnection of PEG channels on reasonable terms and conditions and may not withhold the interconnection.”

The Cities/County codes referenced are:

Humboldt County Code Title VIII Chapter 5 (Pages 45-54)

Eureka City Code Title XI Chapter 114 Sections 11.63

Fortuna City Code Title 14 Chapter 14.18

Arcata City Code Title VI Chapter 4 Article 5

Ferndale City Code Ordinance Chapter 5

Rio Dell City Code Chapter 5 Article V (pg. 23-27)

Blue Lake Ordinance 497 Chapter 5

SECTION 15. ANNUAL PLAN AND BUDGET. On or before December 31 of each year in which this Agreement is in effect, Access Humboldt shall provide to the Cities/County an “Annual Plan and Budget” outlining activities and programs planned for the following fiscal year with funds and other resources provided by the Cities/County. Such plan shall contain:

- A. A statement of the anticipated number of hours of PEG access programming to be cablecast;
- B.. Training classes to be offered and frequency of classes;
- C. Other PEG access activities planned by Access Humboldt; and
- D. A detailed operating and capital equipment and facilities budget.

SECTION 16. EXPENDITURE OF FUNDS. Access Humboldt shall spend funds received from the Cities/County for the purposes listed in its Annual Plan and Budget and Section 1 (“Scope of Services”) of this Agreement. Funds not expended in the year covered by the Annual Plan and Budget may be carried over by Access Humboldt into succeeding years. Upon termination of this Agreement all funds of any kind received from the Cities/County and not expended by Access Humboldt shall be

returned to the Cities/County, in proportion to the amounts previously provided by the Cities/County. All such returned funds shall be used by the Cities/County for PEG access purposes. Access Humboldt shall provide for such fiscal control and accounting procedures as are necessary to assure proper disbursement and accounting for funds received from the Cities/County.

SECTION 17. RECEIPT OF APPROVED FUNDING. The Cities/County codes require holders of state issued video franchises to pay to the Cities/County certain funds for PEG Support (see Cities/County code citations in Section 14). For each year in which ACCESS HUMBOLDT has submitted the Annual Plan and Budget to the Cities/County as required under Section 15 of this Agreement, the Cities/County shall direct all state video franchise holders to make quarterly payments to Access Humboldt. Those payments shall be made on or before February 15, May 15, August 15, and November 15.

SECTION 18. FUNDING FROM OTHER SOURCES. Access Humboldt may, during the course of this Agreement, receive supplemental funds from other sources, including but not limited to fundraising activities.

SECTION 19. TERM OF AGREEMENT. This Agreement supersedes the previous agreement for PEG services (dated May 9, 2006) and shall be for a period of five (5) years, with a five (5) year renewal provision, commencing May 9, 2014 and ending May 9, 2019, unless terminated earlier, as provided for in this Agreement.

SECTION 20. TERMINATION OF AGREEMENT: TRANSFER OF ASSETS.

- A. The Cities/County shall have the right upon one hundred twenty (120) days written notice to Access Humboldt to terminate this Agreement for:
- (1.) Material breach of any provision of this Agreement by Access Humboldt;
  - (2.) Malfeasance, misfeasance, misappropriation of funds; or
  - (3.) Loss of 501(c) (3) status by Access Humboldt or revocation or suspension of its Articles of Incorporation by the State of California.



- B. Access Humboldt may avoid termination by curing any such breach to the satisfaction of the Cities/County within one hundred twenty (120) days of notification or within a time frame agreed to by the Cities/County and Access Humboldt. The Cities/County may also terminate this Agreement at the expiration of its term, or any extension thereof.
- C. Upon termination of this Agreement, Access Humboldt shall immediately transfer to the Cities/County all equipment, real property, fixtures, contracts, leases, deposit accounts or other assets received by or purchased by Access Humboldt with funds received pursuant to this Agreement. All such transferred items shall be used by the Cities/County for PEG access purposes.

SECTION 21. EXTENSION OF AGREEMENT. This Agreement may be renewed or extended for additional periods of not less than five (5) years each, pursuant to the following process:

- A. If Access Humboldt seeks an extension it shall submit a letter of request to each of the Cities/County at least one hundred twenty (120) days prior to the expiration of this Agreement.
- B. The City Managers/County CAO shall jointly respond to Access Humboldt's letter of request for an extension of the Agreement within thirty (30) days of the date of said letter. If the Cities/County intends to refuse to extend the Agreement, they shall explain the reasons for this decision in their response to Access Humboldt. The Cities/County may not refuse to extend the contract based upon a failure of Access Humboldt to comply with the terms of this Agreement unless the Cities/County have provided Access Humboldt a notice of its failure to comply with the terms and the opportunity to cure said noncompliance.

SECTION 22. TIME. Time is of the essence in this Agreement and for the performance of all covenants and conditions of this Agreement.

SECTION 23. COOPERATION. Each party agrees to execute all documents and do all things necessary and appropriate to carry out the provisions of this Agreement.

SECTION 24. APPLICABLE LAW. This Agreement shall be interpreted and enforced under the laws of the State of California.

SECTION 25. NOTICES. Wherever this Agreement requires notice to be given to or a filing to be made with the Cities/County, such notice or filing shall be given to or made with each City and the County. All notices and other communications to be given by either party may be given in writing, depositing the same in the United States mail, postage prepaid and addressed to the appropriate party as follows:

To the Cities and County:

City Managers of Arcata, Blue Lake, Eureka, Fortuna, Ferndale, Rio Dell

City Manager  
City of Arcata  
736 F Street  
Arcata, CA. 95521

City Manager  
City of Ferndale  
834 Main Street/PO Box 1095  
Ferndale, CA. 95536

City Manager  
City of Blue Lake  
P.O .Box 458  
Blue Lake, CA. 95525

City Manager  
City of Rio Dell  
675 Wildwood Avenue  
Rio Dell, CA. 95562

City Manager  
City of Eureka  
531 K Street  
Eureka, CA. 95501

City Manager  
City of Fortuna  
621 11th Street  
Fortuna, CA. 95540

Humboldt County Administrative Officer

County Administrative Officer  
County of Humboldt  
825 5<sup>th</sup> St  
Eureka, CA. 95501

To Access Humboldt  
Executive Director  
P.O Box 157  
Eureka, CA 95502

Any party may change its address by written notice to the other parties at any time.

SECTION 26. ENTIRE AGREEMENT. This Agreement is the entire agreement of the parties and supersedes all prior negotiations and agreements whether written or oral. This Agreement may be amended only by written agreement and no purported oral amendment to this Agreement shall be valid.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written above.

**CITIES AND COUNTY**

**Access Humboldt, a California  
nonprofit corporation**

\_\_\_\_\_  
City of Arcata/Name

\_\_\_\_\_  
Chairperson, Board of Directors

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

\_\_\_\_\_  
City of Blue Lake/Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
City of Eureka/Name

\_\_\_\_\_  
Date

*Signatures continued on next page*

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City of Ferndale/Name

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Date

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City of Fortuna/Name

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Date

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City of Rio Dell/Name

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Date

---

Humboldt County/Name

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Date



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675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
(707) 764-5480 (fax)  
E-mail: [cm@riodellcity.com](mailto:cm@riodellcity.com)

April 15, 2014

TO: Mayor and Members of the City Council

FROM: Jim Stretch, City Manager

SUBJECT: Approval of Finance Department Internal Transaction for cost of 2012-2013 audit and additional auditor's cost for 2013-2014

**IT IS RECOMMENDED THAT THE CITY COUNCIL:**

Approve the internal Finance Department transfer of \$14,790 budget to cover unanticipated costs in the 2013-2014 budget. Costs arise from \$9,989.76 billed by Independent Auditor R.J. Ricciardi, Inc. Certified Public Accountants, and \$4,800.00 billed by Independent Auditor Loucks and Glassley, PLLP for staff consultations.

**BACKGROUND AND DISCUSSION**

The City of Rio Dell has an agreement with R.J. Ricciardi, Inc., Certified Public Accountants, to provide auditing services as the City's Independent Auditor for two years beginning in 2012-2013. The Finance Department budgeted \$22,000 for the first year of the audit engagement. However, according to the Independent Auditor, they have spent significant additional time completing their agreement as a result of the three building projects that have been closed out.

The Auditors have found that some project reports supplied to them were incomplete and others required research discussions with grant and loan agencies. Generally, this information is provided by the client. Accordingly the City was billed for the additional services under the terms provided in the Letter of Engagement.

To date the City has been billed, and paid, a total of \$25,963 with an additional invoice in the amount of \$6,028 still outstanding. Total costs amount to \$31,989.76 for the FY 2013-2014 Audit. This included special reports that were required by the City's Finance Department.

Next, after the Accountant relocated out of state and the Finance Director to another job, it was necessary to contract with former Rio Dell City Accountant Maria Knapek, an employee of Loucks and Glassley, PLLP, to efficiently close out 2012-2013 books. This arrangement was mentioned to the City Manager and City Council, but was never formally addressed as an



amendment to any contractual agreement. The cost of \$4,800 for Loucks and Glassley, PLLP services has already been incurred.

To summarize, a total of \$22,000 was budgeted for contract auditing and accounting services for the 2013-2014 fiscal year, but due to the facts above, a total of \$36,789.76 will be incurred by year end. There is no doubt that our Auditor has done the necessary work to complete the current audit, and that our former Accountant, Maria Knapek, completed the necessary work to assist with 2012-2013 closeouts. Accordingly, it is respectfully requested that an additional \$14,790 be approved for internal Finance Department transfer to cover the extra costs.



**CITY OF RIO DELL**  
**REQUEST FOR BUDGET TRANSFER/ADJUSTMENT**

BT/ADJ# \_\_\_\_\_

DEPARTMENT: FINANCE

DEPT# 03

DATE: 4/16/14

1.) Reason for Budget Transfer Request:

- Transfer within expenditure/revenue category (with Finance Director Approval)
- Transfer between expenditure/revenue category (with City Manager & Finance Director Approval)
- Transfer to or from Reserves (with Council Approval)
- Increase/decrease budget unit appropriation (with Council Approval)
- Establish/transfer funds in Fixed Assets <\$5,000 (City Manager & Finance Director's Approval)
- Establish/transfer funds in Fixed Assets >\$5,000 (with Council Approval)

2.) TRANSFER FROM:

FUND	ACCOUNT NAME	ACCOUNT NUMBER	AMOUNT
<u>00</u>	<u>F/T SALARIES</u>	<u>5000 03 000</u>	<u>2,957.95</u>
<u>20</u>	↓	<u>5000 03 020</u>	<u>887.39</u>
<u>24</u>	↓	<u>5000 03 024</u>	<u>443.69</u>
<u>50</u>	↓	<u>5000 03 050</u>	<u>5,915.90</u>
<u>60</u>	↓	<u>5000 03 060</u>	<u>4,584.83</u>

TRANSFER TO:

FUND	ACCOUNT NAME	ACCOUNT NUMBER	AMOUNT
<u>00</u>	<u>ACCOUNTING</u>	<u>5110 03 000</u>	<u>2,957.95</u>
<u>20</u>	↓	<u>5110 03 020</u>	<u>887.39</u>
<u>24</u>	↓	<u>5110 03 024</u>	<u>443.69</u>
<u>50</u>	↓	<u>5110 03 050</u>	<u>5,915.90</u>
<u>60</u>	↓	<u>5110 03 060</u>	<u>4,584.83</u>

3.) In the space below, state (a) reason for transfer request, (b) reason why there are sufficient balances in affected accounts, and (c) why transfer cannot be delayed until next budget year.

STAFF REPORT ATTACHED - TOTAL TRANSFER \$14,789.76

4.) Department Authorization:

Date: \_\_\_\_\_ (Signed) \_\_\_\_\_

5.) Account balances verified by Finance Director:

Date: 4/11/14 (Signed) B. Woodcock

6.)  /Approved

/Not Approved

/Recommended

/Not Recommended

City Manager

Date: 4/11/14 (Signed) [Signature]

7.)  /Approved

/Not Approved

/Recommended

/Not Recommended

/Tabled

/Modified

/Next Meeting

City Council


Date: \_\_\_\_\_ (Signed) \_\_\_\_\_



---

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

April 15, 2104

TO: Rio Dell City Council  
FROM: Jim , City Manager  
SUBJECT: Correction to April 1, 2014 staff report and March 27, 2014 letter to Arnie Kemp regarding termination of services agreement

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Note the corrections and receive and file this report.

BACKGROUND AND DISCUSSION

On April 1, 2014 an urgency items was added to the City Council agenda regarding the ratification of the City Manager's action to terminate Arnie Kemp's building inspection and plan check services contract for cause. The matter arose late on March 27, 2014; too late to be included in the agenda packet. However, the dates on Mr. Kemp's letter and the staff report to the Council incorrectly read March 20, 2014, and should have read March 27, 2014. Both writing have been corrected and are attached for the purpose of the public record.



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(707) 764-5480 (fax)  
E-mail: [cm@riodellcity.com](mailto:cm@riodellcity.com)*

March 31, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Jim Stretch, City Manager

SUBJECT: Ratification of City Manager action to terminate Kemp contract for cause; authorize interim contract(s) for plan check and building inspection services and training of staff for program requirements.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Ratify the City Manager's March 27, 2014 letter and action to terminate the Building Plan Check and Building Inspection contract with Arnie Kemp, effective April 26, 2014, with no work to occur under the agreement as of March 27, 2014, and
2. Authorize the City Manager to contract with the City of Fortuna and/or County of Humboldt for interim plan check and building inspection services until a permanent arrangement is established, and
3. Authorize the training and certification of the Community Development Director as the City Building Official, including amendment to his job description and employment contract, with Council approval.

BACKGROUND AND DISCUSSION

As the City Council is aware, a new contract with Arnie Kemp for plan check and building inspection services was approved on February 18, 2014. There were several new requirements under the agreement, including the acquisition of different lines of business insurance and the maintenance and filing of his Plans Examiner and Building Inspection Certificates with the City. As of March 27, 2014, these certificates were not received and thus, after consult with legal counsel, the City Manager served Mr. Kemp with a letter of

termination, effective in 30 days. As of the date of the letter, there has been no additional work assigned or performed by Mr. Kemp.

However, under the agreement with Mr. Kemp in place prior to the February 18, 2014 Agreement, his services are required for every plan check and building permit through to final inspections since he has already been paid fees up-front for these services. If this arrangement is unworkable, the return of these fees for services will be requested for payment to another service provider.

### INTERIM ARRANGEMENT

The City Manager immediately contacted the City Manager of Fortuna and the County Administrative Officer for Humboldt County to arrange for interim building program services. Fortuna responded quickly that they are willing and capable of providing the City of Rio Dell plan check and building inspection services and an agreement with them will be developed as soon as possible for City Council approval. It will most likely be a time and materials agreement.

### LONG TERM PLAN FOR BUILDING SERVICES

The City's Community Development Director, Kevin Caldwell, has had an interest in the building program for some time, knows much of the various codes, conducts his own drafting and design business on the side and has training in code enforcement. He is willing to undergo the training to become certified as required. Training opportunities through California Building Officials Program series are scheduled on April 23 - 24, 2014 in Santa Maria and on July 15-17, 2014 in Modesto. The cost of the training and related costs for travel and lodging would be a valid expense of the Building Program administrative fees recently established by the City Council to be effective May 5, 2014 (33%) and July 1, 2014 (66%). In the meantime, the City will need to contract for services with the City of Fortuna.

The Community Development Director believes that he can work the Building Program into his schedule since there are only about 85 building permits issued per year and he has been able to update most of the outstanding General Plan Elements on the Planning side. If this plan does not work satisfactorily, the City can contract out the service on a long term basis.





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E-mail: [cm@riodellcity.com](mailto:cm@riodellcity.com)*

March 27, 2014

Arnold Kemp  
Kemp Inspection Service  
POB 68  
Rio Dell, CA 95562

Dear Arnie:

It has come to my attention that the building inspection certificates that you represented you had and are required under Section 12 of the current agreement are officially on inactive status, thus you are out of compliance with the agreement. Furthermore, the insurance certificates required under Section 18 have not been filed with the City as required. Accordingly, on the advice of our City Attorney, you are hereby given a 30 day notice of the termination of the agreement. There shall be no additional work assigned or performed under the agreement effectively immediately.

Payments to you for the plan checks and building permits issued under the old agreement through February 17, 2014 are still in force and will require your inspection services through the final inspection. As you are aware, you need to keep the City Clerk advised of every inspection made so that City records are up to date and complete.

If you are unable or unwilling to complete the inspection for which you have been paid, please let me know and we will calculate the amount of building inspection fees that must be returned to the City.

According to City records, since the effective date of the agreement there have been only 4 permits issued and your services on the permits must terminate immediately. We will determine and remit to you the amount due you under the agreement when your construction loges are received by the City Clerk.

I regret taking this action Arnie, but you have given the City no choice. I trust that you realize that you have placed the City in an untenable position, perhaps for years.

Sincerely,

---

Jim Stretch, City Manager

Cc: Members of the Rio Dell City Council



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

April 15, 2104

TO: Rio Dell City Council  
FROM: Jim ~~Stretch~~, City Manager  
SUBJECT: Public Hearing for Wastewater Rate Adjustments Based on Volume and Resolution to adjust fees.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Open the Proposition 218 public hearing on proposed wastewater rate adjustments set forth in Resolution No. 1222- 2014, noticed more than 45 days ago and sent to all property owners and residential occupants in the City of Rio Dell, and
2. Determine from the City Clerk whether 50% or more of affected property owners/property occupants have submitted written protests against the proposed rates, and if not
3. Receive a presentation from Consultant Bartle Wells Associates on the report they prepared, dated January 3, 2014 and entitled City of Rio Dell Wastewater Rate and Capacity Fee Study, Final Draft, which includes the substantive requirements of Proposition 218, and
4. Receive public testimony on proposed rate adjustments, and then
5. Close the public hearing.
6. Adopt Resolution No.1222-2014 adjusting wastewater rates from a flat rate to a new method, whereby 70% of revenue is based on a fixed monthly charge and 30% of revenue is based on a new volume rate, presented as Option 1 in the January 3, 2014 study.

BACKGROUND AND DISCUSSION

As the Council may recall, an agreement with Bartle Wells Associates (BWA) was approved on November 20, 2012 to conduct a wastewater rate study to focus on the equitability between various classes of customers and to develop-volume based wastewater rates.

On January 3, 2013 the Council approved an amendment to the BWA agreement to also include the review for updating the wastewater connection fee that had not been revised in 26 years.

Bartle Wells Associates produced a draft report for review on May 1, 2013, received by the Council on the agenda of June 18, 2013. The Council approved on a 5-0 vote to proceed with



Option 1, which was to allocate 70% of wastewater cost to the fixed charges and 30% of the cost based on volume. Staff was requested to develop additional information based on questions asked by the Council. The Council's motion included the directive to proceed with the recommended fee of \$5,220 for new connections to the system.

On August 6, 2013 the City Council received answers to their questions and a lengthy discussion ensued. Additional questions were raised and the Council asked that BWA return for another study session and that the wastewater connection fee be separated from the Proposition 218 process for the wastewater rate issue. From the discussion it was apparent that the Council was split on implementing the recommended wastewater rate study.

On September 3, 2013 the City Manager placed an item on the agenda, asking the Council if it wished to alter the study methodology. A majority of the City Council felt that the study parameters should not be changed.

Also on September 3, 2013, after learning that connection fees are not subject to the Proposition 218 process, a noticed public hearing was held for the introduction and first reading of Ordinance 307-2013 to increase the wastewater connection fee from \$950 to \$5,220 as recommended by BWA, based on wastewater system replacement costs, less depreciation.

On September 17, 2013 Doug Dove of BWA made a power point presentation of the study recommendations and addressed each question that was submitted prior to the meeting and many others that developed during the 1 hour discussion. In the end, a majority of the Council was satisfied with the recommendations and asked staff to identify the key points of the session, which was done via email and placed in the public record.

Also on September 17, 2013 the City Council conducted the second reading and public hearing on Ordinance 307-2013. Receiving no opposition, the Ordinance to increase the wastewater capacity fee was adopted to become effective on October 17, 2013.

On December 17, 2013 the City Council approved an amendment to the agreement with Bartle Wells Associates to finalize the study, prepare revisions to the City Municipal Code as required to implement the study and to prepare the Proposition 218 notice and to attend the public hearing.

Attached to this report is the public notice for today's public hearing, mailed to all property owners and residential customers on February 24, 2014. It contained a good summary of the proposals.

Also attached is a copy of the wastewater rate study prepared by Bartle Wells, dated January 3, 2014, Resolution 1222-2014, setting the new wastewater rates structure as directed by the City Council and noted in the report as Option 1. Amendments to Chapter 13.10 of the City of Rio Dell Municipal Code, Sewer Rates and Regulations relevant to deleting fees from the Ordinance for placement in a Resolution and the collection of delinquencies on a property tax bill have been addressed Ordinance 307-2013 adopted on September 3, 2013 and under Ordinance 322-2014 also on the agenda tonight.

Financial Analyst Alison Lechowicz of Bartle Wells will be present at the hearing to present the details of the study and answer questions.

# City of Rio Dell



## Wastewater Rate and Capacity Fee Study

**FINAL DRAFT**

January 3, 2014



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS



**BARTLE WELLS ASSOCIATES**  
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue  
Berkeley, CA 94703  
T: 510-653-3399  
www.bartlewells.com

January 3, 2014  
Jim Stretch, City Manager  
City of Rio Dell  
675 Wildwood Avenue  
Rio Dell, CA 95562

Re: Wastewater Rate Study

Bartle Wells Associates (BWA) is pleased to submit to the City of Rio Dell the attached Wastewater Rate and Capacity Fee Study. The report presents BWA's recommended approach for changing the City's current flat wastewater rate to a flat plus volumetric rate structure. This report also recommends a new capacity fee for the wastewater system.

BWA finds that the wastewater rates and charges proposed in our report to be based on the cost of service, follow generally accepted rate design criteria, and adhere to the substantive requirements of Proposition 218. BWA believes that the proposed rates are fair and reasonable to the City's customers.

We enjoyed working with you on the rate study and appreciate the assistance and cooperation of City staff throughout the project. Please contact us if you ever have any future questions about this study and the rate recommendations.

Yours truly,

Doug Dove, CIPFA  
Principal

Alison Lechowicz  
Financial Analyst

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Appendix A - Strength Classifications into Low, Domestic, Medium, and High Strength Dischargers



# Executive Summary

Bartle Wells Associates (BWA) was engaged by the City to develop a new wastewater rate structure and to update the City’s wastewater capacity fee.

## Monthly Wastewater Rate

The current wastewater rate is a fixed monthly charge of \$76.16 per residence, also referred to as an equivalent dwelling unit (EDU). Commercial customers are assigned multiple EDUs based on their wastewater flow and pollutant loading relative to a single family customer.

BWA’s recommended alternative wastewater rate structure includes a fixed monthly charge (\$/EDU) plus a volume rate (\$/hundred cubic feet) based on estimated wastewater flow. BWA developed wastewater rate alternatives by allocating the current system revenues of \$1.17 million to fixed and variable cost categories. The fixed monthly charge is based on each customer’s EDU count and the volume rates are based on wastewater flow and strength characteristics.

The benefit of implementing a volume rate is equitability. Lower wastewater users pay a lower monthly bill than high wastewater users.

Provided below are two wastewater rate alternatives. BWA recommends Option 1 as it provides more revenue stability with a higher fixed charge.

### Option 1: 70% Fixed and 30% Volume

Option 1 allocates 70% of costs to the fixed charge and 30% of costs to the volume (variable) charge.

<b>Fixed Monthly Charge</b>	\$52.68	per EDU
<b>Volume Rate</b>		
Customer Class		
Low	\$3.63	per ccf
Domestic Strength	\$4.54	per ccf
Medium	\$6.81	per ccf
High	\$7.95	per ccf

ccf = hundred cubic feet

The average residential customer has a wastewater flow of 5 hundred cubic feet (ccf) and would have a monthly bill of \$75.38 under the proposed Option 1 rates, a slight decrease from the current monthly bill of \$76.16.

$$\begin{array}{rccccccc}
 \text{Fixed} & & & & \text{Volume} & & \text{Winter} & & \text{Total} \\
 \text{Charge} & & & & \text{Rate} & & \text{Water Use} & & \text{Monthly Bill} \\
 \$52.68 & + & ( & \$4.54 & \text{ x } & 5 & ) & = & \$75.38 \\
 & & & \text{ \$/ccf} & & \text{ ccf} & & & 
 \end{array}$$

## Option 2: 50% Fixed and 50% Volume

Option 2 allocates 50% of costs to the fixed charge and 50% of costs to the volume (variable) charge.

**Table ES-2**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Rate Structure Option 2: 50% Fixed and 50% Volume**

<b>Fixed Monthly Charge</b>	\$37.62	per EDU
<b>Volume Rate</b>		
Customer Class		
Low	\$6.06	per ccf
Domestic Strength	\$7.57	per ccf
Medium	\$11.36	per ccf
High	\$13.25	per ccf

ccf = hundred cubic feet

The average residential monthly bill under the Option 2 rates is \$75.47, a decrease of \$0.69 from the current bill of \$76.16.

Fixed Charge	+	(	Volume Rate	x	Winter Water Use	) =	Total Monthly Bill
\$37.62			\$7.57		5		\$75.47
			\$/ccf		ccf		

## Capacity Fee

BWA conducted an analysis of the City's wastewater capacity fee and recommends increasing the current fee of \$950 to \$5,220 per equivalent dwelling unit. The recommended fee is a buy-in to the collection system and reflects the recently completed upgrades to the wastewater treatment plant. The recommended fee is moderate in comparison to other agencies in the region.



# Rate Setting Legislation and Principles

In conducting this wastewater rate study, BWA adheres to the Proposition 218 requirements as described in this section. Subsequent sections provide the detailed, cost of service basis for BWA's rate recommendations.

## Proposition 218

Proposition 218, the "Right to Vote on Taxes Act", was approved by California voters in November 1996 and is codified as Articles XIII C and XIII D of the California Constitution. Proposition 218 establishes requirements for imposing or increasing property related taxes, assessments, fees and charges. For many years, there was no legal consensus on whether water and wastewater rates met the definition of "property related fees". In July 2006, the California Supreme Court essentially confirmed that Proposition 218 applies to water and wastewater rates.

BWA recommends that the City follow the procedural requirements of Proposition 218 for all wastewater rate changes. These requirements include:

- **Noticing Requirement:** - The City must mail a notice of proposed rate changes to all affected property owners. The notice must specify the basis of the fee, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
- **Public Hearing:** - The City must hold a public hearing prior to adopting the proposed rate changes. The public hearing must be held not less than 45 days after the required notices are mailed.
- **Rate Increases Subject to Majority Protest:** - At the public hearing, the proposed rates are subject to majority protest. If more than 50% of affected property owners submit written protests against the proposed rates, the rates cannot be adopted.

Proposition 218 also established a number of substantive requirements that apply to water rates and charges, including:

- **Cost of Service:** - Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the "cost of service".
- **Intended Purpose** - Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
- **Proportional Cost Recovery** - The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
- **Availability of Service** - No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
- **General Government Services** - No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water, wastewater, and refuse collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to procedural requirements of Proposition 218.

## Rate Development Principles

In reviewing the City's current wastewater rates and finances, BWA used the following criteria in developing our recommendations:

1. *Revenue Sufficiency:* Rates should recover the annual cost of service and provide revenue stability.
2. *Rate Impact:* While rates are calculated to generate sufficient revenue to cover operating and capital costs, they should be designed to minimize, as much as possible, the impacts on ratepayers.
3. *Equitable:* Rates should be proportionately allocated among all customer classes based on their estimated demand characteristics. Each user class only pays its proportionate share.
4. *Practical:* Rates should be simple in form and, therefore, adaptable to changing conditions, easy to administer and easy to understand.
5. *Provide Incentive:* Rates provide price signals which serve as indicators to conserve water, reduce wastewater flow, and to use water efficiently.

## Background

The City of Rio Dell (“City”) is located in Humboldt County and provides water and wastewater service to approximately 1,200 customers. The City currently charges all customers a fixed wastewater charge based on an equivalent dwelling unit (“EDU”) basis. Sometime ago, the City determined the wastewater flow and pollutant strength loading (“loads”) of the average residential customer. The average residential flow and loads is set as one EDU. Each commercial customer was assigned an EDU count based on the customer’s flow and loads relative to a residential unit. The City does not know when the EDU count for commercial customers was last updated. The City engaged BWA to develop a new rate structure that includes a flat or fixed charge based on EDU count and a rate based on volume of wastewater discharged.

The City also engaged BWA to develop a new wastewater capacity fee. The City was successful in securing a Clean Water State Revolving Fund Grant and Loan for the upgrade of the wastewater treatment plant. The total cost of the improvement is \$10.7 million and the City received a grant (principal forgiveness) for \$6 million. Existing ratepayers and new connections will fund \$4.7 million in construction costs which will significantly affect the calculation of the capacity fee.

## Wastewater Flow and Customer Projections

The City has approximately 1,200 residential and commercial wastewater customers recorded in the City’s billing software. At any given time, some of the customers may have deactivated accounts. BWA analyzed the City’s billing records for 2011 and through October 2012. The EDU count for the City has varied between 1,100 and 1,300 over the past two years due to the deactivation and reactivation of accounts. The City’s service area includes a number of rental units that have high turnover and revenues from these units may not be stable. The wastewater rate for FY2013/14 is \$76.16 per EDU per month. Deactivated accounts are not currently charged the monthly rate and are not included in the EDU count.

Although customer counts have historically varied, BWA determined that the City has an EDU count of 1,278 based on actual wastewater service revenues. BWA evaluated the historical wastewater flows of the residential class based on the water used during December of 2011, January of 2012, and February of 2012. The average residential winter water use and assumed wastewater flow is 5 hundred cubic feet (“ccf”) per month. Wastewater flows are often estimated using winter water consumption. During the winter, customers typically do not use water for outdoor irrigation.

BWA assigned commercial customers to wastewater strength categories based on BWA’s prior rate study experience, industry standard practice, and the wastewater strengths described in the Revenue Program Guidelines developed by the State Water Resources Control Board, see Table 1 and Appendix A.

**Table 1**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Customer Classifications**

Customer Class	BWA Recommended Strength Factor	Example Customers
Low	0.80	Car wash, office, retail store, school, laundromat
Domestic	1.00	Single family residential, multifamily residential, hotel, motel, mobile home park, churches, auto shop, gas station, bars without dining
Medium	1.50	Beauty shop, medical office, dental office
High	1.75	Restaurant, market with food prep, bakery

BWA allocated 60% of the cost of service to flow and 40% to strength. This allocation is commonly used by small wastewater agencies that do not have detailed cost information or engineering studies available. The calculation for each commercial customer's EDU count is:

$$\text{EDU count} = (\text{winter water use}/5 \text{ ccf}) \times (60\% + 40\% \times \text{strength factor})$$

The current EDU count was compared with the BWA recommended EDU count based on the equation above. Some customers received a decrease in their EDU count and some received an increase. The BWA recommended EDU count results in a net gain of 14 EDUs.

Under the current (FY2013/14) monthly rate of \$76.16 per EDU and a customer base of 1,278 EDUs, the City expects to receive \$1,167,000 in wastewater service charge revenue. Under the BWA EDU count, the wastewater service charge would be \$75.26 to collect the same amount of revenue, see Table 2.

**Table 2**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**EDU Count**

Customer Class	Current EDU Count	BWA Recommended EDU Count	Net Change
Low	25	27	2
Domestic	1,238	1,247	9
Medium	4	4	0
High	11	14	3
	1,278	1,292	14
Cost of Service (determined by City)	\$1,167,000	\$1,167,000	
Annual Cost per EDU	\$913.15	\$903.10	
Monthly Cost per EDU	\$76.10	\$75.26	

## Rate Structure Alternatives

In addition to updating the EDU count, BWA developed rate structure alternatives that adequately cover the cost of providing service, are fair to the ratepayers, and include a volumetric rate based on estimated wastewater flow. BWA developed two rate alternatives in which revenues are allocated to fixed and volume rate components. Based on our experience with smaller wastewater systems, like the City's, fixed costs typically make up 50% to 90% of total costs and variable costs make up 10% to 50% of total costs. The fixed rate component is based on the EDU count described in the previous section and the volume rate is calculated based on an estimate of winter water use. Winter water use is based on the average monthly water use during December 2011, January 2012, and February 2012. The average monthly winter water use is multiplied by twelve to estimate yearly wastewater flow.

In reviewing the monthly winter water use data, BWA noted that in any given month a number of residential accounts are shutoff mid-month. These accounts had recorded water use for the month of the shutoff but would not generate sewer flow going forward and would not pay volume rates until the account is reactivated. To estimate total domestic wastewater flows for rate making purposes, BWA averaged a low estimate of wastewater flows (not including potentially shutoff accounts) with a higher estimate of wastewater flows (including all accounts).

## Option 1: 70% Fixed and 30% Volume

Under Option 1, BWA allocates 70% of revenue to the fixed monthly charge and 30% of revenue to a new volume rate. The fixed charge is based on the BWA recommended EDU count. The volume rate for low, domestic, medium, and high strength customers is scaled to the strength factor for each customer class.

The average residential monthly bill under Option 1 is \$75.38.

$$\begin{array}{rcccccc} \text{Fixed} & & \text{Volume} & & \text{Winter} & & \text{Total} \\ \text{Charge} & & \text{Rate} & & \text{Water Use} & & \text{Monthly Bill} \\ \$52.68 & + & (\$4.54 & \times & 5 & ) & = & \$75.38 \\ & & \text{\$/ccf} & & \text{ccf} & & & \end{array}$$

**Table 3**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Rate Structure Option 1: 70% Fixed and 30% Volume**

<b>FIXED CHARGE CALCULATION - 70%</b>					<b>Fixed Charge</b>
Total Cost of Service			\$1,167,000		70% Revenue \$816,900
Customer Class	Strength Factor	BWA EDUs	Fixed Charge based on EDU	<b>Annual Fixed Charge Revenue</b>	
Low	0.80	27	\$52.68	<b>\$17,068</b>	
Domestic Strength	1.00	1,247	\$52.68	<b>\$788,436</b>	
Medium	1.50	4	\$52.68	<b>\$2,529</b>	
High	1.75	14	\$52.68	<b>\$8,850</b>	
		1,292		<b>\$816,883</b>	
<b>VOLUME RATE CALCULATION - 30%</b>					<b>Volume Rate</b>
Total Cost of Service			\$1,167,000		30% Revenue \$350,100
					\$4.56 avg rate per ccf
Customer Class	Strength Factor	Total Flow <sup>1</sup>	Volume Rate <sup>2</sup>	<b>Annual Volume Rate Revenue</b>	
Low	0.80	1,436	\$3.63	<b>\$5,213</b>	
Domestic Strength	1.00	74,544	\$4.54	<b>\$338,430</b>	
Medium	1.50	156	\$6.81	<b>\$1,062</b>	
High	1.75	608	\$7.95	<b>\$4,834</b>	
		76,744		<b>\$349,538</b>	

1 - Units are hundred cubic feet (ccf). Based on winter water use. Domestic flow is based on an average of high and low wastewater flow estimates.

2 - Volume rates are scaled to the domestic rate based on the strength factor (i.e. the low strength rate is 0.8 times the domestic strength rate). The domestic strength rate is set such that the total volume rate revenue is less than or equal to 30% of the cost of service.



## Option 2: 50% Fixed and 50% Volume

Under Option 2, BWA allocates 50% of revenue to the fixed monthly charge and 50% of revenue to a new volume rate. The fixed charge is based on the BWA recommended EDU count. The volume charge for low, domestic, medium, and high strength customers is scaled to the strength factor for each customer class.

The average residential monthly bill under Option 2 is \$75.47.

$$\begin{array}{rcccccc} \text{Fixed} & & \text{Volume} & & \text{Winter} & & \text{Total} \\ \text{Charge} & & \text{Rate} & & \text{Water Use} & & \text{Monthly Bill} \\ \$37.62 & + & (\$7.57 & \times & 5 & ) & = & \$75.47 \\ & & \text{\$/ccf} & & \text{ccf} & & & \end{array}$$

**Table 4**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Rate Structure Option 2: 50% Fixed and 50% Volume**

<b>FIXED CHARGE CALCULATION - 50%</b>				<b>Fixed Charge</b>
Total Cost of Service			\$1,167,000	50% Revenue \$583,500
Customer Class	Strength Factor	BWA EDUs	Fixed Charge based on EDU	Annual Fixed Charge Revenue
Low	0.80	27	\$37.62	\$12,189
Domestic Strength	1.00	1,247	\$37.62	\$563,040
Medium	1.50	4	\$37.62	\$1,806
High	1.75	14	\$37.62	\$6,320
			1,292	<u>\$583,355</u>

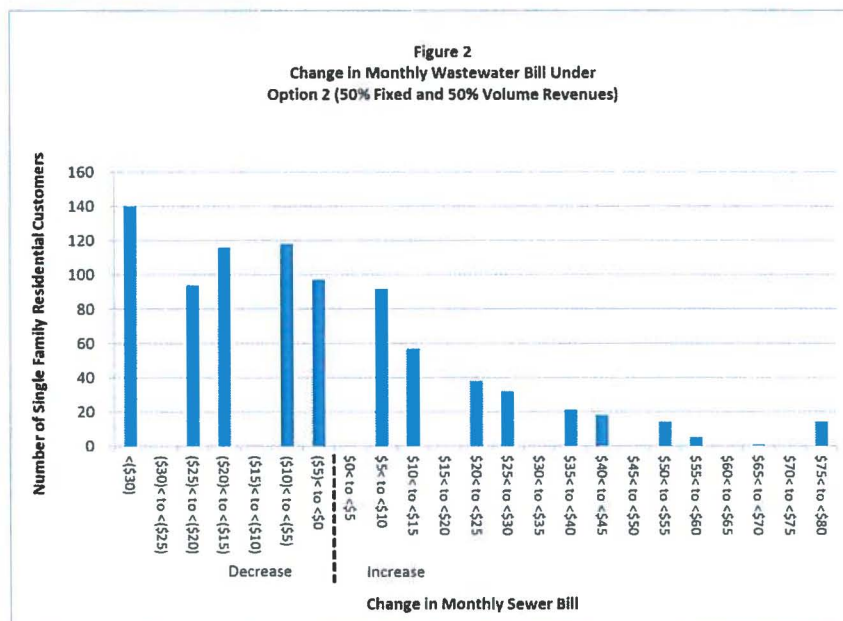
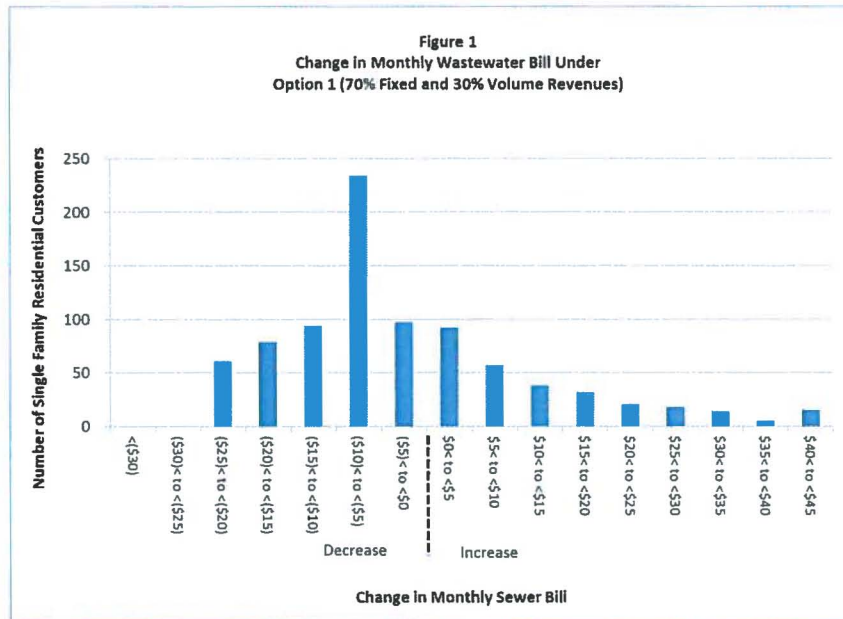
<b>VOLUME RATE CALCULATION - 50%</b>				<b>Volume Rate</b>
Total Cost of Service			\$1,167,000	50% Revenue \$583,500
				\$7.60 avg rate per ccf
Customer Class	Strength Factor	Total Flow <sup>1</sup>	Volume Rate <sup>2</sup>	Annual Volume Rate Revenue
Low	0.80	1,436	\$6.06	\$8,702
Domestic Strength	1.00	74,544	\$7.57	\$564,298
Medium	1.50	156	\$11.36	\$1,771
High	1.75	608	\$13.25	\$8,054
			76,744	<u>\$582,826</u>

1 - Units are hundred cubic feet (ccf). Based on winter water use. Domestic flow is based on an average of high and low wastewater flow estimates.

2 - Volume rates are scaled to the domestic rate based on the strength factor (i.e. the low strength rate is 0.8 times the domestic strength rate). The domestic strength rate is set such that the total volume rate revenue is less than or equal to 50% of the cost of service.

## Bill Impacts

Transitioning to a volume rate, the City will benefit low water users who will receive reductions in their monthly wastewater bills. BWA analyzed the monthly bills of single family residential customers. The 70% Fixed/30% Volume Revenue Option (Option 1) is shown in Figure 1 and the 50% Fixed/50% Volume Revenue Option (Option 2) is shown in Figure 2. Under both options about 66% of single family residential customers would receive a decrease and about 34% of single family residential customers would receive an increase in their monthly wastewater bills. Under Option 2, there is a greater spread in the distribution of change in the monthly bills.



Tables 5 and 6 show bill impacts to low, average, and high water users under Options 1 and 2, respectively.

**Table 5**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Single Family Residential Customer Bills Comparison**  
**Rate Structure Option 1: 70% Fixed and 30% Volume**

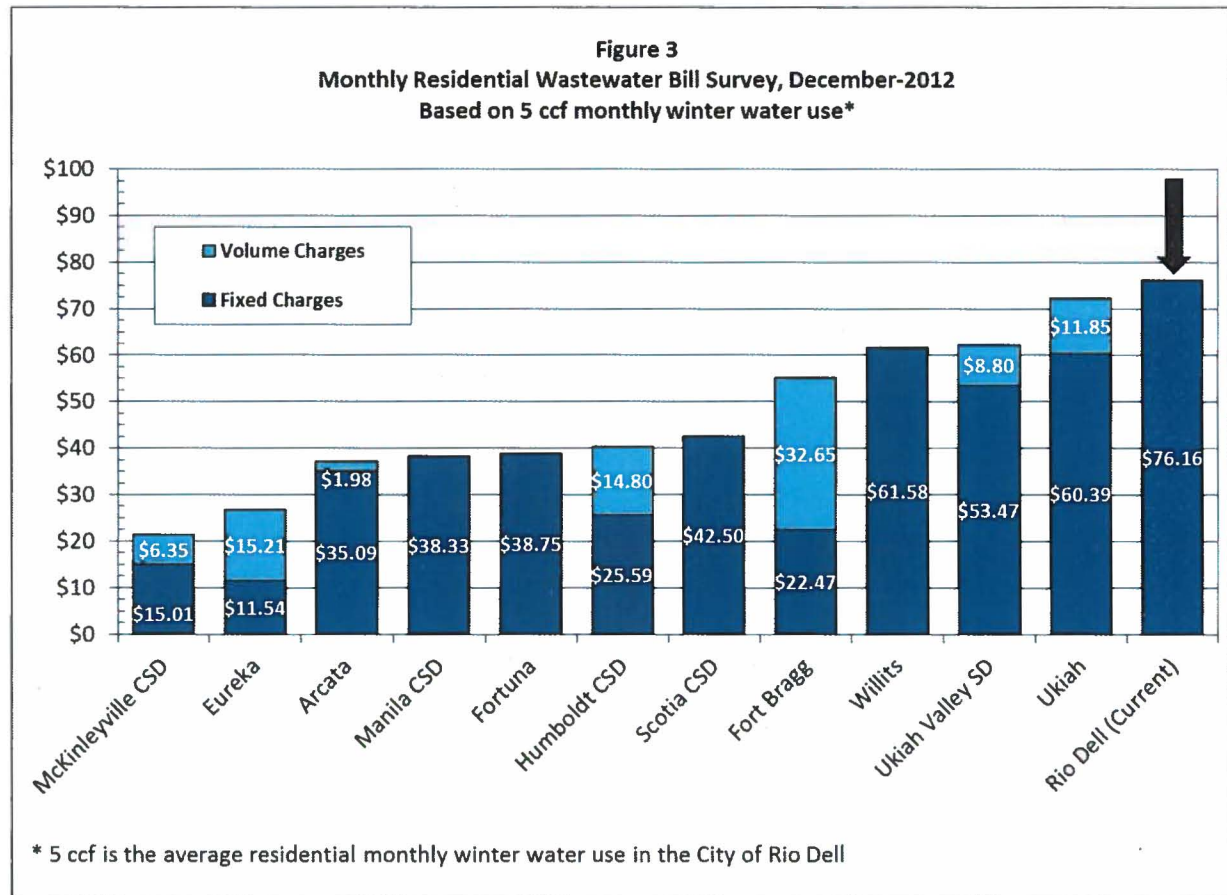
<b>Low User (3ccf)</b>	<b>Rate</b>	<b>Unit</b>	<b>Total Charge</b>
<b>Current</b>			
Fixed	\$76.16	1	<u>\$76.16</u>
Total monthly bill			\$76.16
<b>Recommended</b>			
Fixed	\$52.68	1	\$52.68
Volume	\$4.54	3	<u>\$13.62</u>
Total monthly bill			\$66.30
Net change (recommended less current)			(\$9.86)
<hr/>			
<b>Average User (5ccf)</b>	<b>Rate</b>	<b>Unit</b>	<b>Total Charge</b>
<b>Current</b>			
Fixed	\$76.16	1	<u>\$76.16</u>
Total monthly bill			\$76.16
<b>Recommended</b>			
Fixed	\$52.68	1	\$52.68
Volume	\$4.54	5	<u>\$22.70</u>
Total monthly bill			\$75.38
Net change (recommended less current)			(\$0.78)
<hr/>			
<b>High User (8ccf)</b>	<b>Rate</b>	<b>Unit</b>	<b>Total Charge</b>
<b>Current</b>			
Fixed	\$76.16	1	<u>\$76.16</u>
Total monthly bill			\$76.16
<b>Recommended</b>			
Fixed	\$52.68	1	\$52.68
Volume	\$4.54	8	<u>\$36.32</u>
Total monthly bill			\$89.00
Net change (recommended less current)			\$12.84

**Table 6**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Single Family Residential Customer Bills Comparison**  
**Rate Structure Option 2: 50% Fixed and 50% Volume**

<b>Low User (3ccf)</b>	<b>Rate</b>	<b>Unit</b>	<b>Total Charge</b>
Current			
Fixed	\$76.16	1	<u>\$76.16</u>
Total monthly bill			\$76.16
Recommended			
Fixed	\$37.62	1	\$37.62
Volume	\$7.57	3	<u>\$22.71</u>
Total monthly bill			\$60.33
Net change (recommended less current)			(\$15.83)
<hr/>			
<b>Average User (5ccf)</b>	<b>Rate</b>	<b>Unit</b>	<b>Total Charge</b>
Current			
Fixed	\$76.16	1	<u>\$76.16</u>
Total monthly bill			\$76.16
Recommended			
Fixed	\$37.62	1	\$37.62
Volume	\$7.57	5	<u>\$37.85</u>
Total monthly bill			\$75.47
Net change (recommended less current)			(\$0.69)
<hr/>			
<b>High User (8ccf)</b>	<b>Rate</b>	<b>Unit</b>	<b>Total Charge</b>
Current			
Fixed	\$76.16	1	<u>\$76.16</u>
Total monthly bill			\$76.16
Recommended			
Fixed	\$37.62	1	\$37.62
Volume	\$7.57	8	<u>\$60.56</u>
Total monthly bill			\$98.18
Net change (recommended less current)			\$22.02

## Bill Survey

BWA conducted a bill survey to compare the current and proposed single family wastewater bill in the City of Rio Dell to other local agencies. Rio Dell currently has the highest sewer bill in the region, see Figure 3 and Table 7.



**Table 7**  
**City of Rio Dell**  
**Wastewater Rate Study**  
**Survey of Typical Monthly Bills of Residential Customers**

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Based on winter water use of 5 ccf per month

McKinleyville Community Services District	
Fixed	15.01
Flow-based (\$1.09/ccf up to 12 ccf)	<u>6.35</u>
<b>Total Monthly Bill</b>	<b>21.36</b>
City of Eureka	
Fixed	11.54
Volume-based on water use over 2 units (\$4.43/ccf)	<u>15.21</u>
<b>Total Monthly Bill</b>	<b>26.75</b>
City of Arcata	
Base Charge	28.58
Sewer Repair Fee	5.00
Flow over allowance of 4.5 ccf (\$4.30/ccf)	<u>1.98</u>
Subtotal	35.56
Utility Tax of 3%	<u>1.51</u>
<b>Total Monthly Bill</b>	<b>37.07</b>
Manila Community Services District	
Fixed	<u>38.33</u>
<b>Total Monthly Bill</b>	<b>38.33</b>
City of Fortuna	
Base Charge for up to 5 ccf of flow	38.75
Flow-based (\$8.61/ccf over 5)	<u>0.00</u>
<b>Total Monthly Bill</b>	<b>38.75</b>
Humboldt Community Services District	
Account Charge	4.00
Base Rate	21.59
Flow-based (\$2.79/ccf)	<u>14.80</u>
<b>Total Monthly Bill</b>	<b>40.39</b>
Scotia Community Services District	
Fixed	<u>42.50</u>
<b>Total Monthly Bill</b>	<b>42.50</b>
City of Fort Bragg	
Fixed	22.47
Flow-based (\$6.20/ccf)	<u>32.65</u>
<b>Total Monthly Bill</b>	<b>55.12</b>
City of Willits	
Fixed	<u>61.58</u>
<b>Total Monthly Bill</b>	<b>61.58</b>
Ukiah Valley Sanitation District	
Fixed	53.47
Flow-based (\$4.45/ccf over 3.4)	<u>8.80</u>
<b>Total Monthly Bill</b>	<b>62.27</b>
City of Ukiah	
Fixed	60.39
Flow-based (\$2.29/ccf)	<u>11.85</u>
<b>Total Monthly Bill</b>	<b>72.24</b>
City of Rio Dell (current)	
Fixed	<u>76.16</u>
<b>Total Monthly Bill</b>	<b>76.16</b>

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## Wastewater Capacity Fee

As part of the wastewater rate study, BWA also evaluated the City's wastewater capacity fee. The purpose of capacity fees is to recover the capital costs of facilities needed to serve growth and new customers. In establishing any fee or charge, achieving equity is one of the primary goals. In the case of capacity fees, this goal is often expressed as "growth should pay for growth". The fees must be reasonable and non-arbitrary and based on facility capital costs, user loads, and system capacity.

California Government Code Section 66013 contains the regulations regarding water and wastewater connection fees or capacity fees. It states that such fees or charges shall not exceed the estimated reasonable cost of providing the service for which the fees or charges are imposed unless the amount of the fee or charge imposed in excess of the estimated reasonable cost of providing the services is submitted to the electorate and approved by two-thirds vote. The calculations provided below demonstrate the reasonable cost of service of providing wastewater service to the City's customers.

### Capacity Fee Methodology

BWA used a System Buy-in Method for calculating the City's wastewater capacity fee. The buy-in concept is based on the premise that new customers are entitled to service at the same price as existing customers. Existing customers, however, have already provided the facilities that will serve the new customers, including any costs of financing those facilities. Under this method, new customers pay an amount equal to the investment already made by existing customers in the facilities. This equity investment is divided by the number of customers (or customer equivalents) to determine the amount of payment required from the new customer to buy in to the utility at parity with existing customers. Once new customers have paid their fee, they become equivalent to existing customers and share the responsibility for existing facilities. When additional costs are incurred for system improvements, replacement, or expansion, all customers share the costs of such improvements.

This method is appropriate because new customers are buying into the existing collection system and into the wastewater treatment plant. The City recently upgraded its wastewater treatment plant to come into compliance with a cease and desist order from the Regional Water Quality Control Board and to expand capacity. The improvements to the treatment plant benefit both existing and new customers and the costs of the improvements should be shared by both groups of customers. The project will increase capacity of treatment plant from 0.3 million gallons per day (mgd) to 0.5 mgd average dry weather flow. The expanded capacity will serve growth in the community through buildout. The total cost of the wastewater treatment plant expansion and improvements is \$10.7 million. \$6 million of the construction cost is offset by a grant and the remaining cost of \$4.7 million will be financed through a loan from the Clean Water State Revolving Fund.

BWA calculated a buy-in cost to the City's collection system based on the replacement cost new less depreciation (RCNLD) value of existing facilities. This valuation method is based on the depreciated accounting book value of each asset escalated into current dollars based on the change in the Engineering News-Record (ENR) Construction Cost Index 20 Cities Average from each asset's original date. The ENR index is a widely-used index for determining construction cost inflation.

## Capacity Fee Calculation

The City provided BWA with a list of wastewater system assets, the original construction or purchase price, useful life of the asset, and depreciation. In total, the RCNLD value of the wastewater system is about \$11.35 million. HDR Engineering, the engineer for the wastewater treatment plant upgrade, determined that the average dry weather flow buildout capacity of the treatment plant will be 0.5 million gallons per day (mgd). \$11.35 million divided by 0.5 mgd equals a capacity cost of \$22.70 per gallon of dry weather flow per day. The average dry weather capacity per EDU is about 230 gallons<sup>1</sup> which equals a wastewater capacity fee of \$5,220 (\$22.70/gpd x 230 gallons), see Table 8.

**Table 8**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Wastewater Capacity Fee Calculation**

Asset Description	Date of Construction or Purchase	Useful Life (Months)	Original Cost	Total Accumulated Depreciation	Remaining Book Value	RCNLD <sup>1</sup>
<b>Infrastructure</b>						
Misc Infrastructure	12/15/2010	360	2,750,571	(183,977)	2,566,594	2,823,613
<b>Building and Improvements</b>						
Corp Yard Fencing	12/15/2009	84	8,310	(3,561)	4,749	5,186
<b>Land</b>						
Misc Land	2000		502,543	NA	502,543	502,543
<b>Mach &amp; Equip</b>						
RIVER PUMP	1/16/2004	84	5,505	(5,505)	0	0
SEWER PUMP	2/4/2004	84	15,974	(15,974)	0	0
SEWER MACHINE	3/18/2004	84	36,310	(36,310)	0	0
SEWER PUMP	6/1/2004	84	16,031	(16,031)	0	0
SEWER PUMP	7/9/2004	84	38,460	(38,460)	0	0
SEWER PUMP	3/20/2006	84	13,357	(13,183)	174	213
Fernbridge Tractor	4/25/2008	84	11,148	(7,964)	3,184	3,705
Aqua Sierra Controls	6/30/2008	60	73,342	(73,342)	0	
2008 John Deere Tractor	3/15/2009	60	45,011	(34,008)	11,003	12,167
City Hall Heating Unit	11/9/2011	60	190	(38)	152	156
<b>Vehicles</b>						
1/2 2003 FORD F-351	8/30/2003	84	13,750	(13,750)	0	0
2008 Ford F-350	8/1/2008	60	12,386	(12,386)	0	0
1978 GMC Vactor Truck	5/6/2010	36	1,833	(1,833)	0	0
1993 Chevy S-10	7/28/2010	36	1,252	(1,252)	0	0
<b>Construction In Progress</b>						
CIP - Sewer Effluent Disposal	12/15/2012	480	3,291,939	0	3,291,939	3,300,683
Wastewater Treatment Plant (less grant)			10,700,000	(6,000,000)	4,700,000	4,700,000
<b>Total Value of City Wastewater Facilities</b>			<b>\$17,537,910</b>	<b>(\$6,457,573)</b>	<b>\$11,080,337</b>	<b>\$11,348,265</b>
					Buildout dry weather flow (gallons/day)	500,000
					Buy-in cost per gallon of flow	\$22.70
					Average dry weather flow per EDU (gallons/day) <sup>2</sup>	230
					Wastewater capacity fee per EDU	\$5,220

1 - RCNLD is calculated by escalating the original cost to current dollars using the Engineering News Record Construction Cost Index 20 Cities Average.

2 - Calculated by BWA from information provided by HDR Engineering, Inc.

For new nonresidential customers, the City engineer should determine the EDU count of each new customer based on estimated wastewater flow and strength. The wastewater capacity fee for new nonresidential customers should be scaled to the EDU count.

<sup>1</sup>Calculated by BWA from information provided by Craig Olson, Project Manager for the Wastewater Treatment Plant upgrade, HDR Engineering, Inc. The current dry weather flow at the plant is approximately 0.3 mgd, divided by 1,292 EDUs equals a capacity of 230 gallons per day per EDU.

## Capacity Fee Survey

The City's current wastewater capacity fee is \$950 per EDU, the lowest in the region. The recommended capacity fee of \$5,220 is competitive with other local agencies. BWA conducted a capacity fee survey of the typical fees for new single family connections and found that the fees range up to \$12,240 (Ukiah Valley Sanitation District), see Table 9 and Figure 4.

**Table 9**  
**City of Rio Dell**  
**Wastewater Rate and Capacity Fee Study**  
**Wastewater Capacity Fee Survey - Single Family Residential Home**

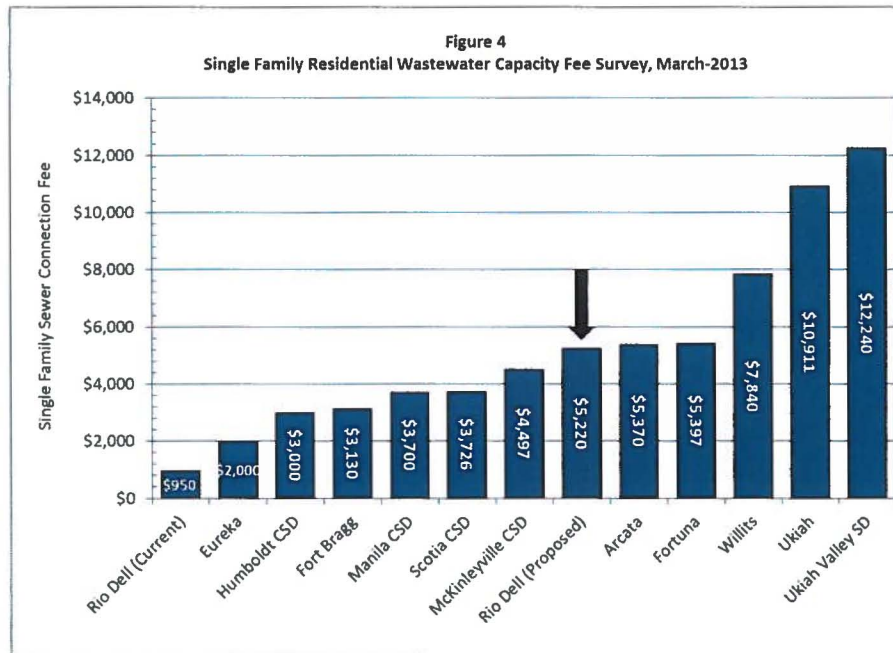
<b>City of Rio Dell (Current)</b>	<b>950.00</b>
City of Eureka	2,000.00
Humboldt Community Services District	3,000.00
City of Fort Bragg	3,129.59
Manila Community Services District <sup>1</sup>	3,700.00
Scotia Community Services District <sup>2</sup>	3,726.00
McKinleyville Community Services District	4,497.00
<b>City of Rio Dell (Proposed)</b>	<b>5,220.00</b>
City of Arcata	5,370.00
City of Fortuna <sup>3</sup>	5,397.00
City of Willits	7,840.00
City of Ukiah	10,911.00
Ukiah Valley Sanitation District <sup>4</sup>	12,240.00

1 - District has a STEP sewer system.

2 - Typical capacity fee as shown in the District's Rules and Regulations, includes many sub-charges based on acreage.

3 - Assumes 17 fixture units for the typical home at a cost of 317.50 per fixture unit.

4 - Wastewater capacity fee for a two bedroom house.



## Adjusting Capacity Fees

Capacity fees should be adjusted regularly to prevent them from falling behind the costs of constructing new facilities. Several methods can be used to adjust the capacity fees, including:

- ENR Construction Cost Index: ENR (Engineering News-Record) magazine publishes construction cost indices monthly for 20 major U.S. cities and an average of 20 cities around the U.S. These indices can be used to estimate the change in the construction cost of facilities. If the ENR Index has increased by three percent since the last capacity fee adjustment, the capacity fee should be increased by three percent.
- U.S., California, or regional consumer price index.
- Interest rate and borrowing costs: The interest and borrowing costs for debt issued to finance wastewater capital projects can be added to the capacity fee annually.

BWA recommends that the City adjust its capacity fees annually by the change in the ENR Construction Cost Index 20 Cities Average. This is the most appropriate index because it directly reflects construction costs. Suggested language for implementing this policy is:

Each year, commencing on     (m/d/y)     and continuing thereafter on each     (m/d)    , the capacity fee shall be adjusted by an increment based on the change in the Engineering News-Record Construction Cost Index 20 Cities Average over the prior year. However, the City Council may at its option determine, by resolution adopted prior thereto, that such adjustment shall not be effective for the next succeeding year, or may determine other amounts as appropriate.

Capacity fees should also be reviewed in detail when updated information, such as a revised master plan or capital improvement program, is obtained, but not less than every five years.

# Appendix A

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Low Strength	<ul style="list-style-type: none"> <li>Banks &amp; Financial Institutions</li> <li>Barber Shops</li> <li>Hair Salon (hair cutting only)</li> <li>Dry Cleaners</li> <li>Laundromats</li> <li>Offices - Business and Professional</li> <li>Offices - Medical/Dental (without surgery)</li> <li>Post Offices</li> <li>Retail Stores</li> <li>Schools</li> <li>Car Wash</li> </ul>
Domestic Strength	<ul style="list-style-type: none"> <li>Residential - All</li> <li>Appliance Repair</li> <li>Auto Dealers - without Service Facilities</li> <li>Nail Salons</li> <li>Pet Groomers</li> <li>Bars &amp; Taverns - without dining</li> <li>Camp Ground or RV Park</li> <li>Churches, Halls &amp; Lodges</li> <li>Fire Stations</li> <li>Hotels, Motels, B&amp;Bs, and Vacation Rentals (W/O restaurant)</li> <li>Libraries</li> <li>Rest Homes</li> <li>Shoe Repair Shops</li> <li>Theaters</li> <li>Warehouses</li> <li>Car Washes - Self Service</li> <li>High Tech Medical Manufacturing</li> <li>Light Manufacturing/Industrial</li> <li>Mobile Home Park</li> <li>Gas Station</li> <li>Gym or Health Club</li> <li>Auto Dealers - with Service Facilities</li> <li>Machine Shops</li> <li>Service Stations, Garages, Auto Repair Shops</li> </ul>
Medium Strength	<ul style="list-style-type: none"> <li>Restaurants - W/O Dish Washer &amp; Garbage Disposal</li> <li>Coffee Shops - W/O Dish Washer &amp; Garbage Disposal</li> <li>Mini Marts - W/O Dish Washer &amp; Garbage Disposal</li> <li>Mini Mart with Gas Pumps - W/O Dish Washer &amp; Garbage Disposal</li> <li>Catering - W/O Dish Washer &amp; Garbage Disposal</li> <li>Hotel/Motel with Restaurant</li> <li>Beauty Shops ( hair cutting w/additional treatments)</li> <li>Hospitals - General, Convalescent &amp; Veterinarian</li> <li>Medical Offices - with Surgery</li> <li>Dental Offices</li> </ul>
High Strength	<ul style="list-style-type: none"> <li>Restaurants - with Dish Washer or Garbage Disposal</li> <li>Coffee Shops - with Dish Washer or Garbage Disposal</li> <li>Catering - with Dish Washer or Garbage Disposal</li> <li>Bakeries</li> <li>Butcher Shops</li> <li>Fish Market/Shop</li> <li>Markets - with Dish Washer or Garbage Disposal</li> <li>Markets - with Bakeries or Butcher Shops</li> <li>Mini Marts - with Dish Washer or Garbage Disposal</li> <li>Wineries</li> <li>Cheese Makers</li> <li>Dairy Products (milk producers, yogurt, ice cream maker)</li> <li>Specialty Foods Manufacturing (e.g., olive oil maker)</li> <li>Ice Cream Shop</li> <li>Tasting Rooms</li> <li>Spa with Various Beauty Treatments</li> <li>Funeral Homes/ Mortuary</li> </ul>

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**RESOLUTION NO. 1222 -2014**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL ESTABLISHING WASTEWATER FEES AND CHARGES FOR WASTEWATER CUSTOMERS PURSUANT TO ORDINANCE NO. 207**

**WHEREAS**, the City of Rio Dell is authorized by the California Constitution and the California Code to charge fees to cover expenses for the services it provides; and

**WHEREAS**, the City Council of the City of Rio Dell did adopt Ordinance No. 207 that allows for sewer rates and charges to be modified by resolution of the City Council to provide for future changes; and

**WHEREAS**, Ordinance No. 207 deemed reasonable and authorizes the Council for the City of Rio Dell to fix charges to pay for expenses to be incurred by the wastewater department. The expenses to be paid include: (a) salaries, office expenses and other necessary disbursements; (b) the operation expenses of the utility; (c) provisions for the appropriate funds for repairs, replacements or betterments ... "

**WHEREAS**, all wastewater system connections, once purchased, place a demand on the capacity of the treatment and collection system for processing and treat possible effluent whether in service or not; and

**WHEREAS**, the City Council of the City of Rio Dell has held public meetings pursuant to Proposition 218 to discuss the need for an increase in wastewater rates and charges; and

**WHEREAS**, the City has entered into a funding agreement for construction of a \$12.6 million Sewer Plant and Effluent Disposal Project with the State Water Resources Control Board; and the City must earmark funds for the repayment of the loan

**NOW, THEREFORE BE IT RESOLVED** that this Resolution establishes and fixes wastewater service rates and charges for residential, commercial and institutional customers and replaces the wastewater rates and previously set by Ordinance or Resolution. Wastewater rates shall include a fixed minimum charge in addition to volume rates based on winter water consumption. Wastewater rates shall meet the following conditions:

- 1) Sewer Bills. Sewer bills are based on consumption but in no case are sewer bills less than the fixed/minimum service charge that is applied to the sewer bill for an equivalent dwelling unit (EDU).
- 2) Definition of Consumption. "Consumption" shall mean a three month average of winter water use as measured and recorded at the water meter serving the same parcel or premise receiving sewer service for the months of December, January, and February. The City Engineer is authorized to make adjustments to customer winter water consumption due to any of the following conditions:

Vacancy: If the water consumption readings for the three winter months indicate that the premise being served sewer service was vacant during a portion of the three winter months, the City is authorized to average the water consumption for the period the premise appeared to be occupied.

Irregularity: The City is authorized to eliminate from the calculation water readings which are clearly not representative of average monthly water use when compared to water readings for two of the three months.

New Residential Account: New residential accounts will be billed based on the city-wide residential average until a usage history is established.

New Commercial Account: New commercial accounts at existing locations will be billed based on prior occupant's water consumption unless the new commercial operation is significantly different from the previous commercial operation.

- 3) **Water Consumption Measurements.** Water consumption is measured in units of one hundred cubic feet ("ccf). One ccf equals 748 gallons.
- 4) **Winter Water Consumption Rate.** Each unit of winter water consumption is billed at the volume rate for the customer category/group. Sewer fixed minimum charges and volume rates are presented in the table below:

**Sewer Fees and charges per Equivalent Dwelling Unit:**

Customer class	Customer Class Description	Minimum Monthly (Fixed) Sewer Service Charge	Volume Rate (per ccf of winter water use)
Low Strength	See Exhibit A	\$52.68 per EDU	\$3.63 per ccf
Domestic Strength	See Exhibit A	\$52.68 per EDU	\$4.54 per ccf
Medium Strength	See Exhibit A	\$52.68 per EDU	\$6.81 per ccf
High Strength	See Exhibit A	\$52.68 per EDU	\$7.95 per ccf

EDU – equivalent dwelling unit

Ccf – hundred cubic feet

- 5) **Residential Water Consumption Maximum.** Single family residential and multifamily residential customers shall not be billed for monthly winter water consumption in excess of 15 units.
- 6) **Customer Categories/Groups.** Sewer customers are classified as low strength, domestic strength, medium strength, and high strength based on the content and strength of the discharge as established by industrial standards and California State Water Resources Control Board guidelines and as determined by the City Engineer.

**BE IT RESOLVED** that the rates stated in this Resolution will be effective \_\_\_\_\_, 2014; and

**BE IT RESOLVED** that rates will be increased by three percent each year effective July 1 of each fiscal year for inflation; and

**BE IT FURTHER RESOLVED** that these fees and charges apply to all connections to the City of Rio Dell's wastewater collection and treatment system, once they are purchased from the City, without regard to the actual status of the connection or if the premises are occupied or unoccupied; and

**PASSED AND ADOPTED** at a special council meeting of the City of Rio Dell held on \_\_\_\_\_ by the following vote:

Ayes:

Noes:

Abstain:

Absent:

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Jack Thompson, Mayor

ATTEST:

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City Clerk

## Exhibit A

### Strength Classifications into Low, Domestic, Medium, and High Strength Dischargers

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Low Strength	Banks & Financial Institutions Barber Shops Hair Salon (hair cutting only) Dry Cleaners Laundromats Offices - Business and Professional Offices - Medical/Dental (without surgery) Post Offices Retail Stores Schools Car Wash
Domestic Strength	Residential - All Appliance Repair Auto Dealers - without Service Facilities Nail Salons Pet Groomers Bars & Taverns - without dining Camp Ground or RV Park Churches, Halls & Lodges Fire Stations Hotels, Motels, B&Bs, and Vacation Rentals (W/O restaurant) Libraries Rest Homes Shoe Repair Shops Theaters Warehouses Car Washes - Self Service High Tech Medical Manufacturing Light Manufacturing/Industrial Mobile Home Park Gas Station Gym or Health Club Auto Dealers - with Service Facilities Machine Shops Service Stations, Garages, Auto Repair Shops
Medium Strength	Restaurants - W/O Dish Washer & Garbage Disposal Coffee Shops - W/O Dish Washer & Garbage Disposal Mini Marts - W/O Dish Washer & Garbage Disposal Mini Mart with Gas Pumps - W/O Dish Washer & Garbage Disposal Catering - W/O Dish Washer & Garbage Disposal Hotel/Motel with Restaurant Beauty Shops ( hair cutting w/additional treatments) Hospitals - General, Convalescent & Veterinarian Medical Offices - with Surgery Dental Offices
High Strength	Restaurants - with Dish Washer or Garbage Disposal Coffee Shops - with Dish Washer or Garbage Disposal Catering - with Dish Washer or Garbage Disposal Bakeries Butcher Shops Fish Market/Shop Markets - with Dish Washer or Garbage Disposal Markets - with Bakeries or Butcher Shops Mini Marts - with Dish Washer or Garbage Disposal Wineries Cheese Makers Dairy Products (milk producers, yogurt, ice cream maker) Specialty Foods Manufacturing (e.g., olive oil maker) Ice Cream Shop Tasting Rooms Spa with Various Beauty Treatments Funeral Homes/ Mortuary

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**Proposition 218 Notification  
NOTICE OF PUBLIC HEARING  
ON PROPOSED WASTEWATER RATES**

City of Rio Dell  
675 Wildwood Avenue  
Rio Dell, CA 95562

**Hearing Date & Time: April 15, 2014 at 6:00 PM  
Hearing Location: City Hall, 675 Wildwood Avenue  
Rio Dell, CA 95562**

***Why Am I Receiving This Notice?***

You are receiving this notice in accordance with Proposition 218, a state law which requires that providers of public utility services (including wastewater service) provide notice to property owners when the rates or charges for those services change.

This notice is intended to provide you with information on the wastewater services provided by the City of Rio Dell, the reasons for the change in the monthly service rate, and the methods by which you can protest this rate increase if you so desire.

***Basis of Proposed Rates***

Article XIID of the California Constitution (also known as Proposition 218) requires that providers of public utility services levy service charges that are clearly linked to the cost of providing the service. The cost of service calculation includes expenses such as labor, energy, capital improvement projects, chemicals, supplies and other, and the cost of providing required maintenance of the system. The rates proposed herein are designed to meet all legal requirements and fairly and equitably recover the required revenue from all customer classes. The rates were developed by an independent consultant retained by the City.

***Wastewater Rates – Currently Fixed Without Volume Component***

The City currently charges all residential customers a flat monthly wastewater rate of \$76.16 regardless of actual wastewater flow. This means that a home discharging a small amount of wastewater into the sewer system pays the same amount as a home discharging a high volume of wastewater flow into the sewer system.

***Why a Volumetric Component is Being Added***

To provide improved equity to the ratepayers, the City proposes to implement a volume-based wastewater rate in addition to a new, lower fixed charge. The fixed monthly charge is proposed to decrease from the current charge of \$76.16 per month to \$52.68 per month. In addition, all customers will be billed, in part, based on their estimated wastewater flow.

The monthly wastewater flow of each customer will be estimated based on the average water use of the customer during the months of December, January, and February of the previous year. Winter water use is commonly used by sewer providers as a basis to estimate wastewater flow. The average monthly winter water use is used to calculate customer bills for all 12 months of the year. For example, if your winter water use is 3 hundred cubic feet (ccf) per month, your wastewater bill for each month of the year will be based on 3 ccf. For residential customers, winter water use is capped at 15 ccf for rate calculations.

The new proposed volume rate varies by customer class (residential, commercial, etc.) based on the wastewater pollutant loading characteristics of each customer class. For example, restaurants have high strength wastewater flow that includes fats, oils, and grease. High strength flow is more costly for the City to treat and dispose of than domestic strength flow.

Please see the table on the following page for the proposed wastewater rate schedule.



PROPOSED MONTHLY WASTEWATER RATE SCHEDULE FY2013/14		Charge	Unit
Fixed Monthly Charge: All customers		\$52.68	per EDU per month
Volume Rate: All customers – see below			
Customer Class	Example Customers		
Low Strength	Office, retail store, school	\$3.63	per ccf
Domestic Strength	Single family residential, multifamily residential, hotel, motel, mobile home park, churches	\$4.54	per ccf
Medium Strength	Beauty shop, medical office, dental office	\$6.81	per ccf
High Strength	Restaurant, market with food prep, bakery	\$7.95	per ccf
EDU – Equivalent dwelling unit; each single family home or multifamily housing unit is one EDU. Commercial customers will be assigned an EDU count by the City based on wastewater flow and strength. ccf – Hundred cubic feet.			

For years beyond FY2013/14, the City proposes to implement annual cost of living rate increases based on the annual average change for All Items using the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: U.S. City Average.

### Typical Monthly Bill

The proposed wastewater rates are designed to be revenue neutral for the City. The City will collect the same amount of revenue from the proposed wastewater rates as it does under the current wastewater rates. The typical residential customer produces a flow of 5 ccf per month and would receive a slight decrease to the monthly wastewater bill.

#### EXAMPLE SINGLE FAMILY MONTHLY BILLS

	Current Monthly Bill	Proposed Monthly Bill
<b>Low Flow Customer (3 ccf)</b>		
Fixed Charge	\$76.16	\$52.68
Volume Charges	-	-
Rate per ccf	NA	\$4.54
Usage (ccf)	NA	x 3
Subtotal Volume Charges		\$13.62
<b>Total Monthly Bill (Fixed + Volume)</b>	<b>\$76.16</b>	<b>\$66.30</b>
<b>Typical Flow Customer (5 ccf)</b>		
Fixed Charge	\$76.16	\$52.68
Volume Charges		
Rate per ccf	NA	\$4.54
Usage (ccf)	NA	x 5
Subtotal Volume Charges		\$22.70
<b>Total Monthly Bill (Fixed + Volume)</b>	<b>\$76.16</b>	<b>\$75.38</b>
<b>High Flow Customer (8 ccf)</b>		
Fixed Charge	\$76.16	\$52.68
Volume Charges		
Rate per ccf	NA	\$4.54
Usage (ccf)	NA	x 8
Subtotal Volume Charges		\$36.32
<b>Total Monthly Bill (Fixed + Volume)</b>	<b>\$76.16</b>	<b>\$89.00</b>

**Compliance with Proposition 218**  
 In 1996 California voters approved Proposition 218, which amended the state constitution as it relates to the passage of property related fees. Today, "Prop 218" requires that local governments follow a defined process when setting fees such as wastewater bills. The City must: 1) inform property owners and/or rate payers who are responsible for the bill that a proposed rate change is being considered; 2) clearly demonstrate the basis on which these fees are calculated (the rate study); and 3) hold a public hearing at least 45 days after notice where the City hears all protests to the rate increase. Wastewater rates are subject to "majority protest" meaning they cannot be passed if a majority of property owners or rate payers impacted by the rate change submit written protests opposing the increase.

***Concerns, Please Contact Us***

If you have questions or comments about the proposed wastewater rate adjustment or wish to protest, you may:

**Attend the Rate Hearing:** A rate hearing will be held on April 15, 2014 at 6:00 PM at City Hall, 675 Wildwood Avenue, Rio Dell, CA 95562.

**Write:** Written protests against the proposed rate change have to identify the address or the parcel number of the impacted property, and include the signature(s) of the owner of record or utility ratepayer. Written protests must be received by the City at 675 Wildwood Avenue, Rio Dell, CA 95562, before the time set for the public hearing. If the City receives written protests against the proposed wastewater rates by a majority of the affected property owners or ratepayers prior to the end of the hearing, the City Council will not approve the change. Only one protest for each property will be counted.

**Address the City Council:** Attend the Public Hearing on April 15, 2014 at 6:00PM at City Hall.

**Questions:** If you have any question about this notice, please call the Finance Department at (707) 764-3532 during regular business hours.





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675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
(707) 764-5480 (fax)  
E-mail: [cm@riodellcity.com](mailto:cm@riodellcity.com)

April 15, 2014

TO: Mayor and Members of the City Council  
THROUGH: *J* Jim Stretch, City Manager  
FROM: Brooke Woodcox, Finance Director *BW*  
SUBJECT: Credit Card Processing Service

#### **RECOMMENDATIONS**

Authorize a one year Merchant Agreement with GovTeller to provide credit card processing services for the City of Rio Dell, to be signed by the City Manager.

#### **BUDGETARY IMPACT**

A one-time fee of \$191 for the purchase of two USB card readers (shipping included). The equipment becomes the property of the City.

#### **BACKGROUND AND DISCUSSION**

Earlier discussions of credit and debit card transactions were left with the prior Finance Director having been directed to research the financial aspects of accepting credit card payments.

Credit and debit cards are a convenient way for consumers to pay for goods and services. Fees for the use of these services are passed on to the vendors, which results in a loss of revenue for every transaction that is paid by a credit or debit card. These fees vary depending on the card type and the transaction amount. In addition there may be monthly service and network fees. The revenue loss for most organizations that accept credit and debit cards can be substantial.

Government entities and public agencies are exempt from absorbing credit card transaction fees. Specifically, government and public agencies, such as a city, are exempt from California Civil Code section 1748.1 which prohibits retailers from adding a surcharge to credit and debit card purchases. The City of Rio Dell, through its exemption of this ruling, can charge credit card fees to the consumer.

GovTeller, a third party payment processor, provides the service for governmental agencies to process credit and debit card transactions that pass credit card fees to the consumer. Even before the transaction is completed, the consumer must approve the additional fee which they will pay.

The additional steps of accepting credit cards in comparison to the steps already in place when a customer pays a bill are minimal for City staff. The cashier will run the credit card transaction by either swiping a credit card or getting the credit card information over the phone. Once the transaction is approved staff will then manually apply the amount to a customer's account.

GovTeller will automatically make daily bank deposits to the City of Rio Dell's bank account. Staff will verify deposits on a daily basis, matching the City's transactions to the lump sum deposit made by GovTeller. In addition, GovTeller will automatically deposit the transaction fee received from customers to its own bank account.

The only foreseen drawback to accepting credit card payments are chargebacks and associated fees that occur when a transaction is denied to GovTeller. GovTeller will take back any amounts that it is denied, plus charge the city a fee of \$25. However, collection for payment in these instances would be the same as a collection for payment on a NSF check. Collection procedures include the policies and procedures that the City already has in place for collection on outstanding balances of customer accounts. Additionally, the customer will be expected to reimburse the City for the \$25 chargeback fee that GovTeller charges, the same as NSF fees charged by a bank.

It is recommended that the City Council authorize the City Manager to execute a one year agreement with GovTeller for credit/debit card processing services.





Powered by  Convenient Payments

GovTeller  
48001 Fremont Blvd.  
Fremont, California 94538  
Phone: 510-771-2105  
Fax: 510-687-2105  
[www.govteller.com](http://www.govteller.com)

## GovTeller Services

GovTeller is a credit/debit card processor that specializes in offering credit/debit card processing services for both online and in-person transactions to government agencies. GovTeller utilizes the consumer fee model, where there are no credit/debit card processing costs to the city. The consumer fee is automatically calculated and the payer has to opt-in to the transaction. If the payer elects not to pay the consumer fee then they may opt-out of the transaction before their credit/debit card is ever charged and go back to paying with cash or check like they have done before. GovTeller does a split-deposit where 100% of the payment is deposited directly into the city's bank account and the consumer fee is directly deposited into GovTeller's bank account (please refer to the included sample transaction report) GovTeller has the capability to deposit the city's funds the next day provided the automatic batch time is set before the next day cutoff.

## Costs to the City

Since the city incurs no credit/debit card processing costs, the only cost that incurs is the equipment. Two USB card readers will cost \$88 each plus \$15 shipping for a sub-total of \$191 plus sales tax. This is a one time cost and the city then owns the equipment outright. Please refer to page 10 Exhibit C in regards to Chargeback. Chargeback fees only occur if they happen and GovTeller works with your city to resolve the issue with the citizen before debiting the city's bank account. Often times the issue is cleared up before GovTeller debits the city's bank account. If a fee has to be assessed then often times the city will add it to the amount the citizen still owes.

## Consumer Fees

Please see included Consumer Fee Schedule

## Justification of Consumer Fees

Whether a citizen is paying for a stick of gum or their utility bill, there is a cost from Visa/MasterCard to someone for accepting the credit card. Merchants who sell sticks of gum cannot pass on the cost of processing to their customer. However, government agencies have the ability to work with a third-party processor who is registered in special programs with Visa/MasterCard such as GovTeller to be able to directly pass on the cost of processing (please see the Visa and State Attorney General handouts). GovTeller's consumer fees are very competitive and reasonable. What is great about our model is only the people who want to use their credit cards are the ones paying for it. Also, at the end of the day people pay for credit card processing whether they realize (by a Merchant increasing the cost of goods they are purchasing) it or not. With GovTeller at least they know how much they paying.

## GovTeller™ Merchant Agreement

### Agreement Terms and Conditions

This agreement (the "Agreement") is made by and between Convenient Payments LLC, DBA GovTeller™ (the "Company") located at 48001 Fremont Blvd, Fremont, CA 94538 and (the "Merchant") whose name and address are shown on the Government Merchant ACH Processing Authorization Form attached to this Agreement.

1. Purpose of Agreement. This Agreement provides for the Company's credit and debit software (the "Software") that may reside in one, some or all of the following: Terminal(s), a Website or an Interactive Voice Response (IVR) system, to be utilized by Merchant's customers to effectuate electronic payments in person, online or over the phone. In Terminal form the Software will be placed on premises (a "Location") owned or controlled by the Merchant. Each Terminal will be installed at the location, identified on **Exhibit A** to this Agreement. **Exhibit A** will be amended each time an additional Terminal(s) is provided to the Merchant. When offered online at a website or over the phone in IVR format the Software will be available to the Merchant's customers through servers maintained and customized for the Merchant by the Company. The Software will have access to appropriate Debit, Credit and Public Access networks (the "Networks") and third party processors (the "Processor") and a bank or banks (the "Settlement Bank"), each of which will be selected by the Company. The Software will calculate and add to the original sale transaction amount a service-fee or convenience-fee that will be charged to the Merchant's customer. The Software will facilitate (at Company's option) some or all of the following: the acceptance of PIN-based debit, signature based debit, credit and stored value electronic transactions, the use of such forms of electronic funds transfer as the Company may elect, including electronic transfers from customers' bank, and the use of electronic checks, and the transfer of funds received from the Settlement Bank to the Merchant's designated Merchant Account (the "Merchant Account"). The providing by the Company of the Software and access to the Networks, Processor and Settlement Bank is referred to in this Agreement as the Service. The Merchant desires that the Company provide Service, and the Company wishes to do so. The Merchant will indicate on agreement which aspects of the Service, Terminal, Card Reader, Website and/or IVR, it is choosing to implement at this time. The Service may be expanded by the Merchant upon written request to the Company. The Software that is provided pursuant to this Agreement is licensed for use by the Merchant and its customers, and is not sold. That license is revocable by the Company at any time and will automatically terminate upon termination, or expiration of this Agreement.
2. Obligations of Parties
  - i. Merchant may purchase POS equipment from the Company as described in **Exhibit G**. Merchant will be invoiced by Company for any equipment purchased. The Merchant will own the purchased equipment and during the term that this Agreement is in effect, solely for use by Merchant in accordance with this Agreement. Company may reprogram equipment software as required by the Network or Settlement Bank during term of agreement and Merchant shall assist the Company as and when necessary. The purchased equipment has a 1-year warranty for reasonable wear and tear excepted, and Merchant will be responsible for any repair or replacement of terminal to any damage to the equipment made by Merchant.

Initial Here \_\_\_\_\_



- ii. Company will provide necessary links, phone numbers and code to enable the Merchant to make the Software available to customers online using a customized website or over the phone using a customized IVR system.
- iii. Merchants that choose to offer the Service online or over the phone will be responsible, with the Company's help and direction, for integration of links or code to existing websites and/or phone systems. Merchants may choose to use the Company's websites and or phone systems and the Company will provide and allow for the use of Merchant's logos, trademarks and service marks.
- iv. Company will make accessible to the Merchant a daily summary of all online, terminal, card reader and phone transactions via Company provided website as described in **Exhibit F**.
- v. Merchant will be responsible for installation of equipment and interface (Ethernet, wi-fi or dial-up; as designated by Company) and Company will provide reasonable telephonic assistance to Merchant to enable it to do so. Merchant is responsible for, and will provide, cabling and resources necessary for terminal(s) interface to the Internet.
- vi. Merchant is responsible for all damages to or loss of equipment, whether resulting from theft, damage, and misuse or otherwise. If equipment is damaged, lost or stolen, Merchant is responsible for the cost of repairing or replacing the equipment.
- vii. The Company is not responsible for any Network or Settlement Bank problems experienced by the Merchant or a customer. However, Company will use reasonable efforts to assist the Merchant to resolve such problems.
- viii. Merchant shall immediately notify the Company if the Service ceases to function, and the Company will make reasonable efforts to repair the Service promptly.
- ix. Merchant shall honor only those PIN-based debit, signature based debit, credit, stored value electronic cards, and electronic checks that are authorized by the Company and listed on **Exhibit B** to this Agreement, as it may be amended by the Company from time to time (each, a "Qualified Payment Option"). The Merchant may not complete and Company shall not be liable for the settlement of any transaction unless a Qualified Payment Option was used in connection with such transaction and the financial institution issuing the Qualified Payment Option provided an authorizing number for the transaction. Merchant may not complete and Company shall not be liable for the settlement of any transaction unless the Qualified Payment Option shall be swiped through the Company provided equipment, electronically transacted on the Company provided website, or through the Company provided IVR system and either (a) the customer shall have entered his or her Personal Identification Number (PIN) or (b) the customer shall have signed a receipt retained by the Merchant for face-to-face transactions, or for online transactions the customer by checking "I Agree" at the end of the online disclosure, or for IVR transactions have indicated by selecting the option "I Agree" during the voice disclosure acknowledged to be bound by each described terms and conditions. The Merchant agrees to implement the retention and forwarding policy as further described in **Exhibit E**.

- x. Merchant will provide, pay for and allow Company access to all utility services required for use of the equipment, including but not limited to electric service and Internet.
- xi. Company will provide appropriate marketing materials and signage. Merchant shall properly display all signs and static advertisement required to be displayed by the applicable Networks. Merchant shall adequately display the proper symbols, service marks and names on promotional materials to inform the public that Merchant will honor Qualified Payment Options and that a consumer service/convenience fee shall be charged.
- xii. Company will see to it that a Visa or MasterCard member bank will settle transactions and deposit via ACH the cardholder payments net of consumer service/convenience fees for the processing Service. This net amount equals the whole payment made by cardholder. Deposits are made within two (2) business days after Merchant closes their batch.
- xiii. Company will provide online access to Merchant for the purpose of auditing transactions in real time. Access to this site is further described in **Exhibit F**.
- xiv. Each party will use its best efforts to comply with all applicable federal, state and local laws and with all regulations of the Network or Settlement Bank.
- xv. Merchant is responsible for ordering, and maintaining adequate Terminal paper supplies at all times. Company will provide necessary information for access for direct ordering paper supplies.

### 3. Fees

- i. Routing of Funds. The Company shall act on the Merchant's behalf with the third party processor and the Visa and MasterCard member bank. As such (i) all bankcard processing statements will be received by Company, but Merchant is able to request copies if they wish; (ii) POS transactions are split-settled by Company where the payment amount is directly settled into the Merchant's business checking account (DDA) by the Visa and MasterCard Member bank, and convenience fees are settled with Company; (iii) The Merchant is able to view payment settlement records with online access to our system 24/7.
- ii. Company Fees. Company may assess the customer for a convenience-fee, service-fee and/or load fees associated with processing various forms of credit, debit, electronic check, and IVR transactions. The Company will provide online access to Merchant for the purpose of viewing these consumer fees described. Access to this site is further described in **Exhibit D**.



- iii. Convenience-Fees and Service-Fees. As described in **Exhibit D**, appropriate convenience-fees or service-fees will be added to the amount that the customer pays for the product or service, but will belong to the Company. The amount of such convenience-fees and service-fees may change from time to time. The Company will provide online access for Merchant to view those fees.
    - iv. Chargebacks and Returns If for any reason, or no reason, the Company is assessed a Chargeback or Return from the Processor, the Merchant agrees that the Company may debit the Merchant Account for the amount of the Chargeback or Return and any associated fees, as described in **Exhibits C & D**.
4. Term. The term of this Agreement shall begin on the day the Agreement is executed by the Company and shall continue in force for an initial term of twelve (12) months (the "Initial Term"). If neither party notifies the other party of its intention to terminate this Agreement at least sixty (60) days prior to the end of the Initial Term or any Renewal Term, the term of this Agreement will be automatically extended for a period of twelve (12) months (a "Renewal Term") on the same terms as stated herein.
5. Termination for Cause. Either Party may terminate this Agreement for cause in the event of a material breach by the other party, which breach is not cured within thirty (30) days after written notice of such breach is provided to the other party.
6. Termination by Company. Company may terminate this Agreement at any time upon written notice to the Merchant in the event the provision of the services hereunder is determined by Company in its sole discretion to violate any statute, regulation, rule, order or operating procedure enacted or promulgated by a governmental or judicial authority of competent jurisdiction, NACHA (or any similar industry organization with authority over the services), or in the event that any statute, regulation, rule, order or operating procedure is enacted or promulgated which effectively reduces or eliminates the fees charged by Company.
7. Termination For Convenience. Either party may terminate this agreement for convenience upon 60 days prior written notice to the other party.
8. Indemnity and Hold Harmless. Both parties agree to indemnify, hold harmless and defend each other, its shareholders, directors, officers, employees and agents from and against any action, cause, claim, damage, debt, demand or liability, including reasonable costs and attorney's fees, asserted by any person, arising out of or relating to: (a) either party's breach of this agreement; (b) any violation of federal, state and/or local law, known or unknown, related to, arising out of or connected with your clients in anyway. (c) Any and all civil or regulatory actions connected with Merchant's users and/or clients and the products and/or services provided by Merchant. (d) Any and all activities related to Merchant's official practices.
9. Access to Records; Audit. Company shall maintain all preparatory books, records, documents, accounting ledgers, and similar materials related to Merchant transactions under this Agreement on file for Merchant. During term of agreement, transaction data is available for up to twelve (12) months online, and up to two (2) more subsequent years past data will be made available to the Merchant by mail.

10. Compliance with Laws, Rules, and Regulations. Services performed by Company pursuant to this Agreement shall be performed in accordance and full compliance with all applicable federal, state, and City laws and any rules or regulations promulgated thereunder.
11. Exhibits Incorporated. All exhibits referred to in this Agreement and attached to it are hereby incorporated in it by this reference. In the event there is a conflict between any of the terms of this Agreement and any of the terms of any exhibit to the Agreement, the terms of the Agreement shall control the respective duties and liabilities of the parties.
12. Independent Contractor. It is expressly understood and agreed by both parties that Company, while engaged in carrying out and complying with any of the terms and conditions of this Agreement, is an independent contractor and not an employee of the Merchant. Company expressly warrants not to represent, at any time or in any manner, that Company is an employee or servant of the Merchant
13. Integration and Agreement. This Agreement represents the entire understanding of Merchant and Company as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters contained herein. This Agreement may not be modified or altered except by amendment.
14. Severability. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said laws, but the remainder of the Agreement shall continue to be in full force and effect.
15. Notices.

- i. Written notices to the Merchant hereunder shall, until further notice by Merchant, be addressed to:

With a Copy to:

- ii. Written notices to the Company shall, until further notice by the Company, be addressed to:

VP of Sales  
Sharon Smith  
48001 Fremont Blvd.  
Fremont, CA 94538



- iii. The execution of any such notices by the Merchant shall be effective as to Company as if it were by resolution or order of the Merchant, and Company shall not question the authority of the Merchant to execute any such notice.
  - iv. All such notices shall either be delivered personally to the other party's designee named above, or shall be deposited in the United States Mail, properly addressed as aforesaid, postage fully prepaid, and shall be effective the day following such deposit in the mail.
16. Nondiscrimination. During the performance of this Agreement, Company shall not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, creed, sex, national origin, familial status, sexual orientation, age (over 40 years) or disability. Company shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, ancestry, creed, sex, national origin, familial status, sexual orientation, age (over 40 years) or disability.
17. Conflict of Interest. Company warrants and declares that it presently has no interest, and shall not acquire any interest, direct or indirect, financial or otherwise, in any manner or degree which will render the services required under the provisions of this Agreement a violation of any applicable local, state or federal law. Company further declares that, in the performance of this Agreement, no subcontractor or person having such an interest shall be employed. In the event that any conflict of interest should nevertheless hereinafter arise, Company shall promptly notify Merchant of the existence of such conflict of interest so that Merchant may determine whether to terminate this Agreement. Company further warrants its compliance with the Political Reform Act (Government Code section 81000 et seq.) that apply to Company as the result of Company's performance of the work or services pursuant to the terms of this Agreement.
18. Attorney's Fees. In case suit shall be brought to interpret or to enforce this Agreement, or because of the breach of any other covenant or provision herein contained, the prevailing party in such action shall be entitled to recover their reasonable attorneys' fees in addition to such costs as may be allowed by the Court.
19. Licenses. If a license of any kind, which term is intended to include evidence of registration, is required of Company, its representatives, agents or subcontractors by federal, state or local law, Company warrants that such license has been obtained, is valid and in good standing, and that any applicable bond posted in accordance with applicable laws and regulations.

20. Interpretation, etc. This Agreement shall be binding upon and insure to the benefit of the parties hereto, their personal representatives, successors and assigns. This Agreement may not be assigned, in whole or in part, by Merchant without the prior written consent of the Company. This Agreement contains the entire understanding between the parties and supersedes any prior understanding, or agreements between them respecting the within subject matter. With the exception of the **Exhibit B** which may be modified by the Company in its sole discretion, no modification or waiver of this Agreement or any part hereof shall be effective unless in writing and signed by the party sought to be charged therewith. No waiver of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any person or entity not a party hereto.
21. Governing Law and Jurisdiction: This agreement shall be governed by, interpreted and construed in all respects in accordance with and under the laws of the State of California. The Merchant hereby irrevocably and unconditionally agree that all claims with respect to such action or proceeding may only be heard in a court located in the County of Humboldt, State of California. Merchant hereto irrevocably and unconditionally waive any forum non-conveniens objection that either of them may have to suit arising out of or relating to this Agreement being venued in the County of Humboldt, State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below:

**Convenient Payments LLC, DBA GovTeller™**

**Merchant**

**Signed:** \_\_\_\_\_  
**Name:** \_\_\_\_\_

**Signed:** \_\_\_\_\_  
**Name:** \_\_\_\_\_

Please Print Name

Please Print Name

**Title** \_\_\_\_\_  
**Date** \_\_\_\_\_

**Title** \_\_\_\_\_  
**Date** \_\_\_\_\_

## Merchant ACH Processing Authorization Form

The undersigned whose name appears in the signature space below hereby authorizes and grants the Company authorization to credit or debit the following bank account(s) during the term of this authorization for cash receipts, adjustments, charge backs, returns, rejects, processor fees, damaged, lost, or stolen equipment provided by the Company to Merchant, communication expenses and or other miscellaneous fees and expenses from the operation of an Electronic Data Capture Device (ATM/POS/EBT /Currency/Stored Value/eCheck or other items of value). These credits and debits will be facilitated by use of the Automated Clearing House (ACH). POS transactions are settled by Company where the payment amount is directly settled into the Merchant's business checking account (DDA) by the Visa and MasterCard Member bank. This authorization is valid from the effective date hereof until such time as this authorization is terminated in writing by the undersigned and shall remain effective after termination with respect to amounts owed by Merchant to the Company on the date of termination. The person whose name appears below hereby indemnifies the named financial institution harmless of any and all such claims made or asserted by either party hereto. This authorization may be assigned in whole to a third party to this agreement.

The undersigned hereby represents and warrants the following signature(s) have been authorized to execute and deliver bank drafts from the following bank account.

Agreed to on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

<b>ACH Information: Merchant</b>			
Company Name _____	FID/SSN _____		
Address _____	Phone _____		
City _____ State _____ Zip _____	Fax _____		
Contact Name _____	Title _____		
Email Address _____			

<b>ACH Information: Financial Institution</b>			
Financial Institution Name _____			
Address _____	Phone _____		
City _____ State _____ Zip _____	Fax _____		
Officer _____	Position _____		
ABA/RT# _____	Account # _____		

Authorized Signature on above Bank Account \_\_\_\_\_

Second, if applicable, Authorized Signature on above Bank Account \_\_\_\_\_

Please attach a voided check, from the above represented account.

### Exhibit A: List of Equipment Locations

Contact Name	Street Address + City, State & Zip	Area code + Phone	# of Equipment	Online √



## Exhibit B: Qualified Payment Options

Please check this box and initial if you do **NOT** want a particular payment type to be accepted:

### Credit Cards

Visa	<input type="checkbox"/>	
MasterCard	<input type="checkbox"/>	
American Express	<input type="checkbox"/>	
Discover	<input type="checkbox"/>	
PIN Debit	<input type="checkbox"/>	

### Other Payment Types

eCheck	<input type="checkbox"/>	
ACH	<input type="checkbox"/>	
IVR	<input type="checkbox"/>	

## Exhibit C: Card Fees

Credit card, Debit card, electronic check, and IVR fees are those fees incurred by the Company on each and every transaction which are comprised of Interchange, Assessments, and Transaction Fees levied by the third party Processor. Company agrees to substantially defray these 3rd party processing fees with Merchant only being responsible to pay Company that portion of these fees as shown below, "Fees Paid by Merchant per Transaction."

Total Presented for Payment Authorization All \$ Amounts	Fees Paid by Merchant per Transaction				
	PIN Debit	eCheck	Visa/MasterCard™ Credit and Signature Debit	All Other Card Types	IVR
Insufficient Funds (per occurrence)	No Merchant Charge \$00.00	\$15.00	No Merchant Charge \$00.00	No Merchant Charge \$00.00	No Merchant Charge \$00.00
Charge Backs (per occurrence)	No Merchant Charge \$00.00	\$15.00	\$25.00	\$25.00	\$25.00

## Exhibit D: Consumer Fees

The amount of Consumer fees (Convenience-fees, service-fees and site-fees) that are added to the customers original sale transaction to the Merchant, may change from time to time. The Company will provide five (5) business days prior written notice to the Merchant of any such changes to Consumer fees. At the time Merchant account is setup, the Company will assign the Merchant a "User Name" and "Password" that will provide access to the [www.govteller.com](http://www.govteller.com) website, and access to view Consumer Fees.

### Exhibit E: Receipt Retention and Forwarding Policy

Merchant agrees to retain original signed credit/debit card receipts (the Merchant Copy) for a period of one hundred-twenty (120) days following the date of the transaction, and to make individual receipts available to the Company on demand. The Merchant agrees to fax requested receipts within one (1) business day and to mail within two (2) business days.

### Exhibit F: Merchant Access to Site for Transaction Audit

At the time Merchant account is setup, the Company will assign the Merchant a "User Name" and "Password" that will provide access to the [www.govteller.com](http://www.govteller.com) website.

### Exhibit G: Equipment

Merchant will purchase equipment:

Vx510 DM Terminal: Yes      No      Qty      \$      /each

PIN encryption **\$15 each**

External SE1000 Pin Pad: Yes      No      Qty      \$      /each

MagTek Card Reader: Yes      No      Qty      \$      /each

Shipping cost: \$





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

April 15, 2104

TO: Rio Dell City Council

FROM: Jim Stretch, City Manager

SUBJECT: Adopt Ordinance No. 320-2014 to Amend Rio Dell Municipal Code Sections 13.10.231 to establish a penalty for Non-Payment of sewer service

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Continue the public hearing and second reading (by title only) of Ordinance 320-2014, and
2. Receive the report from staff and then ask for public testimony, and
3. By motion, close the public hearing and deliberate, and
4. By motion, adopt Ordinance 320-2014 to for the amendment of Rio Dell Municipal Code Sections 13.10.231(e ) concerning the penalty for customers without water service for nonpayment of sewer service, and direct the City Clerk to post a summary of the Ordinance as required within 15 days after adoption to be effective 30 days thereafter.

BACKGROUND AND DISCUSSION

On April 1, 2014 the Rio Dell City Council conducted a noticed public hearing on proposed Ordinance 320-2014. The staff report was received and the public hearing was opened to receive testimony on the proposal. After public testimony was received the Council continued the public hearing until April 15, 2014 for the second reading of the Ordinance, public input, deliberation by the Council and adoption of the Ordinance.

The Intent of Proposed Ordinance 320-2014

Rio Dell Municipal Code Section 13.10.240 provides that if a customer is delinquent in the payment of their sewer bill, the Department of Public Works has the right to discontinue water service without any further notice. This process is followed. However, in the rare case that a sewer customer does not subscribe to City water service, there is very little leverage available to the City for timely payment.

Such is the case for at least one customer who is habitually delinquent, presently at 7 months, and does not respond to City demands for payment.

Proposed Text of Ordinance 320-2014

The proposed amendment to the Municipal Code Sections to address this situation is to establish a penalty as allowed by Government Code Section 54348, similar to the water utility and with a collection method as follows:

**13.10.231 Penalty**

*Rates and charges which are not paid on or before the date of delinquency shall be subject to a basic penalty of ten percent (10%) of each month's charges for the first month delinquent, and thereafter an additional ten percent (10%) of each month's basic charge for each additional month of delinquency. In addition to the basic penalty, there shall be an additional penalty charged equal to one-half of one percent (.50%) per month for nonpayment of the delinquent charges and basic penalty.*

*The City may initiate proceedings in accordance with Government Code Sections 54354 through 54357 to have such delinquent costs and penalties assessed against the real property or premises where the service is provided to become a lien against the property. The lien shall be turned over to the County Assessor who shall enter the lien on the assessment rolls as a special assessment, thereafter to be collected at the same time and in the same manner as ordinary municipal taxes, to be subject to the same penalties and procedure as provided by the Government Code and as provided for ordinary municipal taxes.*

The City Attorney has approved the Code amendment as to legal form.

**ATTACHMENT #1**

**ORDINANCE NO. 320-2014**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO  
DELL REGARDING THE ADDITION OF SECTION 13.10.231  
CONCERNING THE ESTABLISHMENT OF A PENALTY FOR  
NONNPAYMENT OF DELINQUENT SEWER BILLS FOR CUSTOMERS  
THAT DO NOT SUBSCRIBE TO WATER SERVICE, AND A MEANS OF  
COLLECTING THE DELINQUENCY ON THE PROPERTY TAX BILL

THE CITY COUNCIL OF THE CITY OF RIO DELL ORDAINS AS FOLLOWS:

**WHEREAS:** City of Rio Dell Municipal Code Section 13.10.240 provides that the Department of Public Works has the right to discontinue water service to any customer that is delinquent in the payment of his sewer bill, and

**WHEREAS:** There is no provision in the City of Rio Dell Municipal Code to discontinue sewer service to a customer that is delinquent in the payment of his bill, but does not subscribe to City water service, and

**WHEREAS:** The City of Rio Dell is in need of an incentive and procedure to effect the collection of delinquent sewer bills from customers that use sewer services, but are habitually delinquent in paying for the service and suffer no consequence, and

**WHEREAS:** Government Code Section 54348 provides for the maximum penalty for delinquent utility services, and

**WHEREAS:** Government Code Sections 54354-54357 gives local agencies the authority to place a lien on property for delinquent utility charges and penalties.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Rio Dell does hereby ordain as follows:

**SECTION 1.** Add Section 13.10.231 to the City of Rio Dell Municipal Code as follows:

**13.10.231      Penalty**

Rates and charges which are not paid on or before the date of delinquency shall be subject to a basic penalty of ten percent (10%) of each month's charges for the first month delinquent, and thereafter an additional ten percent (10%) of each month's basic charge for each additional month of delinquency. In addition to the basic penalty, there shall be an additional penalty charged equal to one-half of one percent (.50%) per month for nonpayment of the delinquent charges and basic penalty.

The City may initiate proceedings in accordance with Government Code Sections 54354 through 54357 to have such delinquent costs and penalties assessed against the real property or premises where the service is provided to become a lien against the property.

The lien shall be turned over to the County Assessor who shall enter the lien on the assessment rolls as a special assessment, thereafter to be collected at the same time and in the same manner as ordinary municipal taxes, to be subject to the same penalties and procedure as provided by the Government Code and as provided for ordinary municipal taxes.

**SECTION 3. Severability**

If any provision of this Ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.

**SECTION 4. Effective Date**

This Ordinance shall be effective thirty (30) days after the date of its approval and adoption by the Rio dell City Council.

**I HEREBY CERTIFY** that the foregoing Ordinance was duly introduced at a regular meeting of the City Council of the City of Rio dell on April 1, 2014 and furthermore was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell on the fifteenth (15th) day of April 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Jack Thompson, Mayor

ATTEST:

I Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify that the above and foregoing to be a full, true and correct copy of the Ordinance of 320-2014 adopted by the City of Rio Dell on April 1, 2014.

\_\_\_\_\_  
Karen Dunham, City Clerk, City of Rio Dell

# CITY OF RIO DELL CHECK REGISTER

## General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check / Payment</u>
0002573	3/13/2014	[0576] 101 AUTO PARTS	EPOXE HEADLIGHT BULB, SMALL TOOLS, CAR WAX LOCKNUT, CP SCREW SNEAKY PETE, BULB 2 BOXES OF GLOVES CONNECTOR, BRACKET	268.73
0002545	3/06/2014	[3108] ACCUFUND, INC.	ANNUAL SUPPORT 4/1/2014 - 3/31/2015 COMPUTER SUPPORT FOR UTILITY BILLING AND PAYR	6,530.00
0002602	3/21/2014	[5443] AIRGAS USA, LLC	CYLINDER RENTAL	16.64
0002603	3/21/2014	[2247] ANTHEM BLUE CROSS	HEALTH INSURANCE FOR APRIL 2014	16,882.00
0002604	3/21/2014	[5463] APPLY-A-LINE, INC.	100 2 WAY 4X4 YELLOW REFLECTORS, 44# BITUMINO	272.84
0002574	3/13/2014	[2224] AQUA BEN CORPORATION	HYDROFLOC 850 275 GAL TOTE	2,992.80
0002546	3/06/2014	[2225] AQUA SIERRA CONTROLS, INC	LABOR TO ADD I/O TO WATER PLANT PLC TO SCADA	480.00
0002575	3/13/2014	[3975] AT&T - 5709	PHONE EXPENSES FOR FEBRUARY 2014	537.30
0002626	3/27/2014	[2237] BANK OF AMERICA BUSINESS CARD	GOTOMYPC MONTHLY PAYMENT STAPLES - NEW PRINTER AND INK CARTRIDGES USPS - EVERY DOOR DIRECT MAIL ORDER POSTAGE F TAPCO - TWO INDOOR/OUTDOOR ENCLOSED BULLETIN	1,952.51
0002547	3/06/2014	[5308] BARTLE WELLS ASSOCIATES	PROFESSIONAL SERVICES FOR DECEMBER 30, 2013 T	2,585.00
0002548	3/06/2014	[2240] BAY WEST SUPPLY, INC.	URINAL SCREENS	30.44
0002576	3/13/2014	[2240] BAY WEST SUPPLY, INC.	URINAL BLOCK	29.56
0002639	3/28/2014	[5562] CALIF STATE LANDS COMMISSION	REFUNDABLE DEPOSIT FOR LEASE AMENDMENT	2,500.00
0002577	3/13/2014	[4907] CALIFORNIA CONTRACTORS SUPPLIES, INC	2 - LARGE 50 ANSI/OSHA FIRST AID KITS	283.18
0002539	3/03/2014	[2261] CALIFORNIA STATE DISB UNIT	GARNISHMENT CASE #200000001183524 FOR PPE 2/2	81.69
0002605	3/21/2014	[2261] CALIFORNIA STATE DISB UNIT	GARNISHMENT CASE #200000001183524 FOR PPE 3/7	81.69
0002549	3/06/2014	[5330] CAPITAL ONE COMMERCIAL	COSTCO - HOT CUPS AND COFFEE	22.17
0002627	3/27/2014	[5330] CAPITAL ONE COMMERCIAL	CHAIR FOR CITY MANAGER COSTCO - CHAIR FOR CITY CLERK, BINDERS	407.26
0002550	3/06/2014	[2285] CC MARKET (1)	BATTERIES BIRTHDAY CAKE FOR FEBRUARY 2014	43.07
0002606	3/21/2014	[2285] CC MARKET (1)	2 - WHITE VINEGAR	8.98
0002578	3/13/2014	[2293] CITY OF FORTUNA	POLICE DISPATCH SERVICES - MARCH 2014 ANIMAL CONTROL SERVICES FROM NOV 29, 2013 TO	2,942.00
0002579	3/13/2014	[5554] CITY OF FOSTER CITY	CALOPPS ONE POSTING FINANCE DIRECTOR POSITION	150.00
0002540	3/03/2014	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 2/21/2014	120.00



# CITY OF RIO DELL CHECK REGISTER

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0002607	3/21/2014	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 3/7/2014	120.00
0002580	3/13/2014	[3644] CORY J CACREN DBA TAYLOR MADE FENCING,	SEWER PLANT SERVICE CALL FOR ELECTRIC GATE	45.00
0002608	3/21/2014	[3148] COUNTY OF HUMBOLDT	MAP BOOKS 52 & 53	11.00
0002551	3/06/2014	[3883] DARRYL J SELBY DBA SUPERIOR INSTALLS	TRAFFIC ADVISOR W/CONTROLLER, SMC SIGNAL MAST	1,133.33
0002609	3/21/2014	[5127] DELTA DENTAL	DENTAL INSURANCE FOR APRIL 2014	2,014.12
0002610	3/21/2014	[2343] DEPARTMENT OF HEALTH SERVICES OCP	DRINKING WATER TREATMENT OPERATOR CERTIFICATI	80.00
0002581	3/13/2014	[2340] DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	BLOOD ALCOHOL ANALYSIS FOR JANUARY 2014	35.00
0002552	3/06/2014	[4382] DOCUSTATION	MONTHLY MAINTENANCE AND COPY CHARGE FOR FEBRU	701.03
0002541	3/03/2014	[2366] EEL RIVER DISPOSAL INC	GARBAGE BAGS FOR FEBRUARY 2014	527.55
0002611	3/21/2014	[3782] EUREKA-HUMBOLDT FIRE EXTINGUISHER CO., INC	ANNUAL MAINTENANCE FIRE EXTINGUISHERS	980.11
0002553	3/06/2014	[2393] FASTENAL COMPANY	6 - DRY CHEM EXT SERVICE	248.80
0002582	3/13/2014	[2393] FASTENAL COMPANY	CIRC BLADES & MISC HARDWARE	104.04
0002612	3/21/2014	[2393] FASTENAL COMPANY	14" FMP DIAMOND BLADE	104.04
0002554	3/06/2014	[2407] FORBUSCO LUMBER	14" DIAMOND BLADE	104.04
0002555	3/06/2014	[2405] FORTUNA ACE HARDWARE	4X8 CDX PLYWOOD	74.39
0002613	3/21/2014	[2405] FORTUNA ACE HARDWARE	6 - 90# CONCRETE MIX	78.65
0002583	3/13/2014	[5241] GE CAPITAL	CABLE TIE, ADAPTERS, BUSHINGS, PVC PRIMER, CE	29.09
0002584	3/13/2014	[0000] GHD, INC	RAT TRAP, BOOT SCRUBBER	
0002585	3/13/2014	[2437] HACH	PLUG SCH40 PVC 3/4" MPT	475.49
0002614	3/21/2014	[2501] HAJOCA CORPORATION	XEROX COPIER RENTAL PAYMENT FOR MARCH 2014	753.75
0002628	3/27/2014	[2501] HAJOCA CORPORATION	TAC MEETING	
0002586	3/13/2014	[4885] HDR ENGINEERING, INC.	INFILTRATION GALLERY	
0002641	3/31/2014	[4885] HDR ENGINEERING, INC.	3 - REAGENT SET, CHLORINE FREE CL 17	175.88
0002587	3/13/2014	[2458] HUMBOLDT COUNTY DIVISION OF ENVIRONMENTAL HEALTH	AYM LEAD FREE 710J34 METER ADAPTER	61.31
0002629	3/27/2014	[2474] HUMMEL TIRE & WHEEL, INC	2 RED END RINGS, 2 GASKETS, CENTER RING, 6 TR	475.57
0002556	3/06/2014	[4474] IIMC	ENGINEERING SERVICES THROUGH FEBRUARY 22, 201	1,644.68
0002615	3/21/2014	[2484] INDEPENDENT BUSINESS FORM	ENGINEERING SERVICES THRU JANUARY 25, 2014	8,401.53
0002542	3/03/2014	[2502] KEMP INSPECTION SERVICE	FO	
0002630	3/27/2014	[2521] LEAGUE OF CALIF. CITIES	HAZARDOUS MATERIALS FACILITY FEE, CUPA STATE	597.04
0002631	3/27/2014	[2546] MERCER FRASER CO., INC.	ONE TIRE TUBE	16.07
0002557	3/06/2014	[3483] MILLER FARMS NURSERY	ANNUAL MEMBERSHIP FEE THROUGH 3/31/2015	145.00
			UTILITY BILLS AND SHUTOFF NOTICES	544.30
			INSPECTION SERVICES FOR FEBRUARY 2014	6,542.47
			MEMBERSHIP DUES FOR CALENDAR YEAR 2014	2,578.40
			4.02 TONS ASPHALT CONCRETE	384.62
			3 MAPLE TREES	1,166.40

# CITY OF RIO DELL CHECK REGISTER

## General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check / Payment</u>
0002588	3/13/2014	[4908] MITCHELL BRISSO DELANEY &VRIEZE	PROFESSIONAL SERVICES FOR FEBRUARY 2014 PROFESSIONAL SERVICES FOR FEBRUARY 2014 PROFESSIONAL SERVICES FOR FEBRUARY 2014 PROFESSIONAL SERVICES FOR FEBRUARY 2014 PROFESSIONAL SERVICES FOR FEBRUARY 2014 PROFESSIONAL SERVICES FOR FEBRUARY 2014	3,452.48
0002616	3/21/2014	[2795] NALLEY & ASSOCIATES	PROFESSIONAL SERVICES FROM 1/31/2014 TO 2/16/	585.00
0002558	3/06/2014	[2410] NORTH COAST CLEANING SERVICES, INC.	MONTHLY CLEANING SERVICE FOR FEBRUARY 2014	471.00
0002589	3/13/2014	[2569] NORTH COAST LABORATORIES, INC.	COLIFORM QUANTI-TRAY	50.00
0002617	3/21/2014	[2569] NORTH COAST LABORATORIES, INC.	AMMONIA NITROGEN WITHOUT DISTILLATION, TOTAL	110.00
0002590	3/13/2014	[5101] NORTH VALLEY LABOR COMPLIANCE SERVICES	WWTP LABOR COMPLIANCE SERVICE FOR FEBRUARY 20	1,463.50
0002591	3/13/2014	[2577] NTU TECHNOLOGIES, INC.	CHEMICALS	200.00
0002559	3/06/2014	[4393] NYLEX.NET	SCAN KAREN'S MACHINE ADDRESSING SSL WEB ACCES	240.00
0002592	3/13/2014	[4393] NYLEX.NET	MONTHLY MAINTENANCE FOR FEB 15, 2014 THROUGH	900.00
0002560	3/06/2014	[3878] OLIN CORP - CHLOR ALKALI	SODIUM HYPOCHLORITE	705.42
0002561	3/06/2014	[2595] PALCO PHARMACY	BATTERIES FOR GATE CLICKER BATTERIES	24.48
0002593	3/13/2014	[2603] PG&E	UTILITY EXPENSES FOR FEBRUARY 2014	14,448.78
0002594	3/13/2014	[3343] PITNEY BOWES RESERVE ACCOUNT	POSTAGE PURCHASE FOR RESERVE	400.00
0002618	3/21/2014	[2619] PITNEY BOWES, INC. (QTR Pymnt)	QUARTERLY PAYMENT FOR DECEMBER 30, 2013 TO MA	166.41
0002619	3/21/2014	[4338] QUILL CORPORATION	ENVELOPES AND BINDER CLIPS	27.81
0002595	3/13/2014	[5222] R.J. RICCIARDI, INC	PROFESSIONAL SERVICES IN CONNECTION WITH AUDI	4,210.00
0002632	3/27/2014	[3029] REDWOOD COFFEE SERVICE	COFFEE	63.00
0002543	3/03/2014	[2659] RIO DELL PETTY CASH	PROPANE	29.44
0002625	3/26/2014	[2662] RIO DELL/SCOTIA CHAMBER OF COMMERCE	HEADWATERS FUND GRANT 12-GF-14, IN KIND CONTR	3,125.00
0002562	3/06/2014	[5545] RIVERWALK VETERINARY HOSPITAL	VETERINARY CHARGES FOR ANIMAL CONTROL..	171.50
0002563	3/06/2014	[2742] SCOTIA TRUE VALUE HARDWARE	ADAPTER, NIPPLE, COUPLINGS 50W JC HALOGEN BI BULB 4 - SS MINI CLAMPS	11.56
0002620	3/21/2014	[2742] SCOTIA TRUE VALUE HARDWARE	3 - HARDWD HANDLES, 25' TAPE MEASURE, 4 - AIR DUCT TAPE, 2 - FBG PIPE INSULATION KITS, WAT STUD FINDER 9V ALK BATTERY MT 1000W TRIPOD WORKLIGHT 1-1/2X1 - 1/4 GALV BUSHING	521.30

# CITY OF RIO DELL CHECK REGISTER

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<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check / Payment</u>
0002633	3/27/2014	[2742] SCOTIA TRUE VALUE HARDWARE	80# CONCRETE MIX 24 OZ SIMPLE GREEN SPRAY, 32 OZ ADJ SPRAYER 60# CONCRET MIX MISC HARDWARE 1 GAL SIMPLE GREEN	40.11
0002621	3/21/2014	[2694] SHELL OIL CO.	PD FUEL EXPENSES FOR FEBRUARY PW FUEL EXPENSES FOR MARCH PD FUEL EXPENSES FOR MARCH PW FUEL EXPENSES FOR FEBRUARY	2,009.11
0002596	3/13/2014	[4525] SHERLOCK RECORDS MGMT	STORAGE SERVICES FOR MARCH 2014	103.20
0002597	3/13/2014	[4570] SHRED TEC	SHREDDING	115.00
0002564	3/06/2014	[4699] SIERRA CHEMICAL CO	CONTAINER DEPOSIT RETURN CONTAINER DEPOSIT AND SODIUM BISULFITE	2,594.35
0002634	3/27/2014	[2709] STAPLES DEPT. 00-04079109	LOGI WAVE WIRELESS KEYBOARD 12"X17" 2014 AT-A-GLANCE MONTHLY WALL CALENDA 12"X27" THREE-MONTH REFERENCE WALL CALENDAR	401.09
0002635	3/27/2014	[4152] STOKES & ASSOCIATES, DBA	ADMINISTRATIVE INVESTIGATION FOR POLICE DEPAR	887.62
0002565	3/06/2014	[4662] JAMES R STRETCH	MILEAGE REIMBURSEMENT FOR HWMA MEETING, STAPL	104.16
0002598	3/13/2014	[4662] JAMES R STRETCH	REIMBURSEMENT FOR PERSONAL VEHICLE MILEAGE &	176.86
0002566	3/06/2014	[2319] SUDDENLINK COMMUNICATIONS	MONTHLY BROADBAND SERVICES FOR MARCH 2014	243.67
0002567	3/06/2014	[5418] ERIC TAFT	CUSTOMER DEPOSIT REFUND	25.23
0002622	3/21/2014	[2731] THOMAS & ASSOCIATES	MODEL T6A3-B PUMP FOR WWTP	4,572.07
0002599	3/13/2014	[3682] THOMSON REUTERS-WEST	CA PENAL CODE 2014 PAMPHLET	95.14
0002636	3/27/2014	[4818] THREE G's HAY & GRAIN	SIX PALLETS WHITE COURSE SALT	1,860.97
0002600	3/13/2014	[2735] TIMES-STANDARD	CLASSIFIED ADVERTISING FOR FINANCE DIRECTOR	1,133.84
0002640	3/31/2014	[2757] US POSTMASTER	POSTAGE FOR MARCH 2014 FOR UTILITY BILLING	357.13
0002568	3/06/2014	[2750] USA BLUEBOOK	CHEMICALS, MANUAL, BOTTLES, GLASS FIBER FILTE	575.37
0002601	3/13/2014	[2750] USA BLUEBOOK	HACH COLORLESS PH 7.00 BUFFER SOLUTION ROYCE MODEL 711 PORTABLE SS METER WITH 25' CA	2,253.56
0002623	3/21/2014	[2750] USA BLUEBOOK	2 - SJE PUMPMASER PUMP SWITCHS SHEARS, REPLACEMENT BLADE,2 - 20' SJE PUMPMA	2,064.05
0002544	3/03/2014	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	3 - KOPKIT PVC VITON & CERAMIC RETIREMENT FOR PPE 2/21/2014	6,606.43
0002624	3/21/2014	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	RETIREMENT FOR PPE 3/7/2014	6,648.44
0002569	3/06/2014	[5166] VSP-VISION SERVICE PLAN	VISION INSURANCE FOR MARCH 2014	377.24
0002637	3/27/2014	[5166] VSP-VISION SERVICE PLAN	VISION INSURANCE FOR APRIL 2014	377.24

**CITY OF RIO DELL  
CHECK REGISTER****General Checking - US Bank of California**

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check / Payment</u>
0002572	3/07/2014	[5547] WAHLUND CONSTRUCTION, INC./SEQUOIA CONSTRUCTION SPECIALTIES	WWTF RETENTION LESS \$15,000.00 REGARDING LABO	524,764.29
0002638	3/27/2014	[2787] WYCKOFF'S	500' 10 THHN SOLID WIRE, 800 EA 10 THHN STRAN	556.08
0002570	3/06/2014	[2792] ZUMAR INDUSTRIES, INC.	STREET NAME SIGNS: BELLEVIEWE AVE, MONUMENT R	139.57
<b><i>Total Checks/Deposits</i></b>				<b>659,925.02</b>