



RIO DELL CITY COUNCIL
CLOSED SESSION – 5:00 P.M.
REGULAR MEETING - 6:30 P.M.
TUESDAY, MARCH 15, 2022
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE, RIO DELL

***WELCOME** - 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 and available on the City's website at cityofriodell.ca.gov. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

**SPECIAL PUBLIC HEALTH EMERGENCY ALTERATIONS TO MEETING FORMAT
CORONAVIRUS (COVID-19)**

Effective immediately, the City of Rio Dell will reopen City Council meetings held in City Hall Council Chambers to in-person attendance by the public. The public may also attend these meeting virtually through Zoom. The meetings will also be viewable via livestreaming through our partners at Access Humboldt via their YouTube channel or Suddenlink channels on Cable TV.

To maintain safety and minimize the health risks associated with COVID-19, participants may be required to complete an Attestation of Vaccination upon entering the City Council Chambers. Fully vaccinated participants will not be required to wear a mask. Unvaccinated participants must wear face coverings at all times while in the City Hall Council Chambers.

Public Comment by Email:

In balancing the health risks associated with COVID-19 and need to conduct government in an open and transparent manner, public comment on agenda items can be submitted via email at publiccomment@cityofriodell.ca.gov. Please note the agenda item the comment is directed to (example: Public Comments for items not on the agenda) **and email no later than one-hour prior to the start of the Council meeting**. Your comments will be read out loud, for up to three minutes.

Meeting can be viewed on Access Humboldt's website at <https://www.accesshumboldt.net/>. Suddenlink Channels 10, 11 & 12 or Access Humboldt's YouTube Channel at <https://www.youtube.com/user/accesshumboldt>.

Zoom Public Comment:

When the Mayor announces the agenda item that you wish to comment on, call the conference line and turn off your TV or live stream. Please call the toll-free number **1-888-475-4499**, enter meeting **ID 987 154 0944** and press star (*) 9 on your phone – this will raise your hand. You will continue to hear the meeting on the call. When it is time for public comment on the item you wish to speak on, the Clerk will unmute your phone. You will hear a prompt that will indicate your phone is unmuted. Please state your name and begin your comment. You will have 3 minutes to comment.

- A. CALL TO ORDER
 - B. ROLL CALL
 - C. ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION
 - 1) 2022/0315.01 – **Conference with Real Property Negotiators**
Property: 410 Fourth Ave., Rio Dell, California
City of Rio Dell Negotiator(s): Kyle Knopp, City Manager,
Kevin Caldwell, Community Development Director,
Russell Gans, City Attorney – Negotiating Parties/
Negotiating With: Linda Todd, Owner and/or Agents
Under Negotiation: Price and/or Terms of Payment
(Pursuant to Gov’t Code §54956.8)
 - 2) 2022/0315.02 – **Conference with Legal Counsel–Anticipated Litigation**
Consider Initiation Litigation – Three (3) Potential Cases
(Pursuant to Paragraph (4) Gov’t Code §54956.9):
 - D. PUBLIC COMMENT REGARDING CLOSED SESSION
 - E. RECESS INTO CLOSSES SESSION
 - F. RECONVENE INTO OPEN SESSION – 6:30 P.M.
 - G. ORAL ANNOUNCEMENTS
 - H. PLEDGE OF ALLEGIANCE
 - I. CEREMONIAL MATTERS
 - 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 allowed under the Ralph M. Brown Act. 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 2/3 of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.*
- 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 Councilmembers 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 following action on the remaining consent calendar items.

- 1) 2022/0315.03 - Approve Minutes of the March 1, 2022 Regular Meeting
(ACTION) **1**
- 2) 2022/0315.04 - Receive and File FY 2022-23 Operating and Capital Budget
Calendar **(ACTION)** **16**
- 3) 2022/0315.05 - Approve Resolution No. 1530-2022 Approving Revised
Billable Rates for Staff for FY 2021-22 **(ACTION)** **19**
- 4) 2022/0315.06 - Authorize City Manager to Execute Memorandum of
Understanding with County of Humboldt Regarding
Cost Sharing Agreement for the Monument Slip-Out
(ACTION) **22**
- 5) 2022/0315.07 - Receive and File Check Register for February 2022
(ACTION) **31**

L. ITEMS REMOVED FROM THE CONSENT CALENDAR

M. REPORTS/STAFF COMMUNICATIONS

- 1) 2022/0315.08 - City Manager/Staff Update **(RECEIVE & FILE)**

N. SPECIAL PRESENTATIONS/STUDY SESSIONS

O. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS/PUBLIC HEARINGS

- 1) 2022/0315.09 - Discussion on Local Cultivation Cannabis Taxes
(DISCUSSION/POSSIBLE ACTION) **35**
- 1) 2022/0315.10 - Potential Use of CDBG Program Income (PI) and
Supplemental Activities **(DISCUSSION/POSSIBLE
ACTION)** **41**

P. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Q. COUNCIL REPORTS/COMMUNICATIONS

R. ADJOURNMENT

*The next regular City Council meeting is scheduled for
Tuesday, April 5, 2022 at 6:30 p.m.*

**RIO DELL CITY COUNCIL
REGULAR MEETING MINUTES
MARCH 1, 2022**

The regular meeting of the Rio Dell City Council was called to order at 5:30 p.m. by Mayor Garnes.

ROLL CALL: Present: (Closed Session): Mayor Garnes, Mayor Pro Tem Johnson, Councilmembers Carter, Wilson (Remotely) and Woodall and City Manager Knopp

Present: (Regular Meeting): Mayor Garnes, Mayor Pro Tem Johnson, Councilmembers Carter, Wilson (Remotely) and Woodall

Others Present: City Manager Knopp, Finance Director Dillingham, Water/Roadways Superintendent Jensen, Wastewater Superintendent Taylor, Fiscal Assistant II Hamaker, and City Clerk Dunham

Virtual Attendees: Chief of Police Conner, Community Development Director Caldwell, and Management Analyst Sanborn

ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

Conference with Real Property Negotiators Property: 410 Fourth Ave., Rio Dell, California - City of Rio Dell Negotiator(s): Kyle Knopp, City Manager, Kevin Caldwell, Community Development Director, Russell Gans, City Attorney – Negotiating Parties/Negotiating With: Linda Todd, Owner and/or Agents - Under Negotiation: Price and/or Terms of Payment (Pursuant to Gov't Code §54956.8)

Public Employee Performance Evaluation - Title: Chief of Police (Pursuant to Gov't Code §54957)

RECESS INTO CLOSED SESSION

The Council recessed into closed session at 5:30 p.m. to discuss the above listed items.

ORAL ANNOUNCEMENTS

The Council reconvened into open session at 6:30 p.m. Mayor Garnes announced that there was nothing to report out of closed session.

City Manager Knopp reviewed the meeting protocol and began by welcoming everyone back to the first live City Council meeting since July 2021 and said that the mask mandate was lifted for fully vaccinated participants. He asked that anyone who is not vaccinated to please wear a mask for the duration of the meeting. He explained that the City is currently using a hybrid system to allow for the in-person meeting while it will also be displayed on Zoom for virtual attendees. He asked that participants speak loudly and clearly so virtual attendees can hear what is being said.

He noted that Councilmember Wilson would be attending tonight's meeting remotely due to recent exposure to COVID.

PUBLIC PRESENTATIONS

Mayor Garnes called for public comment on non-agenda items.

Yama Schafer, one of the cannabis farmers on the Dinsmore Plateau addressed the Council regarding cannabis cultivation taxes and explained that there is big distinction between commercial greenhouses with lights and those without lights yet the City's tax bracket is the same across the board at \$2.00 sq. ft. Commercial greenhouses with lights typically have 4-5 runs per year whereas; greenhouses without lights typically only get 1-2 runs a year. He asked that the City Council consider a reduction in taxes for greenhouses without lights.

Kelly Flores from Margro Advisors supporting farms in Humboldt County stated for clarification that in the county's ordinance, there is distinction between outdoor and mixed-light and said that outdoor is defined as not using artificial light and mixed-light is using artificial light. She noted that the tax tiers are based on those definitions. She recommended that the City Council take that into consideration and come up with a tax rate that is fair based on the production of the farmers.

Tom Norton, another cannabis farmer on the Dinsmore Plateau agreed that there is a distinction between outdoor and mixed-light cultivation. When he signed up, he agreed to the \$2.00 per sq. ft. tax but like the other farmers, he is also struggling to survive with the recent drop in prices. In addition, they are first-year growers and sole-proprietors and still in the process of establishing their business. He said that they could really use some sort of tax break.

Sandi DeLuca and Michael Monahan, local realtors, called in remotely to address the Council on the issue of cannabis taxes and said that they stand with the farmers in the community. Sandy pointed out that these businesses bring in tax dollars to the community and asked the City Council to consider lowering the current tax rate now and in moving forward. She also asked the City to compare Rio Dell's tax rate with the County and Measure S noting that the County dropped their tax rate by 85%. She said that the price of cannabis will fluctuate throughout the legalization process and as such, the tax rate should also fluctuate. She said that she hopes the City will recognize that we all want these businesses to survive and need to assist them while we move through this new industry.

Michael added that the \$2.00 per sq. ft. rate for outdoor cannabis without artificial light seems outrageous. He pointed out that power is not available for these farmers on the Dinsmore Plateau so they can't produce a quality product. He wondered why the farmers are still required to pay taxes in January, February and March when they aren't harvesting any product.

Sandy pointed out that without the businesses, there are no tax dollars coming into the City. She said that the community needs to stand by these businesses and allow them to get settled into the industry so that they are able to be successful and if they are successful, everyone will benefit.

City Clerk Dunham then read a public comment received from Steve and Sharon Wolff asking if the 5% increases for salaries and benefits that were recommended at the last meeting as part of the rate study are on top of the recent raises staff received. She acknowledged that the public comment came in during the rate hearing but due to technical problems she did not get the message until after the meeting.

CONSENT CALENDAR

Mayor Garnes asked if any councilmember, staff or member of the public would like to remove any item from the consent calendar for separate discussion. No items were removed.

Motion was made by Johnson/Woodall to approve the following consent calendar items:

- 1) Minutes of the February 15, 2022 Regular Meeting
- 2) Resolution No. 1529-2022 Regarding Proposed State Initiative

Motion carried 5-0.

REPORTS/STAFF COMMUNICATIONS

City Manager/Staff Update

City Manager Knopp provided a staff report and said as the Council will recall, the City submitted two Clean California Grant applications which is a program focused on removing trash, transforming public spaces and creating thousands of jobs across the State. The project submittals for the grant came from recommendations from the City's newly formed Beautification, Walkability and Pride Committee. The primary project involves the creation of a non-motorized walking and hiking path along the Eel River including informational kiosks along the way.

The other project involves the beautification of the Rio Dell Gateway which will include replacement of trees with uniform plantings and enhanced root systems. This project will also lower water usage and maintenance requirements in addition to the inclusion of outdoor exercise equipment at Memorial Park.

He was very happy to announce that Governor Newsom announced today that the City of Rio Dell was awarded both grants with the total grant amount close to \$2.5 million. He added that it is the work of a lot of people for a long period of time as the idea of a bike trail has been around for at least 5 years. The City has applied for numerous grants which were denied so this is very exciting news. He noted that there is a short time line in terms of construction, noting that projects must be completed by 2024.

He then made the Council aware of some suspicious emails that were being generated involving copying of staff's names and email addresses and said staff received numerous warnings from the State and other agencies that their emails were also being impersonated. He noted that it is

really important that when anyone believes they are receiving an email from the City that looks suspicious, to be sure to verify it by calling City Hall.

City Manager Knopp also reported that the bid for the 2022 Asphalt Improvement Project was issued, staff initiated the recruitment for Chief of Police and expect to complete review of the first set of resumes by the end of March. In other news, he said that FEMA denied the County's appeal for the Soldier Pile Wall at the Monument slip out and the delays in moving forward with the project are related to engineering debates between the County, City and State. The City, County and State are all aligned in terms of the solution to repair the slip out however; FEMA is demanding a cheaper solution. He noted that there is a second appeal process that involves arbitration and staff expects to have an item on the next agenda related to cost sharing for the appeal process.

He reported that the solar project and energy islanding project at City Hall which includes batteries and a backup generator is nearly complete. Staff is waiting for a sign off from PG&E to activate the solar grid and battery system and have it connected to the grid. He explained that this is a 22-kw system and that it did get turned on briefly during the middle of the bad weather to see how things were working. Towards the early morning, it showed 12.7 kw entering the array which is more than enough to power City Hall, charge the batteries and return excess power back to the grid. He noted that due to the supply chain, the generators will not be installed until May or June. He added that the project was 100% grant funded through the State of California as a result of the Public Safety Power Shutoff Emergency.

Mayor Pro Tem Johnson said that he was absolutely pleased to hear the news about the award of grants under the Clean California Grant Program and that the work of the Beautification, Walkability and Pride Committee should not go unrewarded, suggesting the news be shared with the community.

Councilmember Wilson reported that he received about six bogus emails from an HWMA board member with a return address in Japan.

SPECIAL PRESENTATIONS/STUDY SESSIONS/PUBLIC HEARINGS

Porch Light Campaign – Fiscal Year 2021-22

Management Analyst Sanborn provided a staff report and said that the goal of the Porch Light Campaign is to create a safer community while staying energy efficient by keeping porch lights on with new, highly efficient light bulbs provided by the City of Rio Dell and Redwood Coast Energy Authority (RCEA).

Porch lighting is an effective deterrent in reducing criminal activity while assisting public safety officials to see addresses when responding to emergencies. In areas where street lighting may be insufficient, a porch light can assist in safely navigating outside a home.

He explained that free energy efficiency kits which include a free, highly efficient LED light bulb will be offered to every resident by the City with support through Redwood Coast Energy Authority (RCEA). He noted that LED lights use at least 75% less energy, costing only pennies a day to operate and last up to 25 times longer than incandescent lighting. He said that the City is committed to helping residents stay safe and energy efficient.

Staff's recommendation is that the City Council approve the Porch Light Campaign Fiscal Year 2021-22.

Councilmember Wilson commented that Redwood Coast Energy Authority has done a lot of programs with the City and this is a good program to participate in.

Mayor Garnes asked how residents would be getting the LED bulbs.

City Manager Knopp said that staff would begin advertising the program and RCEA talked about distributing fifty kits at a time so there will be a rather slow rollout of the program. He indicated that residents would have the opportunity to go to City Hall and pick up the kits. He thanked Management Analyst Sanborn for flushing out the program and said that having lighting at night in terms of safety is really important. This new LED technology will allow the City to create a safer community and safer neighborhoods at relatively low cost.

Mayor Garnes called for public comment on the porch light campaign.

Jacqui Wilson suggested the idea of volunteers to help distribute the kits and pointed out that the elderly or disabled may need help installing the light bulbs.

Motion was made by Carter/Johnson to approve the Porch Light Campaign Fiscal Year 2021-2022. Motion carried 5-0.

2021-22 Mid-Year Financial Report

Finance Director Dillingham provided a presentation on the Mid-Year Financial Report providing a review of the City's financial condition for fiscal year 2021-22 as of December 31, 2021.

She provided highlights of the report and noted that overall City revenues at mid-year were higher than expenditures primarily due to advanced funding received for the Power Resiliency Project (solar and generators). She noted that the City also received some American Rescue Plan Act (ARPA) funding that will be spent on future projects. In summary, if revenues are adjusted for those two revenue sources, then expenditures exceeded revenues by \$520,083, primarily due to spending on capital projects.

As of mid-year, the major funds had received 40% of revenues compared to 49% for the same period last year. General Fund revenues collected were 22% at mid-year primarily due to reduced cannabis revenues and elimination of CARES Act funding. There were some variations in building revenues which were slightly higher due to increased building activity.

Supplemental Law Enforcement Services Fund (SLESF) revenue was lower than last year due to delayed disbursement of funds from the County.

Moving on to expenditures, as of mid-year, total City-wide expenditures were \$2.3 million or 37% of the \$6.8 million adjusted budget. In reviewing the expenditures by department, all funds were slightly below budget. The two departments that stand out were planning which was only 5% expended which is primarily due to a housing planning grant that has not been expended. Recycling was over-expended because a budget adjustment is needed because the new recycling cans were budgeted last year but came out of this year's budget.

It was anticipated that the City would likely be able to cover the recent salary increases without a budget adjustment.

At mid-year the General Fund revenues were at 22% compared to 40% for the same period last year. Property tax and In Lieu Vehicle License Fees are typically not received until February which is the primary reason revenues are below estimates at mid-year. Only 19% of cannabis revenues were received with revenues anticipated to be down as much as \$300,000 at year end which is due to the downturn in the cannabis industry.

The graph, *General Fund by Type* as presented showed that the City has somewhat of a diversified portfolio of revenues in the General Fund with property taxes making up approximately one-third followed by cannabis taxes, sales tax and Measure J revenue.

General Fund expenditures were reported at 36% of budget, primarily due to capital projects just starting to gear up. Street Fund revenues were reported at 23% with expenditures at 46% of budgeted appropriations. Sewer revenues were at 51% with expenditures at 41%. Water fund revenues were at 57% with expenditures 49%. The increase in water revenues was due to water arrearages funding received from the State to reimburse the City for delinquent bills resulting from the water shutoff moratorium due to COVID. There was no growth shown in the water and sewer funds because the CPI adjustment expired so the same amount was budgeted as the prior year. With completion of the rate study, the revenues will be adjusted to correspond with actual expenditures.

In reviewing the budget outlook, actual beginning fund balances for FY 2021-22 were higher than estimated for most funds. A few things to watch that could negatively impact the budget outlook included cannabis revenues due to the slump in cannabis pricing, increasing sewer fund expenses, state-based formulas for streets revenues, uncertainties related to inflation, supply chain issues and the ongoing impacts of the pandemic, and overall increases operating costs.

City Manager Knopp summarized the presentation and said that overall the budget is on track to where it needs to be with one exception which is the fact that cannabis revenues have been negatively impacted by a slump in cannabis prices and activity during the first half of this year. He said that as the Council is aware, this is going to be a highly volatile source of revenue. He noted that last year the City had an extremely good year in terms of tax revenues and we do know that this year we won't be seeing quite as much revenue.

Many northern California cultivators fear that they won't survive the current market conditions. Humboldt County and some other agencies have lowered or suspended their cannabis taxes. However, the State taxes remain unaltered and compose of the majority of cannabis taxation. The market slump seems to be related particularly to the outdoor cultivation and as it has been discussed before, the cannabis market will remain volatile but staff believes the City is well positioned for the long term with its well thought out regulatory approach related to cannabis. He pointed out that the City is not only diversified with the overall financial picture but with cannabis itself with having cannabis retail, manufacturing, and different types of cultivation making it a well-rounded revenue source.

Mayor Pro Tem Johnson thanked staff for the presentation and requested the Council aginize an item on the next agenda if possible, to look at the City's cannabis tax structure to possibly provide some tax relief to the outdoor farmers. He also asked Finance Director Dillingham if she anticipated any difficulty getting the City's tax revenue from the County.

Finance Director Dillingham indicated that she did not anticipate a problem.

Councilmember Wilson commented that it is no surprise regarding the decrease in cannabis revenue.

Councilmember Woodall agreed that the Council needs to take a look at the cannabis tax structure.

Councilmember Carter and Mayor Garnes agreed, resulting in a consensus of the Council to aginize the item related to cannabis taxes.

Mayor Garnes called for public comment related to the mid-year financial report. There was no public comment received.

Finance Director Dillingham was excused and left the meeting at 7:20 p.m.

Presentation – Margro Advisors – Proposal for Rio Dell Harvest Fair Related to Cannabis

Suzanne Maze and Kelly Flores from Margro Advisors provided an outline on a proposed Cannabis Harvest Fair in Rio Dell.

Suzanne began by stating that Margro Advisors is a local consulting firm helping local cannabis farmers with licensing, permitting and compliance requirements. She noted that the current decline in wholesale cannabis prices is having an impact on the economy in Humboldt County and this event would benefit the cannabis farmers.

She reviewed the objectives of the proposed event and said that it would potentially build the region's brand recognition for high quality craft cannabis, bring buyers and consumers from across California, allow a direct sales experience with wholesale buyers and consumers, and provide direct cannabis education to the community.

Rio Dell would benefit by bringing visitors from throughout the State, create new consumer opportunities, support Rio Dell's Cannabis economic development, and provide a fundraising event for the local fire department.

The proposed event was scheduled for September 24-25, 2022 from 10-6 on Wildwood Ave. between Davis St. and Elko Ave. Infrastructure details included 10 artisan booths, 5 food trucks, 1 beer and wine garden (Rio Dell Fire Department), 10 industry booths, 4 points of sale for cannabis, 20 educational cannabis farm tables, 1 stage and sound system, 10 portable restrooms, 2,000 feet of privacy fencing, and offsite lounge areas at the 2 local dispensaries.

Next was review of the event organizations, state licenses, media promotion, and local licensed event partners.

Councilmember Carter said that she supported any type of farmers markets in the City and liked the emphasis on education.

Mayor Pro Tem Johnson liked the concept of the event but was not sold on the location and thought the Humboldt Rio Dell Business Park was a more appropriate location to hold the event.

Councilmember Woodall supported the event and asked if this was their first cannabis harvest fair, if they had talked to the Fire Department about the beer and wine garden and if privacy fencing would encompass the entire event area.

Suzanne's reply was "yes" to all three questions.

Councilmember Woodall also asked if they had looked into other local events on those dates to avoid any potential conflicts, and questioned the amount of security.

Suzanne said that they did a cursory look at other cannabis events but not all local events. She indicated that the amount of security had not yet been determined and that it depends on the size of the event and number of participants.

Councilmember Wilson commented that it sounds like a big undertaking and expressed no opposition to the event.

Mayor Garnes expressed her excitement for the event and said that it would draw people here. She thought that having the opportunity to invite elected officials from other areas would allow the City to show off what is here and demonstrate the City's success rate with the cannabis industry. She said if the plan is legal, solid and secure then it will be a great event and she fully supported it.

Yama Schafer expressed support for the event and said that it was a great idea. He said that he attended the beer festival in Fortuna which fell on the same weekend as the horse races at the Humboldt County Fair so attendance was low. He said that having the event in town would be better because at the Humboldt Rio Dell Business Park, they wouldn't get the flow of traffic and it wouldn't benefit the local businesses as much.

City Clerk Dunham announced that there were two written public comments received which she then read. (Included with these minutes as Attachments 1 and 2)

Mayor Garnes said that she appreciated all public comments good or bad and that the event is not just about the citizens or just about the farmers. If this is something that is going to portray a bad image for the City, then the Council needs to address the issues and concerns because it does affect everyone.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Approve Resolution No. 1528-2022 Declaring the Need for Continued In-Person City Council and Commission Meetings or Declaring the Need to Resume with Virtual (Zoom) Meetings

City Manager Knopp provided a brief staff report and said that we are on the tail end of the pandemic and feels that staff can safely recommend continuation of the current in-person/hybrid setup of the meetings.

Councilmember Wilson said that he likes the idea of hybrid meetings, perhaps indefinitely so more people can participate.

Mayor Garnes called for public comment.

Jacqui Wilson, as a member of the Planning Commission, supported the current setup and said that hybrid meetings are great.

Motion was made by Johnson/Woodall approving Resolution No. 1528-2022 declaring the need for continued in-person/hybrid City Council and Commission meetings. Motion carried 5-0.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson commended Water Superintendent Jensen and crew for their timely response in getting the water turned on after hours for some friends and new first-time homebuyers in town and said they had a good first experience with Rio Dell which is important

He also reported that he would be attending a Last Chance Grade Stakeholders meeting tomorrow morning via Zoom and that they would be getting information from all of the stakeholders' groups and trying to establish that there is a consensus on the direction the stakeholders are going.

Councilmember Woodall reported that she would be attending an HTA meeting next week and that she and Councilmember Carter would be going on a ride along next week with Community Services Officer Clark.

Councilmember Carter thanked Water Superintendent Jensen and Wastewater Superintendent Taylor for taking her and Councilmember Woodall on a tour of the Douglas St. water tank site.

She reported that she attended a RREDC meeting last night and that they are working to get some more flights to Portland and Seattle.

Councilmember Wilson reported that he had an HWMA meeting scheduled for next week and they will be addressing replacement of the Hawthorne St. recycling center with a larger space to process AB 1383 organic food waste. Once they do that, they will also need to relocate their current recycling center.

He also reported that Hamco may be delayed for another 6 months in getting the licensing for the CRV redemption center in Arcata.

Mayor Garnes reported that she had her Senate confirmation hearing for the Seismic Commission appointment which she believes went well. She said that tomorrow she would be meeting with the Red Coast Tsunami Working Group, and next week with the League of California Cities the Humboldt Traffic Committee.

ADJOURNMENT

Motion was made by Johnson/Carter to adjourn the meeting at 7:50 p.m. to the March 15, 2022 regular meeting. Motion carried 5-0.

Attest:

Debra Garnes, Mayor

Karen Dunham, City Clerk

Good evening, Members of the Council,

Let me not beat about the bush; the placement of this Cannabis event – in one word – is stupid. The center of town would not work and would end up violating too many laws to ever be able to continue.

First, I'll list the laws – in my own words, the actual wording will be at the end in case you need or want them read to you – and issues, followed by other options as I see them.

Laws:

1. No one can Smoke or Ingest Cannabis products while driving or riding in any vehicle.
2. Access must be limited to 21 and consumption cannot be visible from any public place or non-age-restricted area:
 - a. Pacific Ave runs right behind the area suggested and is in clear view of the entire area there is no way to stop anyone of any age from sitting and watching the whole proceedings.
3. State law prohibits smoking of any kind within 20 ft of all doors and opening windows on government buildings.
 - a. Violating this can end up with a fine upwards of \$7000.
4. The smell laws, both State and County....

Issues:

1. Parking, where are we planning to park all these cars that all these people are going to show up at?
 - a. I hope no one says the school. No cannabis within 1000 ft of that place by law.
2. There are private homes in the area and small children and therefore going to be issues.
3. Traffic, for such a large event, that means a large volume of traffic therefore we couldn't block our main artery as suggested.

Options:

I have exactly four suggestions. Maybe my suggestions aren't to your liking, but maybe they might spark an idea for something else.

1. The Dinsmore Plateau:
 - a. This area has a great view
 - b. Farms for touring
 - c. Easily controlled access
2. The Business Park across the river:
 - a. Business for tours
 - b. Easily controlled access
 - c. A reason to clean it up
3. The Metropolitan field that belongs to the City:
 - a. Nice looking area
 - b. Easily control access
4. The river bar:
 - a. Out of the way
 - b. Reminiscent of Reggae on the River

I hope that the Council will take the will and well-being of the people and not just the money the town can make into consideration during this deliberation.

P.R.R.

References:

Health & Human Services Agency

https://www.sandiegocounty.gov/content/sdc/hhsa/programs/phs/tobacco_control_resource_program/regulations_faq.html

“The state law prohibits smoking within 20 feet of main entrances, exits, and operable windows of any building owned, leased and occupied by the state, county, or city and buildings of the University of California, California State University, and California community colleges.”

Legal Beagle

<https://legalbeagle.com/7523294-law-smoking-distance-building-california.html>

“Violations of Antismoking Laws

A party who violates California state law regarding smoking will suffer a penalty of up to \$200 for the first violation, \$500 for the second violation and up to \$1,000 for a third or subsequent violation. Cal-OSHA may then issue a fine up to \$7,000.”

California Legislature Information

https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=11362.3.&lawCode=HSC

ARTICLE 2. Cannabis [11357 - 11362.9]

(Heading of Article 2 amended by Stats. 2017, Ch. 27, Sec. 121.)

11362.3.

(a) Section 11362.1 does not permit any person to:

(3) Smoke cannabis or cannabis products within 1,000 feet of a school,

(4) Possess an open container or open package of cannabis or cannabis products while driving, operating, or riding in the passenger seat or compartment of a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation.

(5) Possess, smoke, or ingest cannabis or cannabis products in or upon the grounds of a school,

(7) Smoke or ingest cannabis or cannabis products while driving, operating a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation.

(8) Smoke or ingest cannabis or cannabis products while riding in the passenger seat or compartment of a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation except as permitted on a motor vehicle, boat, vessel, aircraft, or other vehicle used for transportation that is operated in accordance with Section 26200 of the Business and Professions Code and while no persons under 21 years of age are present.

(Amended by Stats. 2017, Ch. 27, Sec. 131. (SB 94) Effective June 27, 2017. Note: This section was added on November 8, 2016, by initiative Proposition 64.)

https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=BPC&division=10.&title=&part=&chapter=20.&article=

CHAPTER 20. Local Control [26200 - 26202]

(Chapter 20 added November 8, 2016, by initiative Proposition 64, Sec. 6.1.) 26200.

(1) Access to the area where cannabis consumption is allowed is restricted to persons 21 years of age or older.

(2) Cannabis consumption is not visible from any public place or nonage-restricted area.

(3) Sale or consumption of alcohol or tobacco is not allowed on the premises.

Members of the Council,

This Cannabis Fair (for that's what it is in the end) is a bad idea.

Right in front of City Hall **blocking** the middle of town and easy access to our Police Station? Do the organizers of this event forget that Humboldt children suffer from some of the highest cases of ACEs (Adverse Childhood Experiences) scores in the State? This includes substance abuse, which is not limited to that of illegal substances. Now you want to put that right in the middle of our town?

Also you want to mix alcohol with cannabis? That's sounds like a great way to up our already high domestic violence case count.

We don't even have parking for the people we do have and now you want to add more? Our police don't seem to do anything about the kids who drive around on lawnmowers, ATV's, and dirt bikes; not to mention all the speeders and other traffic violators and now you want to add morons who are high to the mix?

Yeah, this seems like a great idea. Weren't we promised that when this was made legal that it wasn't going to be put all up in our faces? Now not only am I going to have to smell, and see it, but hear it too. Where did that promise go?

A not so happy Resident,

Victor

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



March 15, 2022

TO: Mayor and Members of the City Council
THROUGH: Kyle Knopp, City Manager
FROM: Cheryl Dillingham, Finance Director
SUBJECT: Budget Calendar for Fiscal Year 2022-23

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive and file the Fiscal Year (FY) 2022-23 Operating and Capital Budget Calendar Item

BACKGROUND AND DISCUSSION

The City's annual Operating and Capital Budget should be adopted by June 30 of each fiscal year to allow for expenditures starting July 1 of the new fiscal year. The FY 2022-23 proposed budget calendar reflects this directive beginning the process in March 2022 with Council adoption of the budget anticipated to be on June 21, 2022.

ATTACHMENTS:

- FY 2022-23 Proposed Budget Calendar

FY 2022-23 Proposed Budget Calendar

MARCH

- **February 28 – March 4**
 - Development of proposed staffing plan
- **March 7 – March 16**
 - Salary costs are calculated based on the proposed staffing plan
 - Revenue forecasting is completed
 - Budget worksheets are compiled
- **3/15 Tuesday, March 15th City Council Proposed Budget Calendar on Consent Calendar**
 - Agendize budget calendar
- **3/16 Wednesday, March 16th**
 - Budget Packets Distributed to Department Heads/Supervisors

APRIL

- **4/9 Friday, April 9th**
 - Department Heads/Supervisors turn in Budget Requests to Finance Director
- **April 11 – April 20**
 - Information compiled by Finance
- **April 21 – April 27**
 - City Manager reviews Budget and provides recommended changes to Finance
 - City Manager meets with Department Heads/Supervisors as needed
- **4/27 Wednesday, April 27th**
 - Finance finishes preparing recommended budget for City Manager approval
- **April - Priority Setting Meetings with City Council**

FY 2022-23 Proposed Budget Calendar

MAY

- **Week of May 9th**
 - Prepare Staff Report and Final Preparations for Recommended Budget
- **5/17 Tuesday, May 17th City Council Meeting**
 - City Manager presents the Recommended Operating and Capital Budget
- **May 23– May 31**
 - *Special budget meetings if necessary*

JUNE

- **6/7 Tuesday, June 7th City Council Meeting**
 - City Public Hearing- City Manager presents the revised Recommended Operating and Capital Budget
- **June 8-June 20**
 - *Special budget meetings if necessary*
- **6/21 Tuesday, June 21 City Council Meeting**
 - Special Presentation - Finance Director Presents the Final Operating and Capital Budget for Adoption Resolution No. _____

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
(707) 764-5480 (fax)



DATE: March 15, 2022
TO: Mayor and Members of the City Council
THROUGH: Kyle Knopp, City Manager
FROM: Cheryl Dillingham, Finance Director *CD*
SUBJECT: Adopt Resolution 1530-2022 Approving Revised Billable Rates for Staff Time for Fiscal Year 2021-22

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt Resolution 1530-2022 Approving Revised Staff Billable Rates for Fiscal Year (FY) 2021-22 and Rescinding Resolution 1511-2021.

BACKGROUND AND DISCUSSION

To ensure the City is recovering the cost of providing services the Finance Department is revising the FY 2021-22 billable rates to reflect Council approved changes in compensation and benefits.

From time to time City staff is involved in activities and projects that require billing an outside party. In these circumstances the Finance Department prepares an invoice detailing all direct and indirect costs incurred by the City. The City bills for staff time actually spent, which is calculated using the approved billable rates. An updated billable rate for each position has been calculated using the following formula:

Total Billable Rate: Hourly Rate + Hourly Rate(Benefit Cost % + Overhead %)

Hourly Rate: Depending on position classification the hourly rate is set by various employment contract agreements and is based on job title and step.

Benefit Cost %: Benefits/Salary + Annual Leave Hours/Annual Paid Hours

Overhead %: Average Total Overhead by Department/Total Department Salary and Benefit Costs

Overhead expenses are all costs in the budget except for direct labor, direct materials, and direct expenses. Overhead includes items such as: advertising, insurance, interest, legal fees, rent, general maintenance and repairs, supplies, taxes, telephone bills, travel expenditures, and utilities.

ATTACHMENT

Resolution 1530-2022 Approving Revised Billable Rates for Staff Time for Fiscal Year 2021-22



**RESOLUTION NO. 1530-2022
 A RESOLUTION OF THE CITY COUNCIL
 OF THE CITY OF RIO DELL
 APPROVING REVISED STAFF BILLABLE RATES
 FOR FISCAL YEAR 2021-22
 AND RESCINDING RESOLUTION 1511-2021**

WHEREAS, the City of Rio Dell charges fees for certain services provided by City staff that specifically benefit the party receiving such services; and

WHEREAS, the City has authority to charge regulatory fees to cover the cost of regulatory programs, and user fees limited to the actual cost of providing services, and

WHEREAS, in February 2022 the City amended its Master Salary Table and other employee benefits and now rates for service need to be revised so that the rates will accurately reflect the costs to the City in providing the applicable service; and

NOW THEREFORE BE IT RESOLVED, that the City of Rio Dell City Council does hereby adopt the following billable rates for staff time to ensure cost recovery on various services, activities and projects as follows:

FY 2021-22				
Billable Burdened Rates				
TITLE	HOURLY RATE	AVERAGE OH COST %	BENEFITS %	HOURLY RATE CHARGE
City Clerk	34.25	25%	73%	67.82
City Manager	65.17	25%	50%	114.05
Community Development Director	48.46	25%	48%	83.84
Finance Director	48.46	25%	41%	80.44
Management Analyst I	31.87	25%	58%	58.32
Accountant II	33.46	25%	59%	61.57
Fiscal Assistant II	21.46	25%	59%	39.49
Senior Fiscal Assistant	22.14	25%	67%	42.51
Chief of Police	54.83	25%	51%	96.50
Police Sergeant	37.86	25%	84%	79.13
Police Corporal	28.21	25%	109%	66.01
Police Officer	25.55	25%	138%	67.20
Community Service Officer	26.27	25%	65%	49.91
Part-time Records Technician	18.58	25%	25%	27.87
Wastewater Superintendent	40.97	25%	73%	81.12
Water/Roads Superintendent	44.94	25%	65%	85.39
Wastewater Treatment Operator II	26.27	25%	105%	60.42
Operator in Training	19.58	25%	97%	43.47
Utility Worker II/III	23.23	25%	99%	52.04
Part-time Utility Worker	22.55	25%	28%	34.50
Public Works Leadman	24.40	25%	84%	51.00

BE IT FURTHER RESOLVED that resolution 1511-2021 approving the billable rates for staff time for fiscal year 2020-21 is rescinded.

PASSED AND ADOPTED by the City of Rio Dell on this 15th day of March, 2022.

Ayes:

Noes:

Abstain:

Absent:

Debra Ganes, Mayor

ATTEST:

Karen Dunham, City Clerk

*Rio Dell /City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
cityofriodell.ca.gov*



DATE: March 15, 2022

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE
MEMORANDUM OF UNDERSTANDING WITH THE COUNTY OF
HUMBOLDT REGARDING COST SHARING AGREEMENT FOR THE
MONUMENT ROAD SLIP OUT

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute the attached MOU

BACKGROUND AND DISCUSSION

During the February 2017 Storm Event, a slip out occurred on Monument Road that is approximately 50% within the City Limits of Rio Dell, and 50% in the unincorporated County. The County is the lead subrecipient on this project with FEMA. During past briefings on this issue with the Council it was agreed the local costs of the project would be split between the County and City. The attached MOU formalizes this arrangement.

Currently, a dispute has arisen between FEMA versus CalOES, The County of Humboldt, and the City relating to the design of a solution to the slip out. FEMA prefers a cheaper solution to the issue involving a low-level filling of the slip out. The City and its partners prefer a more costly solution involving a "soldier pile wall" that was supported by some geotechnical engineering work. The County filed an appeal to FEMA which was denied. There is a second appeal process where the County will incur some additional cost related to professional assistance with the second appeal process. As such, they have requested that the City sign the MOU so that the second appeal can move forward. Staff is recommending signing the MOU and pursuing the second appeal with FEMA.

**MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
COUNTY OF HUMBOLDT
AND
CITY OF RIO DELL
FOR FISCAL YEARS 2020-2021 THROUGH 2023-2024**

This Memorandum of Understanding (“MOU”), entered into this ____ day of _____, 2020, by and between the County of Humboldt, a political subdivision of the State of California, hereinafter referred to as “COUNTY,” and the City of Rio Dell, a municipal corporation, hereinafter referred to as “CITY,” is made upon the following considerations:

WHEREAS, on February 14, 2017, the Federal Emergency Management Agency (“FEMA”) declared a disaster for Humboldt County due to severe winter storms, flooding and mudslides; and

WHEREAS, during the 2017 winter storms significant damage occurred to Monument Road at the COUNTY/CITY jurisdictional line; and

WHEREAS, COUNTY and CITY submitted FEMA DR-4308 damage claims for the necessary storm damage repairs to Monument Road; and

WHEREAS, FEMA determined that only one (1) Project Worksheet would be written for the necessary storm damage repairs to Monument Road; and

WHEREAS, after conducting a meeting with COUNTY and CITY, FEMA determined that COUNTY would be responsible for preparing the Project Worksheet, designing the necessary storm damage repairs, applying for all necessary permits, advertising for bids and acting as project manager for construction of the Monument Road Storm Damage Repair Project; and

WHEREAS, on May 21, 2018, COUNTY received approval from FEMA to proceed with the Monument Road Storm Damage Repair Project; and

WHEREAS, FEMA has agreed to reimburse COUNTY for seventy-five percent (75%) of all eligible costs associated with the Monument Road Storm Damage Repair Project; and

WHEREAS, the California Governor’s Office of Emergency Services has agreed to reimburse COUNTY for eighteen and three-quarters percent (18.75%) of all eligible costs associated with the Monument Road Storm Damage Repair Project; and

WHEREAS, COUNTY is responsible for paying six and one-quarter percent (6.25%) of all eligible costs (“Remaining Costs”) associated with the Monument Road Storm Damage Repair Project; and

WHEREAS, the damages to Monument Road appear to be split equally between COUNTY’s and CITY’s jurisdiction; and

WHEREAS, CITY has agreed to reimburse fifty percent (50%) of the Remaining Costs associated with the Monument Road Storm Damage Repair Project; and

WHEREAS, COUNTY and CITY desire to enter into an agreement which sets forth each party’s rights and responsibilities regarding payment of the Remaining Costs associated with the Monument Road Storm Damage Repair Project.

NOW THEREFORE, in consideration of the foregoing, and of the mutual promises contained herein, the parties hereto agree as follows:

1. RIGHTS AND RESPONSIBILITIES OF COUNTY:

COUNTY shall directly pay any and all Remaining Costs associated with the Monument Road Storm Damage Repair Project. Once the Monument Road Storm Damage Repair Project has been accepted and deemed complete, COUNTY shall submit to CITY an itemized invoice for CITY's portion of the Remaining Costs associated with the Monument Road Storm Damage Repair Project.

2. RIGHTS AND RESPONSIBILITIES OF CITY:

CITY shall provide COUNTY with an amount equal to fifty percent (50%) of the Remaining Costs associated with the Monument Road Storm Damage Repair Project. Payment of CITY's portion of the Remaining Costs associated with the Monument Road Project shall be made within sixty (60) days after the receipt of an approved invoice from COUNTY.

3. TERM:

This MOU shall begin upon execution by both parties and shall remain in full force and effect until June 30, 2024, unless sooner terminated as provided herein.

4. TERMINATION:

Either party may, in its sole discretion, terminate this MOU, if the other party fails to comply with the terms or conditions set forth herein, or violates any local, state or federal law, regulation or standard applicable to its performance hereunder, and such default continues unremedied for a period of thirty (30) days following the receipt of written notice thereof.

5. NOTICES:

Any and all notices required to be given pursuant to the terms and conditions of this MOU shall be in writing and either served personally or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

COUNTY: Humboldt County Department of Public Works – Engineering Division
Attention: Tony Seghetti, Deputy Director
1106 Second Street, Room 112
Eureka, California 95501

CITY: City of Rio Dell
Attention: Kyle Knopp, City Manager
625 Wildwood Avenue
Rio Dell, California 95562

6. REPORTING REQUIREMENTS:

Each party hereto agrees to prepare and submit any and all reports that may be required by any local, state and/or federal agencies for compliance with this MOU. Any and all reports required hereunder shall be prepared in a format that complies with the Americans with Disabilities Act, and any other applicable local, state and federal accessibility laws, regulations and standards. Any and all repor

required hereunder shall be submitted in accordance with any and all applicable timeframes using the format required by the State of California as appropriate.

7. RECORD RETENTION AND INSPECTION:

- A. Maintenance and Preservation of Records. Each party hereby agrees to timely prepare accurate and complete records, documents and other evidence relating to its performance hereunder, and to maintain and preserve said records for at least three (3) years after the expiration or termination of this MOU, or as otherwise required by any and all applicable local, state and federal laws, regulations and standards, except that if any litigation, claim, negotiation, audit or other action is pending, the records shall be retained until completion and resolution of any and all issues arising therefrom.
- B. Inspection of Records. Pursuant to California Government Code Section 8546.7, all records, documents and other evidence relating to each party's performance hereunder, shall be subject to the examination and audit of the California State Auditor and any other duly authorized agents of the State of California for a period of three (3) years after the expiration or termination of this MOU. Each party hereby agrees to make all such records, documents and other evidence available during normal business hours to inspection, audit and reproduction by any duly authorized local, state and/or federal agencies. Each party further agrees to allow interviews of any of its employees who might reasonably have information related to such records, documents or other evidence by any duly authorized local, state and/or federal agencies. All examinations and audits conducted hereunder shall be strictly confined to those matters connected with the performance of this MOU, including, without limitation, the costs of administering this MOU.
- C. Audit Costs. In the event of an audit exception or exceptions related to the performance of this MOU, the party responsible for not meeting the requirements set forth herein shall be responsible for the deficiency and for the cost of such audit.

8. CONFIDENTIAL INFORMATION:

- A. Disclosure of Confidential Information. Each party hereby agrees to protect all confidential information obtained pursuant to the terms and conditions of this MOU in accordance with any and all applicable local, state and federal laws, regulations, policies, procedures and standards.
- B. Continuing Compliance with Confidentiality Requirements. Each party hereby acknowledges that local, state and federal laws, regulations and standards pertaining to confidentiality, electronic data security and privacy are rapidly evolving and that amendment of this MOU may be required to ensure compliance with such developments. Each party agrees to promptly enter into negotiations concerning an amendment to this MOU embodying written assurances consistent with the requirements of any and all applicable local, state and federal confidentiality laws, regulations or standards.

9. NON-DISCRIMINATION COMPLIANCE:

- A. Professional Services and Employment. In connection with the execution of this MOU, neither party shall unlawfully discriminate in the provision of professional services or against any employee or applicant for employment because of: race; religion or religious creed; color; age (over forty (40) years of age); sex, including, without limitation, gender identity and expression, pregnancy, childbirth and related medical conditions; sexual orientation, including, without limitation, heterosexuality, homosexuality and bisexuality; national origin; ancestry; marital status; medical condition, including, without limitation, cancer and genetic characteristic; -25-

mental or physical disability, including, without limitation, HIV status and AIDS; political affiliation; military service; denial of family care leave; or any other classifications protected by any applicable local, state or federal laws, regulations or standards, all as may be amended from time to time. Nothing herein shall be construed to require employment of unqualified persons.

- B. Compliance with Anti-Discrimination Laws. Each party further assures that it will abide by the applicable provisions of: Title VI and Title VII of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age Discrimination Act of 1975; the Food Stamp Act of 1977; Title II of the Americans with Disabilities Act of 1990; the California Fair Employment and Housing Act; California Civil Code Sections 51, *et seq.*; California Government Code Sections 4450, *et seq.*; California Welfare and Institutions Code Section 10000; Division 21 of the California Department of Social Services Manual of Policies and Procedures; United States Executive Order 11246, as amended by United States Executive Order 11375 and Part 60 of Title 41 of the Code of Federal Regulations (“C.F.R.”); and any other applicable local, state or federal laws, regulations or standards, all as may be amended from time to time. The applicable regulations of the California Fair Employment and Housing Commission implementing California Government Code Section 12990, set forth in Sections 8101, *et seq.* of Title 2 of the California Code of Regulations, are incorporated herein by reference as if set forth in full.

10. NUCLEAR-FREE HUMBOLDT COUNTY ORDINANCE COMPLIANCE:

By executing this MOU, CITY certifies that it is not a Nuclear Weapons Contractor, in that CITY is not knowingly or intentionally engaged in the research, development, production or testing of nuclear warheads, nuclear weapons systems or nuclear weapons components as defined by the Nuclear-Free Humboldt County Ordinance. CITY agrees to notify COUNTY immediately if it becomes a Nuclear Weapons Contractor. COUNTY may immediately terminate this MOU if it determines that the foregoing certification is false or if CITY subsequently becomes a Nuclear Weapons Contractor.

11. INDEMNIFICATION:

- A. Mutual Indemnity. Each party shall hold harmless, defend and indemnify the other party and its agents, officers, officials, employees and volunteers from and against any and all claims, demands, losses, damages, liabilities, expenses and costs of any kind or nature, including, without limitation, attorney’s fees and other costs of litigation, arising out of, or in connection with, the negligent performance of, or failure to comply with, any of the duties and/or obligations contained herein, except such loss or damage which was caused by the sole negligence or willful misconduct of the other party or its agents, officers, officials, employees or volunteers.
- B. Comparative Liability. Notwithstanding anything to the contrary, in the event that both parties are held to be negligently or willfully responsible, each party will bear their proportionate share of liability as determined in any such proceeding. In such cases, each party will bear their own costs and attorney’s fees.
- C. Effect of Insurance. Acceptance of the insurance required by this MOU shall not relieve either party from liability under this provision. This provision shall apply to all claims for damages related to either party’s performance hereunder, regardless of whether any insurance is applicable or not.

12. INSURANCE REQUIREMENTS:

- A. General Insurance Requirements. Without limiting either party’s indemnification obligations set forth herein, each party shall maintain in full force and effect, at its own expense, any and a

appropriate comprehensive general liability, comprehensive automobile, workers' compensation and professional liability insurance policies.

- B. Insurance Notices. Any and all insurance notices required to be given pursuant to the terms and conditions of this MOU shall be sent to the addresses set forth below in accordance with the notice requirements contained herein.

COUNTY: County of Humboldt
Attention: Risk Management
825 Fifth Street, Room 131
Eureka, California 95501

CITY: City of Rio Dell
Attention: Kyle Knopp, City Manager
625 Wildwood Avenue
Rio Dell, California 95562

13. RELATIONSHIP OF PARTIES:

It is understood that this MOU is by and between two (2) independent entities and is not intended to, and shall not be construed to, create the relationship of agent, servant, employee, partnership, joint venture, or any other similar association. Each party shall be solely responsible for the acts and omissions of its agents, officers, employees, assignees and subcontractors.

14. COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS AND STANDARDS:

- A. General Legal Requirements. Each party hereby agrees to comply with any and all local, state and federal laws, regulations, policies, procedures and standards, including, without limitation, any and all local, state and federal licensure, certification and accreditation requirements, applicable to its performance hereunder.
- B. Accessibility Requirements. Each party hereby agrees to comply with any and all applicable accessibility requirements set forth in the Americans with Disabilities Act, Section 508 of the Rehabilitation Act of 1973, as amended, California Government Code Section 1135 and any current and future implementing regulations, policies, procedures and standards promulgated thereunder, including, without limitation, the federal accessibility standards set forth in 36 C.F.R. Section 1194.1, all as may be amended from time to time.
- C. Conflict of Interest Requirements. Each party hereby agrees to comply with any and all applicable conflict of interest requirements set forth in the California Political Reform Act and any current and future implementing regulations, policies, procedures and standards promulgated thereunder, including, without limitation, COUNTY's Conflict of Interest Code, all as may be amended from time to time.

15. PROVISIONS REQUIRED BY LAW:

This MOU is subject to any additional local, state and federal restrictions, limitations or conditions that may affect the terms, conditions or funding of this MOU. This MOU shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or is not correctly stated, the parties agree to amend the pertinent section to make such insertion or correction.

16. REFERENCE TO LAWS, REGULATIONS AND STANDARDS:

In the event any law, regulation or standard referred to herein is amended during the term of this MOU, the parties agree to comply with the amended provision as of the effective date thereof.

17. SEVERABILITY:

If any provision of this MOU, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this MOU.

18. ASSIGNMENT:

Neither party shall delegate its duties nor assign its rights hereunder, either in whole or in part, without the other party's prior written consent. Any assignment in violation of this provision shall be void, and shall be cause for immediate termination of this MOU. This provision shall not be applicable to service agreements or other arrangements usually or customarily entered into by either party to obtain supplies, technical support or professional services.

19. AGREEMENT SHALL BIND SUCCESSORS:

All provisions of this MOU shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, administrators, successors and permitted assigns.

20. WAIVER OF DEFAULT:

The waiver by either party of any breach of this MOU shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this MOU.

21. NON-LIABILITY OF OFFICIALS AND EMPLOYEES:

No official or employee of either party shall be personally liable for any default or liability under this MOU.

22. AMENDMENT:

This MOU may be amended at any time during the term of this MOU upon the mutual consent of both parties. No addition to, or alteration of, the terms of this MOU shall be valid unless made in writing and signed by the parties hereto.

23. JURISDICTION AND VENUE:

This MOU shall be construed in accordance with the laws of the State of California. Any dispute arising hereunder, or relating hereto, shall be litigated in the State of California and venue shall lie in the County of Humboldt unless transferred by court order pursuant to California Code of Civil Procedure Sections 394 or 395.

24. ADVERTISING AND MEDIA RELEASE:

Each party shall obtain the written approval of the other party before any informational material related to this MOU may be used as advertising or released to the media, including, without limitation, television, radio, newspapers and internet. Each party shall inform the other party of any and a

requests for interviews by media related to this MOU before such interviews take place; and the other party shall be entitled to have a representative present at such interviews. Any and all notices required by this provision shall be given to the Humboldt County Administrative Officer in accordance with the notice requirements set forth herein.

25. SURVIVAL OF PROVISIONS:

The duties and obligations of the parties set forth in Section 7 – Record Retention and Inspection, Section 8 – Confidential Information and Section 11 – Indemnification shall survive the expiration or termination of this MOU.

26. CONFLICTING TERMS OR CONDITIONS:

In the event of any conflict in the terms or conditions set forth in any other agreements in place between the parties hereto and the terms and conditions set forth in this MOU, the terms and conditions set forth herein shall have priority.

27. INTERPRETATION:

This MOU, as well as its individual provisions, shall be deemed to have been prepared equally by both of the parties hereto, and shall not be construed or interpreted more favorably for one (1) party on the basis that the other party prepared it.

28. INDEPENDENT CONSTRUCTION:

The titles of the sections and subsections set forth herein are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this MOU.

29. FORCE MAJEURE:

Neither party hereto shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control, and without the fault or negligence, of such party. Such events shall include, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, pandemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism or other disasters, whether or not similar to the foregoing.

30. ENTIRE AGREEMENT:

This MOU contains all of the terms and conditions agreed upon by the parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this MOU shall be deemed to exist or to bind either of the parties hereto. In addition, this MOU shall supersede in its entirety any and all prior agreements, promises, representations, understandings and negotiations of the parties, whether oral or written, concerning the same subject matter. Any and all acts which may have already been consummated pursuant to the terms and conditions of this MOU are hereby ratified.

31. COUNTERPART EXECUTION:

This MOU, and any amendments hereto, may be executed in one (1) or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. This MOU, and any amendments hereto, may be signed by manual or electronic signatures in accordance with any and all applicable local, state and federal laws, regulations and standards, and such signatures shall constitute original signatures for all purposes.

signed copy of this MOU, and any amendments hereto, transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this MOU and any amendments hereto.

32. AUTHORITY TO EXECUTE:

Each person executing this MOU represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this MOU. Each party represents and warrants to the other that the execution and delivery of this MOU and the performance of such party's obligations hereunder have been duly authorized.

IN WITNESS WHEREOF, the parties hereto have entered into this MOU as of the first date written above.

CITY OF RIO DELL:

By: _____
Kyle Knopp, City Manager
(Pursuant to the authority delegated by the
Rio Dell City Council on [REDACTED] [REDACTED],
2020 [Item No. [REDACTED]-[REDACTED]])

Date: _____

COUNTY OF HUMBOLDT:

By: _____
Thomas K. Mattson, Public Works Director
(Pursuant to the authority delegated by the
Humboldt County Board of Supervisors on
[REDACTED] [REDACTED], 2020 [Item No. [REDACTED]-[REDACTED]])

Date: _____

INSURANCE AND INDEMNIFICATION REQUIREMENTS APPROVED:

By: _____
Risk Management

Date: _____

**City of Rio Dell
Check Listing for City Council Meeting**

Ref#	Date	Vendor	Description	Amount
10738	2/02/2022	[6038] ACCURATE TERMITE & PEST SOLUTIONS	RODENT & INSECT CONTROL @ 475 HILLTOP DR	140.00
10739	2/02/2022	[3975] AT&T - 5709	FAX LINE EXPENSES FOR JANUARY 2022-PD, FAX LINE EXPENSES FOR JANUARY 2022-CITY HALL	53.81
10740	2/02/2022	[4892] KEVIN T CALDWELL	Notary Service Reimbursement	30.00
10741	2/02/2022	[2283] COASTAL BUSINESS SYSTEMS	DOCTAR MAINTENANCE AGREEMENT 1/25/22 - 1/24/	1,998.00
10742	2/02/2022	[5052] GHD, INC	For Professional Services Rendered Through 8/, For Professional Services Rendered Through 9/, For Professional Services Rendered Through 11	8,303.81
10743	2/02/2022	[2521] LEAGUE OF CALIF. CITIES	Membership Dues for Calendar Year 2022	2,705.00
10744	2/02/2022	[6560] EDWARD D LEE	Reimbursement: Amazon Boot Allowance	180.43
10745	2/02/2022	[2551] MIRANDA'S ANIMAL RESCUE	Animal Control for January 2022	1,900.00
10746	2/02/2022	[3006] MISSION LINEN SUPPLY, INC	MAINTENANCE & LAUNDER UTILITY WORKERS SHIRTS; MAINTENANCE & LAUNDER UTILITY WORKERS SHIRTS; MAINTENANCE & LAUNDER UTILITY WORKERS SHIRTS;	233.08
10747	2/02/2022	[6349] RECOLOGY EEL RIVER	Garbage Bags Month of January 2022	91.35
10748	2/02/2022	[4215] ROCHA'S AUTOMOTIVE, INC.	Vehicle Maintenance: 2003 Ford F-350 Super Duty Vehicle Maintenance: 2008 Ford F-250 Super Duty Vehicle Maintenance:	3,963.71
10749	2/02/2022	[7185] STAPLES ADVANTAGE	Three 32GB USB 10pk, Dell Black Toner, Neon Pink Label Large, Neon Pink Labels Small, Page Tags, Star Stamp, Toner for PD Printer	452.68
10750	2/02/2022	[6373] THATCHER COMPANY, INC.	Tote Deposit Reimbursement; Sodium Bisulfite 25% & Sierra Sani-Chlor, Sodium Bisulfite 25% & Sierra Sani-Chlor - Re, Sodium Bisulfite 25% & Sierra Sani-Chlor, Tote Deposit Reimbursement	3,305.38
10751	2/02/2022	[2750] USA BLUEBOOK	2 Grundfos Connection Kit PVC	134.81
10752	2/02/2022	[2787] WYCKOFF'S	Pipes, Elbows, and Valves	247.31
10753	2/07/2022	[7324] HAVEN ELECTRIC	SOLAR ROOFING PROJECT FOR CITY HALL	113,592.39
10754	2/09/2022	[0576] 101 AUTO PARTS	5W20 Motor Oil, Battery Core Deposit	140.10
10755	2/09/2022	[5381] ALTERNATIVE BUSINESS CONCEPTS	MONTHLY MAINTENANCE & COPIER CHARGES FOR JANU	598.43
10756	2/09/2022	[5114] BEST BEST & KRIEGER LLP	LEGAL SERVICES THROUGH JANUARY 31, 2022	108.00
10757	2/09/2022	[4937] CA DEPARTMENT OF TRANSPORTATION	SIGNALS & LIGHTING BILLING OCTOBER 2021 THROU	149.34
10758	2/09/2022	[2293] CITY OF FORTUNA	POLICE DISPATCH SERVICES FOR FEBRUARY 2022	5,766.66
10759	2/09/2022	[2303] COAST CENTRAL CREDIT UNION	POA Dues for PPE 1/28/2022	120.00
10760	2/09/2022	[2405] FORTUNA ACE HARDWARE	CAT-5 25ft Enhanced Patch, Corner Brace, CAT-	43.37
10761	2/09/2022	[2457] HUMBOLDT COUNTY CLERK-RECORDER	Copies	14.00
10762	2/09/2022	[2501] KEENAN SUPPLY	Mainline & Brass Ball, Strap Saddle, Brass & Mainline Ball	1,320.47
10763	2/09/2022	[4393] NYLEX.net. Inc.	MONTHLY MAINTENANCE FOR FEBRUARY 15 THROUGH M	1,280.00

**City of Rio Dell
Check Listing for City Council Meeting**

Ref#	Date	Vendor	Description	Amount
10764	2/09/2022	[6943] PACE SUPPLY CORP	5 3/4 MIP x COMP, Hinged and Strap Saddles	220.10
10765	2/09/2022	[4338] QUILL CORPORATION	Dell Black & Meagenta Toner	177.24
10766	2/09/2022	[2662] RIO DELL/SCOTIA CHAMBER OF COMMERCE	Contribution to the holiday lighting of the E	3,000.00
10767	2/09/2022	[5772] SACRAMENTO VALLEY ASSOCIATION OF	2022 Energy Code: Multifamily Overview: Wedne	45.00
10768	2/09/2022	[4525] SHERLOCK RECORDS MGMT	STORAGE SERVICE FOR FEBRUARY 2022	124.00
10769	2/09/2022	[7316] SILKE COMMUNICATIONS SOLUTIONS, INC	100w Siren and Bench	886.69
10770	2/09/2022	[6891] SUNBELT RENTALS, INC.	Appliance Dolly - Rental Out, Appliance Dolly - Rental Return	62.32
10771	2/09/2022	[6359] SYAR INDUSTRIES, INC.	EZ Street Asphalt-Bulk	4,072.66
10772	2/09/2022	[4908] THE MITCHELL LAW FIRM, LLP	LEGAL SERVICES FOR JANUARY 2022, LEGAL SERVICES FOR JANUARY 2022, LEGAL SERVICES FOR JANUARY 2022	3,556.40
10773	2/09/2022	[2787] WYCKOFF'S	PVC Glue, Hose Bib, Brass Adapter, Brass Nipp	128.38
10774	2/16/2022	[3114] 3T EQUIPMENT CO., INC.	Footage Counter	215.44
10775	2/16/2022	[7237] BPR CONSULTING GROUP	Rio Dell Flat Fee Plan Check - PV Project @ C	3,053.82
10776	2/16/2022	[5781] CALIFORNIA BUILDING OFFICIALS	ANNUAL MEMBERSHIP DUES FOR 2022/2023	215.00
10777	2/16/2022	[5352] JOANNE E FARLEY	Reimbursement - Amazon: Locking Drop Box	119.61
10778	2/16/2022	[2394] FEDEX	Shipping	426.91
10779	2/16/2022	[2407] FORBUSCO LUMBER	Cement, Masonry Brush, Edger, Gorilla Tape	96.93
10780	2/16/2022	[2471] HUMBOLDT WASTE MANAGEMENT AUTHORITY	Solid Waste - Self Haul	18.00
10781	2/16/2022	[6004] INTERNATIONAL CODE COUNCIL, INC.	G1 2 Year Membership	247.00
10782	2/16/2022	[2501] KEENAN SUPPLY	Strap SRV Saddle	219.06
10783	2/16/2022	[7203] LECHOWICZ & TSENG MUNICIPAL CONSULTANTS	Water/Sewer Rate Study	2,700.00
10784	2/16/2022	[2569] NORTH COAST LABORATORIES, INC.	ACID DIGESTION; AMMONIA NITROGEN UN-IONIZED;	745.00
10785	2/16/2022	[3343] PITNEY BOWES RESERVE ACCOUNT	Postage Purchased for Reserve on 2.11.2022	400.00
10786	2/16/2022	[7328] PROVIDENCE	CSO Preventive Vaccination	281.45
10787	2/16/2022	[6349] RECOLOGY EEL RIVER	30 YD Debris Box @ 483 4th Ave, 20 YD Debris Box @ 483 4th Ave	2,406.68
10788	2/16/2022	[6825] SUDDENLINK	INTERNET SERVICES FEBRUARY 2022	900.00
10789	2/16/2022	[2750] USA BLUEBOOK	(HM) Sulfuric Acid, Back Pressure Valve, O2 Sensor GasAlertMax & GasAlertMicro	709.76
10790	2/16/2022	[2772] WENDT CONSTRUCTION, INC	23.67 Tons EZ Street Asphalt from Healdsburg	1,190.00
10791	2/16/2022	[7113] WHYTE, DANIEL	REFUND DEPOSIT	300.00
10792	2/23/2022	[6038] ACCURATE TERMITE & PEST SOLUTIONS	RODENT & INSECT CONTROL @ 475 HILLTOP DR	140.00
10793	2/23/2022	[2303] COAST CENTRAL CREDIT UNION	POA Dues for PPE 2/11/2022	120.00
10794	2/23/2022	[2356] DOWNEY BRAND LLP	Services Rendered Through January 31, 2022	680.00
10795	2/23/2022	[2105] KAREN L DUNHAM	Reimbursement: Costco - Batteries	45.85

**City of Rio Dell
Check Listing for City Council Meeting**

Ref#	Date	Vendor	Description	Amount
10796	2/23/2022	[2386] EUREKA RUBBER STAMP CO.	2x10 Gold/Bk 2 Line Name Plate & Holder	28.25
10797	2/23/2022	[2405] FORTUNA ACE HARDWARE	1gal Distilled White Vinegar, 12oz WD40	13.09
10798	2/23/2022	[2501] KEENAN SUPPLY	Test Plug/Wing Nut, Pipe, and Sewer Saddle	1,080.60
10799	2/23/2022	[2521] LEAGUE OF CALIF. CITIES	MEMBERSHIP DUES FOR REDWOOD EMPIRE DIVISION-2	50.00
10800	2/23/2022	[2592] PACIFIC PAPER CO.	Two: Corner Desk Shell 42x42 and Banana Board	1,319.74
10801	2/23/2022	[2693] SHELTON'S AUTO LUBE	Oil Change: SUV #79, Oil Change: SUV #60, Oil Change: Car #41, Oil Change: Car #68, Oil Change: SUV #09	343.69
10802	2/23/2022	[2709] STAPLES DEPT. 11-04079109	Underpaid Invoice	2.00
10803	2/23/2022	[2319] SUDDENLINK COMMUNICATIONS	PUBLIC WORKS INTERNET & CITY HALL/PD/ PW PHON	537.99
10804	2/23/2022	[2754] US CELLULAR	MONTHLY SERVICE FOR SAFETY PHONE 2/08-03/02/2	129.25
10805	2/23/2022	[6037] WELLS FARGO VENDOR FIN SERV	KYOCERA COPIER PAYMENT FOR MARCH 2022	391.07
10806	2/23/2022	[2787] WYCKOFF'S	Pipe Nipple, Cap, and Valve, PVC Tees and Nipples	78.94
Total Checks/Deposits				178,350.05

Ref#	Date	Vendor	Description	Amount
687481	2/01/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR MISSIONSQUARE RETIREMENT ONLINE PAYMENT FOR PPE 01/28/2022	-8,602.60
915980	2/02/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR AFLAC INSURANCE ONLINE PAYMENT FOR JANUARY 2022	-845.80
CH02042022	2/07/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 01/28/2022	-3,425.46
CH02042022	2/07/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS PAYROLL TAXES FOR PPE 01/28/2022	-14,207.92
7829113	2/07/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR WEXBANK/SHELL FUEL COMPANY ONLINE PAYMENT FOR JAN & FEB FY2021-2022.	-3,045.01
695531	2/15/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR MISSIONSQUARE RETIREMENT ONLINE PAYMENT FOR PPE 02/11/2022	-11,298.91
9837099	2/22/2022	WITHDRAWALS	BANK ANALYSIS FEE FOR FEBRUARY 2022	-324.74
2102022	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR ALLIED ADMINISTRATORS-DELTA DENTAL ONLINE PAYMENT: MARCH 2022.	-2,099.49
9837098	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR BANK OF AMERICA CREDIT CARDS ONLINE PAYMENT FOR JAN - FEB FY2021-2022	-5,069.25
9837097	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR BENEFIT BRIDGE/PUBLIC AGENCY COALITION ONLINE PAYMENT: MARCH 2022.	-24,590.81
9837096	2/23/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR DEARBORN LIFE INSURANCE ONLINE PAYMENT: MARCH 2022	-397.50
465-120	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 02/11/2022	-3,159.02
1100379	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS PAYROLL TAXES FOR PPE 02/11/2022	-15,995.90


**City of Rio Dell
Check Listing for City Council Meeting**

Ref#	Date	Vendor	Description	Amount
9837100	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR PG&E ONLINE PAYMENT FOR JANUARY/FEBRUARY 2022.	-17,460.36
9837095	2/22/2022	ELECTRONIC FUNDS TRANSFER	EFT FOR VSP INSURANCE ONLINE PAYMENT FOR MARCH 2022.	-379.73
995347	2/28/2022	WITHDRAWALS	RETURN DEPOSITED ITEM	-338.75
Total EFT's/Bank Withdrawals				-111,241.25

Ref#	Date	Vendor	Description	Amount
TRX TO PR	2/03/2022	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCT FOR PPE 01/28/2022	-38,620.56
TRX TO PR	2/04/2022	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCT FOR EFT ADJUSTMENT ON PPE 02/04/2022.	-1,123.00
TRX to PR	2/16/2022	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCT FOR PPE 02/11/2022	-40,216.60
Total Transfer Between Accounts				-79,960.16



For Meeting of: March 15, 2022

To: City Council
From: Kevin Caldwell, Community Development Director 
Through: Kyle Knopp, City Manager
Date: March 8, 2022
Subject: Cannabis Taxes

Recommendation:

That the City Council:

1. Receive a brief staff presentation regarding the City's Cultivation Cannabis Taxes; and
2. Open the public hearing, receive public input, close the public hearing; and
3. Provide direction to staff.

Background and Discussion

At your meeting of March 1st, your Council heard comments during the Public Comment portion of the meeting regarding the state of the cannabis industry and requests that the City consider reducing the cultivation tax.

As the Council is aware, the City currently imposes a \$2.00 per square foot tax on cultivation whether cultivation occurs indoors or in greenhouses. Although the market for indoor cannabis has been impacted, the market for outdoor and greenhouse cannabis has been significantly impacted.

There are three approved farms on the Dinsmore Plateau. All three farms have not paid any taxes for the 2021 season.

A number of jurisdictions have reduced their taxes in response to the current market for cannabis. As the Council is aware the County recently postponed the deadline for payments for the 2021 season and temporarily reduced this year's taxes (2022) by 85%. A copy of a recent article that ran in MJ Biz Daily regarding jurisdictions reducing cannabis taxes is included as Attachment 1.

Attachments

Attachment 1: MJ Biz Daily February 28, 2022 article regarding cannabis taxes.

California localities extend tax relief to marijuana companies in absence of state action



By [Jackie Bryant](#)
February 28, 2022

Since state lawmakers have been slow to lower marijuana taxes, local governments throughout California are scrambling to grant tax relief to cannabis businesses.

The tax rollbacks by cities and counties mainly reflect lobbying from industry organizations as well as local residents and businesses.

They argue that taxation at all levels of the supply chain is simultaneously choking cannabis companies' ability to stay afloat while strengthening the illicit market.

The rush to grant tax relief began a couple of years ago and has since accelerated.

It has encompassed a range of localities, including the cities of Desert Hot Springs and San Diego as well as Humboldt and Sonoma counties.

"This is really a statewide issue," explained Natalynne DeLapp, executive director of the Humboldt County Growers Association.

All this comes against the backdrop of a historic [bear market for California wholesale cannabis prices](#), which plummeted last year in response to a supply glut.

Prices have only [recently begun to rebound](#).

The tax rollbacks also come amid accusations from operators, local lawmakers and industry insiders that the [state has not done enough](#) to properly address tax reform, among other ills, leading to what many are calling a crisis in California's cannabis industry.

Marijuana license holders in California are subject to a state cultivation tax of \$161 per pound, as well as a 15% excise tax, in addition to taxes levied by city and county officials.

In January, Gov. Gavin Newsom [pledged tax reform](#), though he was light on details.

Four bills at the state level addressing cannabis taxation have been introduced in the past few weeks: [Assembly Bill 2792](#), [AB 2506](#), [Senate Bill 1281](#) and [SB 1293](#).

SB 1281 appears to be the most comprehensive. Among other things, it would eliminate the cultivation tax and reduce the excise tax to 5%.

With constituents screaming for relief, localities are not waiting for any state tax changes to kick in, especially considering that such legislative actions wouldn't take effect until 2023, at the earliest.

One of the most high-profile moves took place in Humboldt County on Feb. 7, when the Board of Supervisors voted to reduce by 85% the county cultivation tax locally known as Measure S.

Measure S previously required a \$1-\$3-per-square-foot payment, the amount of which was dependent on license type. Now, those fees will be calculated in the same manner, but growers will pay only 15% of the total amount.

Temporarily lowering the cultivation tax showed the county's "commitment to growers who have committed \$50 million to our local economy in the four years since Measure S was passed," Humboldt County Supervisor Rex Bohn said.

The reduction was met with some opposition from locals who believe cannabis growers got off easy by not having to pay taxes before legalization.

Bohn said this came into stark relief once it became clear that many of the same growers are now choosing to leave their gardens fallow rather than risk planting and paying taxes on marijuana flower they can't sell.

Though Humboldt might be one of the more significant of such actions taken, it's far from the only one.

"Most cities and counties set their local tax rates based on an assumption that cannabis businesses were going to be wildly profitable," DeLapp said.

"The reality is that, in many places, those tax rates are no longer sustainable, particularly for small and independent legacy businesses who are operating without outside capital."

Cannabis lobbyist Nara Dahlbacka, a partner at the Oakland-based Milo Group, said that while tax relief is needed both at the state and local levels, localities enacting reform can "also be a huge help on the red tape side" for businesses.

"In order to expand their (marijuana) businesses, there's a level of red tape and bureaucracy that have to be dealt with at the local and state levels," Dahlbacka said.

The following localities have, or are considering, cannabis tax reductions and relief:

Humboldt County

- This month, the Board of Supervisors voted to temporarily reduce its cultivation tax by 85% for one year.

Lake County

- In January, the [Board of Supervisors voted to postpone](#) until May 15 the due date for cannabis tax payments and suspend the 25% late-payment penalty during the postponement. The board also directed staff to develop additional options for cannabis tax relief for ongoing discussion and voting in future meetings.

Monterey County

- The Board of Supervisors is preparing to vote March 1 on an industrywide cultivation tax reduction, including eliminating automatic increases on all taxes and doing away with the distribution tax entirely.
- After freezing an automatic tax increase on growers previously scheduled for 2021-22, the board voted last October to increase the number of times growers could amend the taxable square footage of their crop canopy from once to twice per year.

Sonoma County

- In January, the Board of Supervisors voted to postpone first-quarter taxes from Jan. 31 to April 30. Total taxes levied for both quarters will be due without penalties or interest on April 30 unless the board approves another extension.

Bellflower

- In October 2020, local officials reduced taxes for manufacturing and distribution from 7.5% to 2% and 1%, respectively.

Berkeley

- In February 2018, local officials reduced the cannabis tax rate from 10% to 5% to remain competitive in the Bay Area.

Cloverdale

- The City Council is scheduled to vote on March 9 to reduce tax rates for all licensees and tier the tax rates for different types of licenses.

Desert Hot Springs

- In February 2021, local officials reduced the tax for cultivation from \$25.50 per square foot to \$10.20 per square foot for cultivation.

Long Beach

- In 2019, the city lowered manufacturing, distribution and testing taxes from 6% to 1%.
- In 2020, the City Council agreed to ditch a proposed tax increase and instead increased the hours of operation for cannabis retailers.

Oakland

- In 2019, the City Council voted to lower the gross receipts tax on cannabis businesses that make \$500,000 or less from 10% to 0.12%.

Palm Springs

- In February 2019, local officials reduced the manufacturing tax from 10% to 2%.

San Diego (city)

- In February, [the City Council voted](#) to reduce the manufacturing and cultivation tax from 8% to 2%, effective May 1.

San Francisco (city)

- In December 2021, San Francisco authorities [approved a second one-year suspension](#) of the city's marijuana business tax through 2023.

San Jose

- In July 2019, local officials reduced the flat-rate taxes of 10% to 4% for cultivation, 3% for manufacturing, 2% distribution and 0% for testing.

Additionally, according to Dahlbacka, the following localities have passed resolutions formally requesting the state to amend its cannabis taxes:


- Alameda County
- Calaveras County
- Lake County
- Mendocino County
- Monterey County
- San Francisco (city and county)
- Santa Cruz County
- City of Berkeley
- City of Desert Hot Springs
- City of Oakland
- City of Rio Dell

Jackie Bryant can be reached at jacqbryant@gmail.com.

675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532



For Meeting of: March 15, 2022

To: City Council
From: Kevin Caldwell, Community Development Director 
Through: Kyle Knopp, City Manager
Date: March 8, 2022
Subject: Program Income - Potential CDBG Supplemental Activities

Recommendation:

That the City Council:

1. Receive a brief staff presentation regarding the potential use of Program Income on possible supplemental activities; and
2. Open the public hearing, receive public input, close the public hearing; and
3. Provide direction to staff.

Background and Discussion

The City was recently informed that we must expend or at least have the City's Program Income encumbered by June 30, 2022 or return it to the State. Program Income is a result of resident's paying off their Owner Occupied Rehabilitation (OOR) loans. To date the City has \$497,266.89.

Although the City has an approved OOR loan program, the few residents that have inquired about the program cannot meet the loan to value requirements and/or have poor credit ratings.

Staff recently met and discussed potential projects that could qualify for funding. Included as Attachment 1 is a list of potential projects and references to HCD's list of eligible activities. Attachment 2 is a copy of the Department of Housing and Community Developments' (HCD) list or matrix of eligible activities.

Attachments

Attachment 1: Potential projects which may be eligible for supplemental activities.

Attachment 2: IDIS Matrix of CDBG Eligible Activities.

CDBG Program Income
Potential Supplemental Activities
\$497, 266.89

1. Todd Property

Supplement funding/offer to Mrs. Todd for the acquisition and development of a mixed-use commercial/residential project.

Matrix Code: 01

Acquisition of Real Property 24 CFR 570.201(e) or 42 USC 5305(a)(1)

Acquisition of real property that will be developed for a public purpose. Use code 01 if CDBG funds will be used ONLY for the acquisition of property. This code is frequently used for the acquisition of property on which a public facility, public improvement or housing will be constructed using other funds.

Note:

- When a grantee acquires and constructs or rehabilitates a public facility with CDBG funds, assign the appropriate 03* matrix code, instead of 01.
- When a grantee combines acquisition with relocation or disposition in a single activity, that activity can be coded as Acquisition 01.
- When a grantee acquires and rehabilitates housing with CDBG funds for residential purposes, use code 14G.
- When a grantee or subrecipient acquires land, clears structures, or packages land for the purpose of creating an industrial park or encouraging commercial/industrial redevelopment, use matrix code 17A.

Matrix Code: 17A

Commercial/Industrial: Acquisition/Disposition 24 CFR 570.203(a) or 42 USC 5305(a)(14)

Land acquisition, clearance of structures, or assembling land for the purpose of creating industrial parks or promoting commercial/industrial development. 17A activities must be carried out by the grantee or by public or private non-profits.

2. Downtown Sidewalks and Tree Plantings

Repair and replace damaged sidewalks, including ADA improvements where possible. Possible tree wells and plantings where appropriate.

Matrix Code: 3L

Sidewalks 24 CFR 570.201(c) or 42 USC 5305(a)(2)

Improvements to sidewalks. Also use 03L for sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees.

Matrix Code 3N

Tree Planting 24 CFR 570.201(c) or 42 USC 5305(a)(2)

Activities limited to tree planting (sometimes referred to as “beautification”). For streetscape activities that include tree planting, use 03K; for sidewalk improvement activities that include tree planting, use 03L.

3. Eagle Prairie Professional Building

Acquisition and rehabilitation of building to accommodate the Community Resource Center.

Matrix Code: 17C

**Commercial/Industrial: Building Acquisition, Construction, Rehabilitation
24 CFR 570.203(a) or 42 USC 5305(a)(14)**

Acquisition, construction, or rehabilitation of commercial/industrial buildings. 17C activities must be carried out by the grantee or by public or private non-profits.

4. 203 Wildwood Avenue

Acquire parcel for parking lot expansion to help resolve lack of parking downtown.

Matrix Code: 3G

Parking Facilities 24 CFR 570.201(c) or 42 USC 5305(a)(2)

Acquisition, construction, or rehabilitation of parking lots and parking garages. Use 03G if rehabilitation of a public facility or street improvement is a small part of an

activity to improve a parking facility. However, if parking improvements are only a small part of a larger street improvement activity, use 03K

5. Enos Community Forest/Park

Acquisition of approximately 50 acres and development of trails, disc golf course, parking area, drainage improvements, etc.

Matrix Code: 01

Acquisition of Real Property 24 CFR 570.201(e) or 42 USC 5305(a)(1)

Acquisition of real property that will be developed for a public purpose. Use code 01 if CDBG funds will be used ONLY for the acquisition of property. This code is frequently used for the acquisition of property on which a public facility, public improvement or housing will be constructed using other funds.

Matrix Code: 03F

Parks, Recreational Facilities 24 CFR 570.201(c) or 42 USC 5305(a)(2)

Development of open space areas or facilities intended primarily for recreational use.

6. Belleview/Ogle Drainage Improvements

Phase I

Replace two existing drainage inlets, the placement of 3 additional drainage inlets and the installation of approximately 900 lineal feet of 24" culvert. Also establish a 200'+/- drainage swale on City owned parcel.

Phase II

Placement of 9 new drainage inlets, installation of approximately 1,660 lineal feet of 24" culverts and the establishment of well-defined drainage swales along the frontage of numerous parcels.

Matrix Code: 3K

Street Improvements 24 CFR 570.201(c) or 42 USC 5305(a)(2)

Installation or repair of streets, street drains, storm drains, curbs and gutters, tunnels, bridges, and traffic lights/signs. Also use 03K:

- For improvements that include landscaping, street lighting, and/or street signs (commonly referred to as “streetscaping”).
- If sidewalk improvements (see code 03L) are part of more extensive street improvements.

Appendix A CDBG MATRIX CODES

Release Date:
March 2019

MATRIX CODE DEFINITIONS

Matrix codes are used to indicate—but do not establish—activity eligibility. An activity must be eligible in accordance with the regulations at 24 CFR 570.201 – 570.207 for Entitlements, 570.703 – 570.705 for the Section 108 loan guarantee program, and with Section 105(a) of the HCDA [42 USC 5305] and 24 CFR 570.482 for States. Grantees need to refer to the regulations to determine an activity’s eligibility; the codes defined below are used in IDIS On-Line chiefly to categorize activities for reporting purposes.

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Code	Title	Page
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02	Disposition of Real Property	1
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03B	Facilities for Persons with Disabilities	2
03C	Homeless Facilities (not operating costs)	2
03D	Youth Centers	3
03E	Neighborhood Facilities	3
03F	Parks, Recreational Facilities	3
03G	Parking Facilities	3
03H	Solid Waste Disposal Improvements	3
03I	Flood Drainage Improvements	3
03J	Water/Sewer Improvements	3
03K	Street Improvements	4
03L	Sidewalks	4
03M	Child Care Centers	4
03N	Tree Planting	4
03O	Fire Stations/Equipment	4
03P	Health Facilities	4
03Q	Abused and Neglected Children Facilities	4
03R	Asbestos Removal	4
03S	Facilities for AIDS Patients (not operating costs)	4
03T	Homeless/AIDS Patients Programs (subject to 15% public service cap)	6
03Z	Other Public Improvements Not Listed in 03A-03S	5
04	Clearance and Demolition	1
04A	Cleanup of Contaminated Sites	1
05A	Senior Services	6
05B	Services for Persons with Disabilities	6
05C	Legal Services	6
05D	Youth Services	6
05E	Transportation Services	6
05F	Substance Abuse Services	7
05G	Services for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking	7
05H	Employment Training	7
05I	Crime Awareness	7
05J	Fair Housing Activities (subject to Public Services cap)	7
05K	Tenant/Landlord Counseling	7
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Code	Definition with Entitlement, State, or Section 108 loan Guarantee citations
Acquisition and Disposition	
01	<p>Acquisition of Real Property 24 CFR 570.201(e) or 42 USC 5305(a)(1) Acquisition of real property that will be developed for a public purpose. Use code 01 if CDBG funds will be used ONLY for the acquisition of property. This code is frequently used for the acquisition of property on which a public facility, public improvement or housing will be constructed using other funds.</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>When a grantee acquires and constructs or rehabilitates a public facility with CDBG funds, assign the appropriate 03* matrix code, instead of 01.</i> • <i>When a grantee combines acquisition with relocation or disposition in a single activity, that activity can be coded as Acquisition 01.</i> • <i>When a grantee acquires and rehabilitates housing with CDBG funds for residential purposes, use code 14G.</i> • <i>When a grantee or subrecipient acquires land, clears structures, or packages land for the purpose of creating an industrial park or encouraging commercial/industrial redevelopment, use matrix code 17A.</i>
02	<p>Disposition of Real Property 24 CFR 570.201(b) or 42 USC 5305(a)(7) Costs related to the sale, lease, or donation of real property acquired with CDBG funds or under urban renewal. Eligible costs would include the costs incidental to disposing of the property, such as preparation of legal documents, fees paid for surveys, transfer taxes, and other costs involved in the transfer of ownership of the CDBG-assisted property. The costs can also include the costs of temporarily maintaining property pending disposition, for example, boarding property up, mowing grass, security. However, the temporary maintenance costs are eligible only for properties initially acquired with CDBG funds.</p>
04	<p>Clearance and Demolition 24 CFR 570.201(d) or 42 USC 5305(a)(4) Clearance or demolition of buildings/improvements, or the movement of buildings to other sites.</p>
04A	<p>Cleanup of Contaminated Sites 24 CFR 570.201(d) or 24 CFR 570.482(c)(3) [Public Law 105-276] Activities undertaken primarily to clean toxic/environmental waste or contamination from a site.</p>
08	<p>Relocation 24 CFR 570.201(i) or 42 USC 5305(a)(11) Relocation payments and other assistance for permanently or temporarily displaced individuals, families, businesses, non-profit organizations, and farms.</p>

Public Facilities and Improvements

Use matrix codes in this section when the CDBG funds are used by the grantee or other public or private non-profit entities for public facilities and improvements.

Note:

- *Grantees may only have one public facility in an activity. Grantees must set up a separate activity for each public facility. When two or more related activities are funded with CDBG, the grantee needs to set up a separate activity for each facility or improvement.*
- *When a facility is used only by a specific client group, the activity should be assigned the matrix code specific to that group, not the type of facility. For instance, assign 03Q to a health facility for abused and neglected children, not 03P.*
- *If CDBG funds are only used to acquire property for a public facility, use matrix code 01. If the grantee uses CDBG funds to pay for the acquisition and construction, or rehabilitation of a public facility or improvement, use the appropriate 03* matrix code.*
- *For commercial and industrial improvements undertaken by a grantee or a subrecipient for economic development purposes, use matrix code 17A, 17B, 17C, or 17D.*

03A	Senior Centers 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of facilities (except permanent housing) for seniors. 03A may be used for a facility serving both the elderly and persons with disabilities, provided it is not intended primarily to serve persons with disabilities. If it is, use 03B instead. <i>Note: For the construction of permanent housing for the elderly, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>
03B	Facilities for Persons with Disabilities 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of centers, group homes, and other facilities (except permanent housing) for persons with disabilities. 03B may be used for a facility serving both persons with disabilities and the elderly, provided it is not intended primarily to serve the elderly. If it is, use 03A instead. <i>Note: For the construction of permanent housing for the persons with disabilities, use code 12; for the rehabilitation of such housing, use the appropriate 14* code.</i>
03C	Homeless Facilities (not operating costs) 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, conversion of buildings, or rehabilitation of temporary shelters and transitional housing for the homeless, including victims of domestic violence, dating violence, sexual assault or stalking, disaster victims, runaway children, drug offenders, and parolees. <i>Note: For the construction of permanent housing for the homeless, use code 12; for the rehabilitation of such housing, use the appropriate 14* code; for facilities for abused and neglected children, use 03Q.</i>

03D	<p>Youth Centers 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of facilities intended primarily for young people age 13 to 19. These include playground and recreational facilities that are part of a youth center. For the acquisition, construction or rehabilitation of facilities intended primarily for children age 12 and under, use 03M; for facilities for abused and neglected children, use 03Q.</p>
03E	<p>Neighborhood Facilities 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of facilities that are principally designed to serve a neighborhood and that will be used for social services or for multiple purposes (including recreation). Such facilities may include libraries and community centers.</p>
03F	<p>Parks, Recreational Facilities 24 CFR 570.201(c) or 42 USC 5305(a)(2) Development of open space areas or facilities intended primarily for recreational use.</p>
03G	<p>Parking Facilities 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of parking lots and parking garages. Use 03G if rehabilitation of a public facility or street improvement is a small part of an activity to improve a parking facility. However, if parking improvements are only a small part of a larger street improvement activity, use 03K.</p>
03H	<p>Solid Waste Disposal Improvements 24 CFR 570.201(c) or 42 USC 5205(a)(2) Acquisition, construction or rehabilitation of solid waste disposal facilities. The eligible costs can also include equipment, such as bulldozers, used exclusively at the facility.</p>
03I	<p>Flood Drainage Improvements 24 CFR 570.201(c) or 42 USC 5305(a)(2) Acquisition, construction, or rehabilitation of flood drainage facilities, such as retention ponds, catch basins, streambank erosion controls, channelization of streambeds, or dams. 03I can also be used for "Green Infrastructure" improvements to manage stormwater. However, if stormwater management improvements are integral to some other activity like a park or a street project, it should be included in that matrix code (03F for parks, 03K for streets) rather than 03I.</p> <p><i>Note: Do not use 03I for construction/rehabilitation of storm sewers, street drains, or storm drains. Use 03J for storm sewers and 03K for street and storm drains.</i></p>
03J	<p>Water/Sewer Improvements 24 CFR 570.201(c) or 42 USC 5305(a)(2) Installation or replacement of water lines, sanitary sewers, storm sewers, and fire hydrants. Costs of street repairs (usually repaving) made necessary by water/sewer improvement activities are included under 03J.</p> <p>For water/sewer improvements that are part of:</p> <ul style="list-style-type: none"> • More extensive street improvements, use 03K. For example, an activity that involves paving six blocks of Main Street and installing 100 feet of new water lines in one of those blocks. • A housing rehabilitation activity such as water/sewer hookups (lines from a house to the street), use the appropriate 14* housing rehabilitation matrix code.

03K	Street Improvements <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Installation or repair of streets, street drains, storm drains, curbs and gutters, tunnels, bridges, and traffic lights/signs. Also use 03K: <ul style="list-style-type: none"> • For improvements that include landscaping, street lighting, and/or street signs (commonly referred to as "streetscaping"). • If sidewalk improvements (see code 03L) are part of more extensive street improvements.
03L	Sidewalks <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Improvements to sidewalks. Also use 03L for sidewalk improvements that include the installation of trash receptacles, lighting, benches, and trees.
03M	Child Care Centers <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of facilities intended primarily for children age 12 and under. Examples are daycare centers and Head Start preschool centers. For the construction or rehabilitation of facilities for abused and neglected children, use 03Q; for the construction or rehabilitation of facilities for teenagers, use 03D
03N	Tree Planting <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Activities limited to tree planting (sometimes referred to as "beautification"). For streetscape activities that include tree planting, use 03K; for sidewalk improvement activities that include tree planting, use 03L.
03O	Fire Stations/Equipment <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of fire stations and/or the purchase of fire trucks and emergency rescue equipment.
03P	Health Facilities <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of physical or mental health facilities. Examples of such facilities include neighborhood clinics, hospitals, nursing homes, and convalescent homes. Health facilities for a specific client group should use the matrix code for that client group. For example, use 03Q for the construction or rehabilitation of health facilities for abused and neglected children.
03Q	Facilities for Abused and Neglected Children <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of daycare centers, treatment facilities, or temporary housing for abused and neglected children.
03R	Asbestos Removal <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Rehabilitation of any public facility undertaken primarily to remove asbestos.
03S	Facilities for AIDS Patients (not operating costs) <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i> Acquisition, construction, or rehabilitation of facilities for the treatment or temporary housing of people who are HIV positive or who have AIDS. For the construction or rehabilitation of facilities for AIDS education and prevention, use 03P.

03Z	<p>Other Public Improvements Not Listed in 03A-03T <i>24 CFR 570.201(c) or 42 USC 5305(a)(2)</i></p> <p>This matrix code replaces matrix code 03. Only use this code when an activity does not fall under a more specific 03A – 03S matrix code. Check the following before using this matrix code:</p> <ul style="list-style-type: none"> • Grantees may only have one public facility in an activity. Grantees must set up a separate activity for each public facility. When two or more related facilities are funded by CDBG, the grantee needs to set up a separate activity for each facility or improvement. • 03Z can be used for seawalls, bus shelters, retaining walls, and wind turbines. • 03Z can be used for activities that assist persons with disabilities by removing architectural barriers from or providing ADA improvements to government buildings (activities that otherwise would not be eligible for CDBG funding).
06	<p>Interim Assistance <i>24 CFR 570.201(f) or 42 USC 5305(a)(4)</i></p> <p>Only for activities undertaken either to:</p> <ul style="list-style-type: none"> • Make limited improvements (e.g., repair of streets, sidewalks, or public buildings) intended solely to arrest further deterioration of physically deteriorated areas prior to making permanent improvements. • Alleviate emergency conditions threatening public health and safety, such as removal of tree limbs or other debris after a major storm.
11	<p>Privately Owned Utilities <i>24 CFR 570.201(l) or 42 USC 5305(a)(14)</i></p> <p>Acquisition, reconstruction, rehabilitation, or installation of distribution lines and facilities of regulated, privately owned utilities. This includes placing new or existing distribution lines/facilities underground.</p>
16B	<p>Non-Residential Historic Preservation <i>24 CFR 570.202(d)</i></p> <p>Rehabilitation of historic buildings for non-residential use. Examples include the renovation of an historic building for use as a neighborhood facility, as a museum, or by an historic preservation society.</p>
23	<p>Tornado Shelters Serving Private Mobile Home Parks <i>42 USC 5305(a)(25)</i></p> <p>Construction or improvement of tornado-safe shelters for residents of manufactured housing parks and the provision of assistance (including loans and grants) to nonprofit and for-profit entities to do so, in accordance with Section 42 USC 5305(a)(24).</p>

Public Services

Use matrix codes in this section for CDBG assisted public services activities.

- It is important to distinguish a service from construction or rehabilitation of a facility where a service is being provided. For example, the construction or rehabilitation of a senior center is coded as 03A, but the funding of services provided at a facility for senior citizens is coded as 05A.
- Rental of a facility for a service is considered a part of delivery of service and should be treated as a public service.
- Operation and maintenance may be paid with CDBG funds only for the portion of the building where a public service is being carried out.
- If the activity is restricted to one client group, use the matrix code for that group. For example, use 05A for senior services.

03T	<p>Homeless/AIDS Patients Programs 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Costs associated with the operation of programs for the homeless or for AIDS patients, such as staff costs, utilities, maintenance, and insurance.</p> <p>Because payment of operating costs for these programs is a public service under CDBG, all CDBG expenditures for 03T activities are included in the calculation of the Public Services cap.</p>
05A	<p>Senior Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Services for the elderly. 05A may be used for an activity that serves both the elderly and persons with disabilities provided it is intended primarily to serve elderly. If the activity is intended primarily to serve persons with disabilities, use 05B instead.</p>
05B	<p>Services for Persons with Disabilities 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Services for the persons with disabilities, regardless of age.</p> <p>If the activity is intended primarily for elderly persons, use 05A instead.</p>
05C	<p>Legal Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Services providing legal aid to low- and moderate-income (LMI) persons.</p> <p>If the legal service is only provided for the settlement of tenant/landlord disputes, use 05K.</p>
05D	<p>Youth Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Services for young people age 13 to 19. For example, recreational services limited to teenagers and teen counseling programs. 05D can also be used for counseling programs that target teens but include counseling for the family as well.</p> <p>For services for children age 12 and under, use 05L; for services for abused and neglected children, use 05N.</p>
05E	<p>Transportation Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>General transportation services.</p> <p>Transportation services for a specific client group should use the matrix code for that client group. For example, use 05A for transportation services for the elderly.</p>

05F	Substance Abuse Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Substance abuse recovery programs and substance abuse prevention/education activities. If the services are provided for a specific client group, the matrix code for that client group may be used instead. For example, substance abuse services that target teenagers may be coded either 05D or 05F.
05G	Services for victims of domestic violence, dating violence, sexual assault or stalking 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services for victims of domestic violence, dating violence, sexual assault or stalking. For services limited to abused and neglected children, use 05N.
05H	Employment Training 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Assistance to increase self-sufficiency, including literacy, independent living skills, resume writing, job coaching, "how to get and keep a job" training, or training students in a particular field on skill when there is no tie to a specific position or business. For activities providing training for specific permanent jobs with specific businesses, use 18A.
05I	Crime Awareness/Prevention 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Promotion of crime awareness and prevention, including crime prevention education programs, community-oriented policing programs above and beyond normal staffing levels, installation of security cameras, and paying for security guards.
05J	Fair Housing Activities (subject to Public Services cap) 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Fair housing services (e.g. counseling on housing discrimination) as public services. The activity needs to meet a national objective. For fair housing services activities carried out as part of general program administration (and thus not required to meet a national objective), use 21D.
05K	Tenant/Landlord Counseling 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Counseling to help prevent or settle disputes between tenants and landlords.
05L	Child Care Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services that will benefit children (generally under age 13), including parenting skills classes. For services exclusively for abused and neglected children, use 05N.
05M	Health Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services addressing the physical health needs of residents of the community. For mental health services, use 05O.
05N	Services for Abused and Neglected Children 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Daycare and other services exclusively for abused and neglected children.

05O	<p>Mental Health Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Services addressing the mental health needs of residents of the community.</p>
05P	<p>Screening for Lead Poisoning 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Activities undertaken primarily to provide screening for lead poisoning.</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> • Use 05P to test people for possible lead poisoning. • Use 14I to test buildings/properties for presence of lead contamination.
05Q	<p>Subsistence Payments 24 CFR 570.207(b)(4) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) One-time or short-term (no more than three months) emergency payments on behalf of individuals or families, generally for the purpose of preventing homelessness. Examples include utility payments to prevent cutoff of service, and rent/mortgage payments to prevent eviction.</p>
05R	<p>Homebuyer Downpayment Assistance - Excluding Housing Counseling under 24 CFR 5.100 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Homebuyer downpayment assistance provided as a PUBLIC SERVICE. If housing counseling (under 24 CFR 5.100) is provided to in conjunction with downpayment assistance, report housing counseling separately under matrix code 05Y. If referral services, homeownership education programs, or general budget/financial counseling are provided to homebuyers in conjunction with downpayment assistance as part of a package, then the services are considered activity delivery costs as a part of an 05R activity.</p> <ul style="list-style-type: none"> • It is subject to the public service cap, unless the assistance is provided by a CBDO in an NRSA or by a 105(a)(15) entity. • Only report the number of households that received downpayment assistance as accomplishments for 05R. • For more extensive types of homeownership assistance provided under authority of the National Affordable Housing Act, use code 13B.
05S	<p>Rental Housing Subsidies 24 CFR 570.204 or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Tenant subsidies exclusively for rental payments for more than three months. Activities providing this form of assistance must be carried out by CBDOs or 105(a)(15) entities.</p>
05T	<p>Security Deposits 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2) Tenant subsidies exclusively for payment of security deposits.</p>

05U	<p>Housing Counseling only, under 24 CFR 5.100 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Housing counseling, under 24 CFR 5.100, for renters, homeowners, and/or potential new homebuyers that is provided as an independent public service (i.e., not as part of another eligible housing activity).</p>
05V	<p>Neighborhood Cleanups 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>One-time or short-term efforts to remove trash and debris from neighborhoods. Examples of legitimate uses of this code include neighborhood cleanup campaigns and graffiti removal.</p>
05W	<p>Food Banks 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Costs associated with the operation of food banks, community kitchens, and food pantries, such as staff costs, supplies, utilities, maintenance, and insurance.</p>
05X	<p>Housing Information and Referral Services 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>An activity that provides housing information, education, and referral services, or general budget/financial counseling that does not meet the 24 CFR 5.100 definition of Housing Counseling.</p>
05Y	<p>Housing Counseling under 24 CFR 5.100 Supporting Homebuyer Downpayment Assistance (05R) 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>Housing Counseling, under 24 CFR 5.100, that is provided to in conjunction with homebuyer downpayment assistance (05R) as a public service.</p>
05Z	<p>Other Public Services Not Listed in 03T and 05A-05Y 24 CFR 570.201(e) or 42 USC 5305(a)(8) + 24 CFR 570.482(c)(2)</p> <p>This matrix code replaced matrix code 05. Only use this matrix code when an activity does not fall under a more specific 05A-05Y code.</p> <p>An example of a legitimate use of this code is when the CDBG funds are provided to a non-profit organization that provides multiple types of social services for operating costs. In another example, when a public service activity that does not have a more specific matrix code, provides services to multiple groups of clients such as seniors, persons with disabilities, and homeless persons. For instance, for a "meals on wheels" program for seniors and persons with disabilities, use 05Z. If this program had only been available to seniors, the correct matrix code would have been 05A.</p>

Housing

Housing includes new construction and rehabilitation.

- Reconstruction of housing is eligible as is rehabilitation. Replacement of stick-built residential structures with manufactured housing units, or vice versa, is eligible as reconstruction of housing.
- Manufactured housing may be rehabilitated if it is considered part of the community's permanent housing stock.
- Wiring multifamily properties for broadband internet service, as part of substantial rehabilitation as defined in 24 CFR 5.100, should be treated as a cost of the rehabilitation, not broken out separately.
- Conversion of non-residential structures to housing is eligible as rehabilitation (esp. significant for 14B, 14D, 14G).
- Rehabilitation of housing can include water/sewer hookups, running water/sewer lines from a house out to the street, installation/rehabilitation/replacement of wells, septic tanks, septic drainfields, etc.
- Historic preservation work that is done as part of other housing rehabilitation can be included in the relevant matrix code.
- Installation or replacement of landscaping materials, sidewalks, and driveways can be included when the costs are incidental to the rehabilitation of the property.

09	Loss of Rental Income <i>24 CFR 570.201(j) or 42 USC 5305(a)(6)</i> Payments to owners of housing for loss of rental income due to temporarily holding rental units for persons displaced by CDBG-assisted activities.
12	Construction of Housing <i>24 CFR 570.201(m), 570.204 or 42 USC 5305(a)(15)</i> Construction of housing with CDBG funds must either be: carried out by CBDOs, in accordance with the regulations at 24 CFR 570.204(a); in accordance with 42 USC 5305(a)(15); or last resort housing under the provisions of the Uniform Act, 42 USC Part 49.
13A	Housing Counseling, under 24 CFR 5.100, for Homeownership Assistance (13B) <i>24 CFR 570.201(n) or 42 USC 5305(a)(24)</i> Housing Counseling, under 24 CFR 5.100, when provided in conjunction with direct homeownership assistance 13B. Report housing counseling under matrix code 13A as a separate activity.

<p>13B</p>	<p>Homeownership Assistance - excluding Housing Counseling under 24 CFR 5.100 24 CFR 570.201(n) or 42 USC 5305(a)(24) CDBG funds may be used to provide direct homeownership assistance under 24 CFR 570.201(n) and Section 105(a)(24) of the HCDA under the low- and moderate-income housing national objective [24 CFR 570.208(a)(3) and 570.483(b)(3)]. Direct homeownership assistance may include:</p> <ul style="list-style-type: none"> • Subsidizing interest rates and mortgage principal amounts to make loan payments affordable. This may include making grants to reduce the effective interest rates charged on the loans. Low-or no-interest subordinate loans can also be used to reduce overall loan repayment amounts. • Financing the cost of acquiring property already occupied by renter households at terms needed to make the purchase affordable. • Paying all or a part of the premium on behalf of the homebuyer for mortgage insurance required upfront by a private mortgagee. • Paying any or all of the reasonable closing costs associated with the home purchase on behalf of the homebuyer. • Paying up to 50 percent of the down payment required by the mortgagee for the purchase on behalf of the homebuyer. (The 50 percent limitation on downpayment assistance is a statutory requirement. Grantee records must document what amount of downpayment is required by the mortgagee, and must clearly distinguish between the amount of CDBG funds being provided for downpayment assistance vs. the amount provided for subsidizing the mortgage principal, for closing costs, for mortgage insurance, etc.) <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>If Housing Counseling, under 24 CFR 5.100, is provided in conjunction with direct homeownership assistance, report housing counseling under matrix code 13A, as a separate activity.</i> • <i>If referral services, homeownership education programs, or general budget/financial counseling is provided to homebuyers in conjunction with homeownership assistance, the services are considered activity delivery costs as part of a 13B activity.</i> • <i>All recipients of assistance provided under matrix code 13B must be low/moderate income and the activity must meet the LMH national objective.</i> • <i>Only report the number of households that received homeownership assistance as accomplishments for 13B.</i>
<p>14A</p>	<p>Rehabilitation: Single-Unit Residential 24 CFR 570.202(a)(1) or 42 USC 5305(a)(4) Rehabilitation of privately owned, single-unit homes. If Housing Counseling under 24 CFR 5.100 is provided in conjunction with rehabilitation, report Housing Counseling under matrix code 14L separately. If referral services, or general budget/financial counseling is provided to residents in conjunction with rehabilitation, the services are considered activity delivery costs as a part of a 14A activity.</p>

14B	<p>Rehabilitation: Multi-Unit Residential 24 CFR 570.202(a)(1) or 42 USC 5305(a)(4) Rehabilitation of privately owned buildings with two or more permanent residential units. If Housing Counseling under 24 CFR 5.100 is provided in conjunction with rehabilitation, report Housing Counseling under matrix code 14L separately. If referral services or general budget/financial counseling is provided to residents in conjunction with rehabilitation, the services are considered activity delivery costs as a part of a 14B activity.</p> <p>For the rehabilitation of units that will provide temporary shelter or transitional housing for the homeless, use 03C.</p>
14C	<p>Rehabilitation: Public Housing Modernization 24 CFR 570.202(a)(2) or 42 USC 5305(a)(4) Rehabilitation of housing units owned/operated by a public housing authority (PHA).</p>
14D	<p>Rehabilitation: Other Publicly Owned Residential Buildings 24 CFR 570.202(a)(2) or 42 USC 5305(a)(4) Rehabilitation of permanent housing owned by a public entity other than a PHA.</p> <p>For the rehabilitation of other publicly owned buildings that will provide temporary shelter or transitional housing for the homeless, use 03C.</p>
14F	<p>Rehabilitation: Energy Efficiency Improvements 24 CFR 570.202(b)(4) or 42 USC 5305(a)(4) Housing rehabilitation with the sole purpose of improving energy efficiency (e.g., a weatherization program).</p> <p>For energy efficiency improvements to public housing units, use 14C; for other publicly owned residential buildings, use 14D.</p>
14G	<p>Rehabilitation: Acquisition 24 CFR 570.202(b)(1) or 42 USC 5305(a)(1) Acquisition of property to be rehabilitated for housing. 14G may be used whether CDBG funds will pay only for acquisition or for both acquisition and rehabilitation.</p>
14H	<p>Rehabilitation: Administration 24 CFR 570.202(b)(9) or 42 USC 5305(a)(4) All delivery costs (including staff, other direct costs, and service costs) directly related to carrying out housing rehabilitation activities. Examples include appraisal, architectural, engineering, and other professional services; preparation of work specifications and work write-ups; loan processing and underwriting; survey, site and utility plans; application processing.</p> <p>14H should be used when the CDBG funds are used for activity delivery costs in implementing a program where the rehabilitation hard costs are paid with other funding sources.</p> <p>Do not use 14H for the costs of actual rehabilitation and do not use it for costs unrelated to running a rehabilitation program (e.g., tenant/landlord counseling).</p> <p>For administration activities carried out as part of general program administration (and thus not required to meet a national objective), use code 21A.</p>

14I	<p>Lead-Based Paint/Lead Hazards Testing/Abatement <i>24 CFR 570.202(f) or 42 USC 5305(a)(26)</i></p> <p>Housing rehabilitation activities with the primary goal of evaluating housing units for lead-paint hazards and reducing lead-based paint/lead hazards in units. For lead-based paint/lead hazards screening of persons, use 05P.</p>
14J	<p>Housing Services - Excluding Housing Counseling, under 24 CFR 5.100 <i>24 CFR 570.201(k) or 42 USC 5305(a)(20)</i></p> <p>Housing services, except Housing Counseling, under 24 CFR 5.100, in support of the HOME Program, eligible under 24 CFR 570.201(k).</p>
14K	<p>Housing Counseling, under 24 CFR 5.100, Supporting HOME Program Housing Activities <i>24 CFR 570.201(k) or 42 USC 5305(a)(20)</i></p> <p>Housing Counseling, under 24 CFR 5.100, in support of a HOME- funded housing assistance program.</p>
14L	<p>Housing Counseling, under 24 CFR 5.100, in Conjunction with CDBG-assisted Housing Rehabilitation <i>24 CFR 570.202 or Section 42 USC 5305(a)(4)</i></p> <p>Housing Counseling, under 24 CFR 5.100, in support of CDBG assisted housing rehabilitation activities, including 14A-14D, 14F-14I, and 16A.</p>
15	<p>Code Enforcement <i>24 CFR 570.202(c) or 42 USC 5305(a)(3)</i></p> <p>Salaries and overhead costs associated with property inspections and follow-up actions (such as legal proceedings) directly related to the enforcement (not correction) of state and local codes.</p> <p>For the rehabilitation hard costs of correcting code violations, use the appropriate rehabilitation code under the 14* series.</p>
16A	<p>Residential Historic Preservation <i>24 CFR 570.202(d)</i></p> <p>Rehabilitation of historic buildings for residential use. Use matrix code 16A when the preservation or restoration of historically significant features is the only work being done. If historic preservation work is done as part of other housing rehabilitation, then use the relevant 14* matrix code.</p>
19E	<p>CDBG Operation and Repair of Foreclosed Property ("In-Rem Housing") <i>42 USC 5305(a)(23)</i></p> <p>Activities to prevent the abandonment and deterioration of housing acquired through tax foreclosure. These include making essential repairs to the housing and paying operating expenses to maintain its habitability.</p>

<p>Economic Development</p> <ul style="list-style-type: none"> • Matrix codes 17A – 17D should be used to identify special economic development activities carried out by the grantee or through a public or private non-profit subrecipient. Under these matrix codes, CDBG funds are not given to a specific for-profit business or businesses. • Matrix codes 14E, 18A, 18B, 18C should be used when assistance is provided to a for-profit business for economic development projects. 	
14E	<p>Rehabilitation: Publicly or Privately Owned Commercial/Industrial <i>24 CFR 570.202(a)(3) or 42 USC 5305(a)(2)</i> Rehabilitation of commercial/industrial property. If the property is privately owned, CDBG-funded rehab is limited to:</p> <ul style="list-style-type: none"> • Exterior improvements (generally referred to as “façade improvements”). • Correction of code violations. <p>For more extensive rehabilitation of privately owned commercial/industrial property, use 17C; for infrastructure developments and improvements at commercial/industrial sites, use 17B.</p>
17A	<p>Commercial/Industrial: Acquisition/Disposition <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Land acquisition, clearance of structures, or assembling land for the purpose of creating industrial parks or promoting commercial/industrial development. 17A activities must be carried out by the grantee or by public or private non-profits.</p>
17B	<p>Commercial/Industrial: Infrastructure Development <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Street, water, parking, rail transport, or other improvements to commercial/industrial sites. 17B also includes the installation of public improvements, such as the construction of streets to and through commercial/industrial areas. 17B activities must be carried out by the grantee or by public or private non-profits.</p>
17C	<p>Commercial/Industrial: Building Acquisition, Construction, Rehabilitation <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Acquisition, construction, or rehabilitation of commercial/industrial buildings. 17C activities must be carried out by the grantee or by public or private non-profits.</p>
17D	<p>Commercial/Industrial: Other Improvements <i>24 CFR 570.203(a) or 42 USC 5305(a)(14)</i> Commercial/industrial improvements not covered by other 17* codes. 17D activities must be carried out by the grantee or by public or private non-profits.</p>

18A	<p>Economic Development Direct Financial Assistance to For-Profit Business <i>24 CFR 570.203(b) or 42 USC 5305(a)(17)</i></p> <p>Financial assistance to private for-profit businesses to (for example) acquire property, clear structures, build, expand or rehabilitate a building, purchase equipment, or provide operating capital. Forms of assistance include loans, loan guarantees, and grants.</p> <p>With one exception, a separate 18A activity must be set up for each business assisted. If an activity is carried out under 24 CFR 570.208(a)(4)(vi) or 24 CFR 570.483(b)(4)(vi), job aggregation is allowed, and all businesses assisted during a program year may be combined in one activity.</p>
18B	<p>Economic Development: Technical Assistance <i>24 CFR 570.203(c) or 42 USC 5305(a)(17)</i></p> <p>Technical assistance to for-profit businesses, including workshops, assistance in developing business plans, marketing, and referrals to lenders or technical resources. Also use 18B for activity delivery costs eligible under 24 CFR 570.203(c).</p>
18C	<p>Economic Development: Microenterprise Assistance <i>24 CFR 570.201(o) or 42 USC 5305(a)(22) + 24 CFR 570.482(c)</i></p> <p>Financial assistance, technical assistance, or general support services to owners and developers of microenterprises. A microenterprise is a business with five or fewer employees, including the owner(s). The activity must be designed to exclusively serve microenterprises.</p> <p>With one exception, a separate activity must be set up for each microenterprise assisted. If an activity is carried out under 24 CFR 570.208(a)(4)(vi) or 24 CFR 570.483(b)(4)(vi), job aggregation is allowed, and all assisted businesses may be combined in one activity.</p>

General Admin	20 Planning <i>24 CFR 570.205 or 24 CFR 570.489(a)(3)</i> Program planning activities, including the development of comprehensive plans (e.g., a consolidated plan), community development plans, energy strategies, capacity building, environmental studies, area neighborhood plans, and functional plans. These activities, along with administration activities, are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3). Under State CDBG, this matrix code would only be used for planning done in conjunction with another eligible activity.
20A	State Planning-Only Activities <i>24 CFR 570.483(b)(5) and (c)(3)</i> Program planning activities for when states award grants to units of general local government in which planning is the only activity, or in which planning activities are unrelated to any other activity funded as part of the grant. These are often referred to as "planning-only grants." These activities, along with administration activities, are subject to the 20 percent limitation under 24 CFR 570.489(a)(3).
21A	General Program Administration <i>24 CFR 570.206 or 24 CFR 570.489(a)(3)</i> Overall program administration, including (but not limited to) salaries, wages, and related costs of grantee staff or others engaged in program management, monitoring, and evaluation. These activities, along with planning activities, are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
21B	Indirect Costs <i>24 CFR 570.206(e)</i> Costs charged as general program administration under an indirect cost allocation plan. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
21C	Public Information <i>24 CFR 570.206(b)</i> Providing information and other resources to residents and citizen organizations participating in the planning, implementation, or assessment of CDBG-assisted activities. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
21D	Fair Housing Activities (subject to Admin cap) <i>24 CFR 570.206(c)</i> Fair housing activities carried out as part of general program administration rather than as a public service. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3). For fair housing activities carried out as a public service, use 05J.
21E	Submission of Applications for Federal Programs <i>24 CFR 570.206(f)</i> Preparation of (1) documents that must be submitted to HUD to receive CDBG funds or (2) applications to other federal programs for community development assistance. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).

21H	CDBG Funding of HOME Administrative Costs <i>24 CFR 570.206(i)(2) or 42 USC 5305(a)(13)</i> CDBG funding of administrative costs for the HOME Program. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
21I	CDBG Funding of HOME CHDO Operating Expenses <i>24 CFR 570.206(i)(2)</i> CDBG funding of CHDO operating expenses for HOME Program. These activities are subject to the 20 percent limitation under 24 CFR 570.200(g) and 570.489(a)(3).
21J	State Program Administration <i>24 CFR 570.489(a)</i> State program administration, including (but not limited to) salaries, wages, and related costs required for overall program management, coordination, monitoring, reporting, and evaluation. These activities are subject to the \$100,000 plus 3% limitation.
Repayment of Section 108 Loans	
19F	Planned Repayments of Section 108 Loans <i>24 CFR 570.705(c)</i> Planned payments of principal due on Section 108 loans (including prepayment or defeasance of Section 108 loans). If a grantee is planning to use CDBG funds to repay the Section 108 loans, then use matrix code 19F.
19G	Unplanned Repayments of Section 108 Loans <i>24 CFR 570.705(c)</i> Unplanned payments of principal due on Section 108 loans (including prepayment or defeasance of Section 108 loans). Use matrix code 19G for the following two situations: <ul style="list-style-type: none"> • When the funds planned for Section 108 loan repayment are not available, the grantee needs to use CDBG funds to repay the Section 108 loans. • The grantee does not make a timely payment on its Section 108 Guaranteed loan, and the CDBG grant funds are deducted from grantee's line of credit to pay the Section 108 Guaranteed loan
24A	Payment of Interest on Section 108 Loans <i>24 CFR 570.703(c), 570.705(c)</i> Payment of interest on Section 108 loans.
24B	Payment of Costs of Section 108 Financing <i>24 CFR 570.703(g), 570.703(n), 570.705(c)</i> Payment of issuance, underwriting, servicing, trust administration and other costs associated with private sector financing of Section 108 loans and payment of fees charged by HUD.
24C	Debt Service Reserve <i>24 CFR 570.703(k), 570.705(c)</i> Establishment of debt service reserves as additional security for repayment of Section 108 loans.

Other	
07	<p>Urban Renewal Completion <i>24 CFR 570.201(h) or 42 USC 5305(a)(10)</i> Completion of Urban Renewal projects funded under Title I of the Housing Act of 1949.</p> <ul style="list-style-type: none"> • Do not use code 07 for a downtown renewal, downtown development, or locally-created Urban Renewal activity unless the activity will result in the closing out of a federally-approved urban renewal project. • Only use for activities necessary to complete an existing Urban Renewal Plan.
19C	<p>CDBG Non-Profit Organization Capacity Building <i>24 CFR 570.201(p) or 42 USC 5305(a)(19)</i> Activities specifically designed to increase the capacity of non-profit organizations to carry out specific CDBG eligible neighborhood revitalization or economic development activities. Such activities may include providing technical assistance and specialized training to staff. The specific eligible activity for which capacity is being developed must meet a national objective. Payment of general operational and administrative costs of a non-profit organization is not eligible under this category.</p>
19H	<p>State CDBG Technical Assistance to Grantees <i>24 CFR 570.489(a)</i> Use this code to indicate State CDBG technical assistance to grantees. This code should be used only for states. CDBG State grantees should use this matrix code for activities that fall under the set-aside for technical assistance in the CDBG program. These activities are subject to the \$100,000 plus 3% limitation.</p>