



Town of Scotia Company, LLC

February 16, 2010

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Hand Delivered

Mr. Jim Stretch
Interim City Manager
City of Rio Dell
675 Wildwood Avenue
Rio Dell CA 95562

Dear Mr. Stretch:

I received *this morning* a copy of your letter dated February 9 indicating that *this very evening* the Rio Dell City Council will meet to discuss matters outlined there, including potential annexation of the Town of Scotia to the City of Rio Dell.

Given the impossibly short notice, I am unable to attend tonight. I want however to respond to points in your letter to correct misapprehensions and inaccuracies. While there were no supporting materials nor any agenda attached to your letter today, I assume there may be more information presented to the Council tonight. I request that my brief response, below, be provided to the Council and read into the record.

First of all, we are somewhat surprised to receive such a notice at this late date. As you note, our Community Services District application is about to be heard by Lafco, and for so very long we have heard *nothing* from Rio Dell in connection with annexation. While we did work with the City in 2006 in an attempt to pursue a mutually agreeable basis for annexation, ultimately the City insisted that before it would consider annexation we would have to upgrade all Scotia infrastructure *to new subdivision development standards*. Of course, this requirement is unprecedented in California subdivision or annexation proceedings, and we considered it to be both unreasonable and impracticable. From and since that time, we have not heard from Rio Dell with regard to annexation. In the meantime, following full Environmental Impact Report and Analysis, the CSD was found by the county to be the "environmentally superior alternative."

With regard to Rio Dell's wastewater treatment facility planning, we would like the Council to be reminded of the following significant matters simply not recognized in your letter, received today. Whereas the City of Rio Dell is operating under a Cease and Desist Order (CDO) which mandates the construction of *new wastewater treatment facilities*, Scotia has no such mandate. The Scotia wastewater treatment facility is *fully functioning* and has *all needed capacity* for future service to the entire town of Scotia.^{FN1}

^{FN1} Our only CDO was negotiated with the Water Quality Control Board staff as a means to obtain additional time to achieve new efficiency standards. Largely, increased efficiency has already been accomplished through upgrades which limited infiltration of storm water into our system. In essence, Scotia's wastewater stream was *too clean* to improve by 85% because of that infiltrate.

There is a vast difference between these Water Quality Control Board mandates. Rio Dell must locate, design and construct an entirely new WWTF, while Scotia's WWTF operates well now and will continue to do so well into the future.

In addition, your letter fails to recognize that there are significant impediments to combining wastewater treatment for Rio Dell and the Town of Scotia. Simply, it is unnecessary and inappropriate to size or plan Rio Dell's sewer treatment facility to include Scotia's sewage. Rather than presenting any "economy of scale," such a plan would vastly and needlessly increase expense and cause prejudicial delay – all for no reason whatsoever.

Our extensive environmental review process identified *as potentially significant adverse environmental impacts* any effort to transport waste for treatment across the Eel River from Scotia to Rio Dell. For Rio Dell to receive and treat sewage from Scotia at a location in Metropolitan would require crossing the Eel River *TWICE*, subjecting the river, the Rio Dell community and the river ecosystem to unacceptable risk of impacts. We doubt the local communities, active environmental groups or the environmental regulatory agencies would accept this risk. This is especially true since environmental review has shown this to be both entirely unnecessary and impracticable. The engineering complexity alone renders any such plan unnecessarily costly. It is simply not clear why anyone would want to run the risk of transporting sewage or wastewater for treatment over such a long distance under these circumstances when Scotia's WWTF is fully functional, with reserve capacity.

Moreover, the environmental analysis performed by Rio Dell for its annexation of Metropolitan and construction of its new WWTF *did not consider any waste stream input from Scotia*. To do so now would require new environmental review, causing yet additional delay and increasing costs.

As for provision of other services, Scotia already provides, and the Scotia Community Services District will continue to provide water, wastewater treatment, fire protection, parks and recreation, streets and lighting, etc. As is the case now, law enforcement, building and planning will continue to be provided by the County under the CSD. It is simply not in anyone's interest to duplicate costly public facilities and staffing by "reinventing the wheel" or redirecting or obviating services that have long operated well. Annexation is unnecessary, undesirable and will cause unwelcome costs and delays.

This said, we would be interested in hearing from you in some detail *how and why* you believe that annexation might provide any benefits to the Town of Scotia and its residents. We have never taken steps to *foreclose* the potential for annexation at some point, well down the road, after the Community Services District is established, and all infrastructure upgrades are in place. Most importantly, we here at the Town of Scotia hope to avoid foreclosing *any* option or alternative in connection with governance or utility service provision which may serve the interests of the residents of the Town.

Annexation at too early a stage can serve to foreclose opportunities for Scotia's self determination. Annexation is essentially an irreversible course. However, after the formation of the CSD, with the refinements and adjustments that we plan to institute to facilitate the provision of services, we do not foreclose possible annexation. We think preserving these choices to the residents, local businesses and property owners in Scotia is the right thing to do. Foreclosing opportunity by too soon subsuming the Town of Scotia into the City of Rio Dell at this early stage reduces these options and alternatives significantly. As noted, annexation of Scotia at this stage can only cause needless delay and increased expense, prejudicing Scotia ratepayers.

Thank you for including this brief response in the Council's record. Given *adequate notice* and opportunity to discuss these issues, I would be glad to appear before the Council to have input in these matters. I am simply unable to do so at this juncture, this evening. I will look forward to a more complete discussion soon.

Very truly yours,



Frank Shaw Bacik
Vice President, Director of Legal Affairs
Town of Scotia Company, LLC

cc: Julie Woodall
Melissa Marks
Marc Barsanti
Mike Dunker
Jack Thompson