



RIO DELL CITY COUNCIL AGENDA
STUDY SESSION - 5:30 P.M.
REGULAR MEETING - 6:30 P.M.
TUESDAY, APRIL 2, 2019
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE, RIO DELL

***WELCOME** - By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*



In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (707) 764-3532. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to the meeting. Assistance listening devices are now available for the hearing impaired. Please see the City Clerk for a receiver.

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. STUDY SESSIONS – 5:30 – 6:30 P.M.

1) 2019/0402.01 - City Council Priority Setting Session

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E. PUBLIC PRESENTATIONS

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not intended. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3rds of the 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.

F. 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.

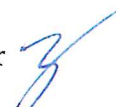
- 1) 2019/0402.02 - Approve Minutes of March 19, 2019 Regular Meeting
(ACTION) 6
 - 2) 2019/0402.03 - Approve Resolution No. 1420-2019 Designating Projects to be funded by Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Account (RMRA) **(ACTION)** 16
 - 3) 2019/0402.04 - Approve Award of Bid for the 2019 Street Asphalt Street Repairs to Mercer Fraser in the amount of \$49,000 Authorizing the City Manager to issue and execute Notice of Award and any Change Orders within a total project budget of \$75,000 **(ACTION)** 21
- G. ITEMS REMOVED FROM THE CONSENT CALENDAR
- H. REPORTS/STAFF COMMUNICATIONS
- 1) 2019/0402.05 - City Manager/Staff Update **(RECEIVE & FILE)** 27
- I. SPECIAL PRESENTATIONS/STUDY SESSIONS
- J. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS
- 1) 2019/0402.06 - Approve Cannabis Retail Request for Proposal (RFP) Process **(DISCUSSION/POSSIBLE ACTION)** 32
- K. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS
- L. COUNCIL REPORTS/COMMUNICATIONS
- M. ADJOURNMENT

*The next regular City Council meeting is scheduled for
Tuesday, April 16, 2019 at 6:30 p.m.*



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

April 2, 2019

TO: Rio Dell City Council
FROM: Kyle Knopp, City Manager 
SUBJECT: City Council Priority Setting Session

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Receive the presentation and provide direction to staff.

BACKGROUND AND DISCUSSION

On March 6, 2018 the City Council and staff held a priority setting session to discuss the priorities of the City Council. The council underwent a priority setting exercise that listed individual councilmembers priorities that were subdivided by topic area. A summary is listed below in no particular order:

Personnel

- Labor negotiations

Public Safety

- Improved code enforcement (4 submissions)
- POST certification completion

Finance

- Budget review

Economic Development

- Updates on Developments at the Humboldt-Rio Dell Business Park

City Transparency

- Access Humboldt (3 submissions)

Public Works

- Street Repairs (2 submissions)
- Development of Streets Plan
- Update water and sewer lines
- Water capacity & HRDBP consumption
- Davis Street trail to river
- River access on Edwards
- Habitat project
- NCWQCB compliance

Organizational Development & Administration

- Measure X tax revenue distribution plan

Community Development

- None submitted

Other

- Exercise park (2 submissions)

Outcome of the 2018 Priority Setting Session

Of the broader topical areas, the areas of priority for the Council that garnered three or more councilmember priorities were **1.) Public Works** (9 submissions), **2.) Public Safety** (5 submission) and **3.) City Transparency** (3 submissions).

Specific Priority Projects for the Council:

1. Specific priority projects in Public Works included **Street Work** (2), **River Access** (2 from combined Davis & Edwards submissions) and resolution to the **Habitat Parcel** (1) was on the list from last year.
2. The Specific priority project in Public Safety included **Code Enforcement** (5).
3. The specific priority project for City Transparency was **Access Humboldt** (3).

Priorities	
<u>2017</u>	<u>2018</u>
Street Work	Street Work
Habitat Parcel	River Access
I&I Mitigation	Habitat Parcel
Tax Measure	Code Enforcement
Proposition 64	Access Humboldt

Current Priority Projects and Status

April 2, 2019

Council Identified Priorities 2018-19

Street Work: In progress. The City has historically been dependent upon outside grants for major street projects. With the passage of Measure U (And now Measure J), additional General Fund resources have been made available and the Council appropriated \$107,000 for projects during the summer of 2017 and has also programmed in \$107,000 for street projects in this fiscal year. Tonight's agenda includes the award of a bid for asphalt repair on various streets and staff is also preparing for a slurry seal project to be conducted this summer, but in the next fiscal year. Additionally the ATP project is still moving forward. That project is proposed to make modifications to the Wildwood US101 intersection.

River Access: Partially complete – in progress: A new trail has been constructed at the end of Davis Street to facilitate public access to the river. River access at the foot of Edwards street was repaired last summer. The city prepared and submitted a grant application for bike trail called the Eel River Riparian Recreation Trail (ER3), but was unsuccessful. Staff is in talks with the CCC for completion of a set of stairs and creation of a footpath version of the ER3 trail.

Habitat Parcel: In progress: The construction contractor is waiting for a weather window and availability to proceed with this repair. Project expected to be completed by June.

Code Enforcement: Police Department engaged in significant abatements at 851 Rio Dell Avenue, 560 Painter Street there was also significant marijuana enforcement action on Northwestern Avenue. Additionally the department has increased its abatement of abandoned vehicles in town, approximately 90 cases have been completed with five currently still open over the past year. Progress in the area of code enforcement has been lower than anticipated due to reduced staffing levels in the department through most of fiscal year.

Access Humboldt: Staff implemented audio upgrades to the council chambers but has run into a series of technical challenges in the reliability of recording the audio. A video system has been identified working with Access Humboldt that staff believes it can operate without the need of a separate operator. Next steps involve resolution of audio issues, integration with a new camera system and installation of the new camera system.

Staff has compiled a list below of recommended projects for 2019-20. The full list far outstrips the capacity of the organization. However, the list can be used to help identify important priorities that the Council may wish to elevate to the Council's priority list. There may be items that councilmembers wish to add to the list.

Other Staff Recommended Projects for 2019-20

Personnel

- Labor Negotiations
- Total Compensation Study and compensation strategy
- Ongoing recruitment and retention
- Direction from the Council regarding CalPERS membership

Public Safety

- Employee recruitment and retention
- Department training & modernization
- Updated Hazard Mitigation Plan
- Updated Disaster Handbook
- Review and update of Code Enforcement tools & procedures

Finance

- Grants management
- 2019-2020 Budget
- Collection of Measure X revenues
- Preparation for water and sewer rates analysis

Economic Development

- Humboldt-Rio Dell Business Park
 - Public “Open House” or similar event
 - Problem solving development issues
 - Continued stakeholder meetings
 - Drainage and other public infrastructure issues
 - Implementation of city responsibilities under Track and Trace
- Implementation of new zoning related to Town Center and Dinsmore Plateau related to Cannabis
- Community Development Block Grant – Strategize for next grant application.
- Continued effort on “attractive communities through code enforcement”
- City intervention on brownfields
- Continued implementation on City sculpture program
- Strategy development for community center facility or other public facility

City Transparency

- Implementation of video/audio
- Implementation of social media
- Maintaining current transparency
- Newsletters
- Research and evaluate video options for City Council meetings

Public Works

- Compliance with NCWQCB Time Schedule Orders & regulatory compliance
- Continued progress and I&I reduction through SSES study, collection system modification and consideration of ongoing contractor repair schedule
- Completion of Proposition 1 planning grant & submission of grant for major repairs and replacements
- Resolution of Habitat Parcel slip-out
- Implementation of Capital projects: Water plant backwash, street striping, drainage culverts, City Hall lobby, Northwestern Avenue drainage.
- Development of a streets plan that identifies initial projects to be funded through Measure X revenues and provides guidelines for initial work
- Continued progress on ATP PS&E Phase
- Application for new round of ATP Grants – Sidewalk infill

- Surplus auction
- Porch landscaping
- Completion of Davis Street Trail
- Assistance with Installation/ Construction of pedestals.

Organizational Development and Training

- Priority for employee training
- Planning for staffing reorganization and recommendations
- Continued City Hall ADA improvements / capacity issues

Community Development Department

- Review of building permit fees
- Commercial cannabis permit processing
- Update of Land Use Element
- Update of Noise Element
- Update of Safety Element

Staff Recommended Priority Projects for 2019-20

- Employee retention through total compensation survey and compensation strategy
- Push for attracting/processing cannabis business at HRDBP , Downtown & Dinsmore Plateau
- Implementation of energy generation at corp yard and city hall
- Continued progress on street repairs
- Obtaining and implementing grants for water and wastewater systems

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**RIO DELL CITY COUNCIL
REGULAR MEETING MINUTES
MARCH 19, 2019**

The regular meeting of the Rio Dell City Council was called to order at 6:30 p.m. by Mayor Garnes.

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

 Absent: Councilmember Strahan (excused)

 Others Present: City Manager Knopp, Finance Director Kerrigan, Chief of Police Conner, Community Development Director Caldwell, Wastewater Superintendent Taylor and City Clerk Dunham

 Absent: Water/Roadways Superintendent Jensen

PUBLIC PRESENTATIONS

Motion was made by Garnes/Woodall to place an unlisted item on the agenda titled: ***Urgency Ordinance Adoption – Cannabis Local Equity Program, Ordinance No. 375-2019***, pursuant to Government Code Section 54954.2(b.2) because the need to take action arose subsequent to the agenda being posted and staff was unaware of the deadline. Motion carried 4-0.

Mayor Garnes announced that the item would be placed under the ***Ordinances/Resolutions*** section of the agenda and presented at that time.

Nick Angeloff provided a brief update on Chamber of Commerce activities and said with regard to Christmas decorations, the four new Reindeer Christmas decorations arrived and with approximately \$2,000 more in donations, they would be able to light up the Rio Dell-Scotia Bridge during the holidays. He indicated that after closure of the bridge for painting, he approached a Caltrans supervisor and he agreed to help facilitate the permit process for the City and perhaps secure a donation for the lights.

Mayor Garnes asked when the Little League season was scheduled to start.

Nick Angeloff said that he was no longer involved in Little League but he would find out and report back at the next 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.

Mayor Garnes removed Item No. 9, *FY 2019/20 Budget Calendar* for separate action.

Councilmember Wilson commented that he assumed that Item 5, *Resolution No. 1418-2019 Adopting a Local Equity Program Pursuant to the California Cannabis Equity Act of 2018* would be removed for separate discussion due to the added unlisted agenda item.

City Manager Knopp explained that the two were separate items and that the Resolution on the consent calendar is ideally a precursor to the urgency ordinance.

Motion was made by Woodall/Wilson to approve the consent calendar including approval of the minutes of the March 5, 2019 regular meeting; approval of Resolution No. 1415-2019 amending the Cannabis Activity Fees; approval of Resolution No. 1416-2019 amending the Operating and Capital Budget for FY 2018-19 to transfer appropriations for Sludge Dryer Repairs; approval of Resolution No. 1417-2019 supporting the 2020 Census; approval of Resolution No. 1418-2019 adopting a Local Equity Program pursuant to the California Cannabis Equity Act of 2019; authorizing the Mayor to sign a letter of recommendation for appointment of Brett Watson to the California Coastal Commission; approving letter of support for SB 5 related to Economic Development; approving second amendment to the City of Rio Dell City Manager Employee Agreement and authorizing Mayor to sign; and to receive and file Check Register for February 2019. Motion carried 4-0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Receive and File Budget Calendar for FY 2019/20 Operating and Capital Budget

Mayor Garnes noted that she would not be available on May 7 for the Budget Workshop as proposed and suggested it be moved to May 8, 2019.

Councilmember Richter commented that he would not be available for either of the 4:00 p.m. Budget Workshops due to his work schedule but could probably be available at 5:00 p.m.

Motion was made by Woodall/Wilson to receive and file the Budget Calendar for FY 2019/20 Operating and Capital Budget as revised. Motion carried 4-0.

REPORTS/STAFF COMMUNICATIONS

City Manager/Staff Update

City Manager Knopp provided an overview of the Staff Update as presented and noted that Sales Tax Revenue is in a decline so Measure Z funds are getting tighter and that it may be a challenge to maintain the funding after this year. He also noted that staff would be

returning to Council with a recommendation regarding CalOrigin and the future of the City with regard to a Track and Trace program, noting that the County and other jurisdictions have cancelled their contracts with CalOrigin.

Councilmember Wilson referred to the walk-through of contractors on the 2019 asphalt project and asked if the project is on track.

City Manager Knopp stated that the scope of work might need to be increased due to the poor condition of Rigby Ave. but staff was still waiting for the bids to come in. He indicated that the contract with the County might not be in place in time for this year's roadwork. Mayor Garnes questioned the status of the Rio Dell library relocation.

City Manager Knopp commented that the County is working with the Fire District on a plan to keep the library at its current location.

Mayor Pro Tem Woodall thanked the City Manager for providing an overview of the City Manager portion of the staff report and said that she would like to go back to having staff provide verbal staff reports to the Council for the benefit of the public.

Mayor Garnes asked if staff had anything to add to the staff report.

Community Development Director Caldwell announced the date of March 26, 2019 as the next regular Planning Commission meeting and said the Commission would be considering a modification to the Conditions of Approval of the Studebaker Cannabis Activity Conditional Use Permit (CUP), and discussing the Housing Element with regard to housing element requirements, housing law, regional housing needs allocation (RHNA), housing constraints, site inventory and housing policies. He noted that the **2019-2027 Housing Element Update Community Survey** was included in the last City Newsletter and was on the City's website.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Urgency Ordinance No. 375-2019 and Resolution No. 1419-2019 establishing the City of Rio Dell's Local Equity Program

City Manager Knopp provided a staff report and explained that staff recently became aware of the availability of \$10 million in statewide grant funding through the Bureau of Cannabis Control (BCC) for local equity programs to assist eligible individuals in local jurisdictions who have been adversely impacted by past criminalization of cannabis to gain entry to, and successfully operate in, the State's regulated cannabis marketplace. He noted that the reason for the urgency ordinance is that staff only has until April 1, 2019 to get the application and supplemental information to the State. The application process requires the adoption of two resolutions, an ordinance and a guideline manual.

Staff continued with review of the qualifications for those seeking to apply for funding under the City of Rio Dell Cannabis Local Equity Program. It was explained that most of the funding goes toward helping applicants however; the City is eligible to bill up to ten percent for administering the program.

He said that the City does not have many tools to assist cannabis developers but has engaged in a comprehensive process to adapt to changes in the legal status of cannabis as a method to promote economic development. This includes amendments to land use policies, voter advisory measures, tax measures and adjustments to those tax measures. This has led to business investments in the City creating jobs, new infrastructure, and increased tax revenue for the City. He said that the City has outlined a vision for cannabis with high standards and levels of compliance however; the focus on cannabis development is the Humboldt Rio Dell Business Park with little existing infrastructure. As such, the startup costs for the developers in the cannabis industry are high and they have no access to any of the traditional finance tools as other industries have. He noted that the success of the cannabis industry is tied directly with the sustainability of community services provided by the City.

Adoption of the proposed Resolution creates the City of Rio Dell Cannabis Local Equity Program in accordance with the California Cannabis Equity Act of 2018. The urgency ordinance further defines the framework for the program and establishes the local equity fund allowing the City to apply for grant funding to fund the program.

Staff recommended adoption of the Resolution and Urgency Ordinance as presented.

Mayor Pro Tem Woodall commented that the County adopted the "Project Trellis" program and asked if this is the same type of program.

City Manager Knopp explained that the trellis program is a much broader 3-prong program which includes a micro-grant program, a local equity program and a marketing program designed to promote Humboldt Cannabis whereas, the City's program is just one component of that.

Community Development Director Caldwell noted that 10% of the County's Measure S funds (excise tax on commercial cannabis cultivation) are used to help local cannabis farmers.

Mayor Garnes opened a public hearing to receive public comment on the proposed resolution and urgency ordinance. There being no public comment, the public hearing closed.

Mayor Garnes said if this gives the city some leverage in assisting cannabis businesses get started then she supports it. Council concurred.

Motion was made by Richter/Woodall to adopt Urgency Ordinance No. 375-2019 and Resolution No. 1419-2019 establishing the City of Rio Dell's Local Cannabis Equity Program, adopting the City of Rio Dell Local Equity Program Manual and authorizing the City Manager to execute all documents necessary to submit a grant application to the Bureau of Cannabis Control, on behalf of the city, for the purpose of funding the City of Rio Dell Cannabis Local Equity Program; authorizing the City Manager to make changes as necessary to better qualify for grant funding, to the City of Rio Dell Cannabis Local Equity Program (RDCLEP) Manual and to submit any new manual to the State of California and the City Council, and to direct the Department of Finance to establish the Local Cannabis Equity Fund (Fund No. 075) for the purposes of receiving and distributing funding related to RDCLEP. Motion carried 4-0.

Introduction and first reading (by title only) of Ordinance No. 373-2019 amending Section 5.40.250 of the Rio Dell Municipal Code related to Cannabis Taxation

City Manager Knopp provided a staff report and said that some of the cannabis developers expressed concern regarding the City's cannabis taxes and whether they were competitive with other jurisdictions. At the January 15, 2019 City Council meeting, the Council directed staff to return with proposed amendments to the ordinance.

He reviewed the current tax rates and explained that the current tax is levied at 2% of gross receipts for all activities except cultivation, which is levied at \$2.00 per square foot. He noted that the ordinance allows the City Council to raise the tax by 2% per year or \$1.00 per square foot per year up to 10% or \$5.00 per square foot. He said that cannabis developers and investors expressed concern that the flexibility of the tax creates too much uncertainty.

He explained that the proposed ordinance locks in the current tax rates at 2% of gross receipts or \$2.00 per square foot of cultivation and requires any increases to go out to the voters for approval.

Staff recommended the Council open the public hearing, receive public input then conduct the second reading of the ordinance (by title only) and adopt the ordinance as proposed.

Mayor Garnes asked if an individual could apply for a grant through the Local Cannabis Equity Program and use those funds to pay their cannabis taxes.

City Manager Knopp explained that the tax revenue the City receives off cannabis developments is considered general-purpose revenue so the City Council could set up a grant program to provide resources with a high degree of discretion however, they could not simply write a check. There would need to be a contract agreement in place in order to track public assets to make sure they are spent for intended purposes.

Councilmember Wilson asked if staff would be issuing a news release regarding the revised tax rates and said he would like to get a message out to the community that the City Council

is working to lower the tax to help ease the burden on cannabis developers. Council concurred.

Mayor Garnes opened the public hearing to receive public input on the proposed ordinance.

Nick Angeloff addressed the Council once again regarding the creation of a Cannabis Occupancy Tax (COT) to go to the Chamber of Commerce for marketing and beautification efforts.

City Manager Knopp said that in order for that to work, there would need to be a contractual agreement between the City and the Chamber for certain services to be rendered. He explained that the City could not simply allocate a percentage of the cannabis tax revenue stream to the Chamber of Commerce without a contract agreement exchanging the revenue for a particular service with monitoring for purposes of the audits the City is required to undergo.

Nick Angeloff indicated that they would like to enter into such an agreement, and that the Chamber would present a proposal to the City Council once the ordinance is adopted and businesses start up.

Brian Hall asked for clarification regarding the proposed cultivation tax and whether it is \$2.00 a square foot for outdoor mixed light and indoor cultivation across the board. He suggested the City follow the County's tax schedule at \$1.00 per square foot for outdoor cultivation.

Community Development Director Caldwell explained that the City's tax rate for mixed light is the same as the County's; the \$1.00 per square foot excise tax with the County is on open field outdoor cultivation, which the City does not allow. All outdoor cultivation in greenhouses with or without light is \$2.00 per square foot as well as if it is in a building with no natural light.

Teisha Mechetti said as a cannabis consultant she works very hard to try to insure that people who are using greenhouse or light deprivation methods are classified as outdoor growers. She said if they have any type of supplemental lighting, that it does trigger them into the mixed light category at the County level. At the State level, they could still be considered as Outdoor Tier 1.

Alonzo Bradford commended the Council for bringing forth a good ordinance, said he wants to see the City prosper, and would be applying for a retail license.

David Renoza said that he was also very excited about the recent changes to the ordinance and is looking at merging and bringing in a dispensary.

There being no further public comment, the public hearing closed.

Motion was made by Woodall/Richter to approve second reading (by title only) and adopt Ordinance No. 373-2019 amending Section 5.40.250 of the Rio Dell Municipal Code (RDMC) related to Cannabis Taxation. Motion carried 4-0.

Approve Second Reading (by title only) and Adopt Ordinance No. 374-2019 repealing Chapters 5.35 and 5.40 amending the City's Commercial Cannabis Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code relating to retail sales, testing laboratories and cultivation on the Dinsmore Plateau

Community Development Director Caldwell provided a staff report and said the proposed ordinance is back before the Council for its second reading and potential adoption. He said that at the January 3 meeting, Mayor Pro Tem Woodall requested staff agenzize a discussion regarding the City's cannabis regulations. At the meeting of January 15th there was brief discussion giving staff the direction to bring forward the proposed text amendments related to cannabis tax rates; the annual cannabis "A" and "M" fees; dispensaries and/or retail sales; testing laboratories; and cultivation on the Dinsmore Plateau. He explained that the amendments, with the exception of the taxes are land use issues and under the purview of the Planning Commission and as such required the Planning Commission to consider and make any recommended changes to the City Council.

Staff took the proposed amendments to the Planning Commission and presented their recommended amendments to the City Council at their March 5, 2019 regular meeting.

He said that as directed by the Council, staff incorporated language limiting retail sales in the Town Center (TC) designation with a Conditional Use Permit (CUP) of up to three (3) businesses, soliciting proposals for retail operations through a Request for Proposal (RFP) process.

Also incorporated into the ordinance was language prohibiting all commercial cannabis activities, including testing laboratories, within 600 feet from schools, consistent with state regulations. He explained that all cannabis cultivation activities are required to be no closer than 1,000 feet from schools.

Councilmember Wilson asked if there were any commercial zones located within the 600 or 1,000 foot required setback area.

Community Development Director Caldwell indicated that Root 101, Kreations and the Dollar General, all located in the Community Commercial zone are within the setback area. He stated for clarification that retail sales would only be allowed in the Town Center (TC) and at the Humboldt Rio Dell Business Park in the Industrial Commercial (IC) designation.

Mayor Pro Tem Woodall asked staff to confirm that retail sales in the Town Center (TC) is limited to three (3) with no limit on the number at the Humboldt Rio Dell Business Park.

Community Development Director Caldwell confirmed that to be correct.

Councilmember Wilson commented that his only aversion to the ordinance was related to retail sales in the Town Center (TC) designation and many of his constituents expressed that same sentiment. He said that he respectfully supports the ordinance but would be voting against it because of the retail sales provision. He added that he would have preferred to have a separate vote on each of the amendments and in the future, he would like the Council to have the opportunity to vote on items individually.

Mayor Garnes agreed and said that she felt it would have been a better way to go. In the future, she said she would promote breaking up the sections with separate votes.

Other changes included allowing testing laboratories in the Town Center (TC), Community Commercial (CC), and Neighborhood Center (NC) designations with a Conditional Use Permit (CUP). Distribution facilities in the Community Commercial (CC) designation and the Industrial Commercial (IC) designation in the Eeloa Ave. neighborhood with a Conditional Use Permit (CUP), cultivation on the Dinsmore Plateau with a Conditional Use Permit (CUP), modifying the cultivation standards to eliminate canopy sizes based on parcel sizes for greenhouse cultivation, and to incorporate a number of State regulations regarding retail sales and including additional definitions and security measures.

Mayor Garnes opened the public hearing to receive public comment on the proposed ordinance.

Nick Angeloff asked if the RFP's for retail sales would be reviewed by the City Council or the Planning Commission.

Community Development Director Caldwell explained that the RFP's would be reviewed by the City Council and once the top three (3) applicants are identified, they would go to the Planning Commission as part of the Conditional Use Permit (CUP) process.

Morgan Dodson spoke on behalf of Hardcar and expressed desire to be part of the community as Hardcar Distribution. She explained that there is a difference between a distribution company and a distribution license. She noted that Hardcar is a security based company and wants to synergize and bring positive results to the City. She said as a distribution company, they have armored vehicles, \$10 million insurance coverage, licensed guards for carrying cash, and GPS systems to track where their product is going. She said they also want to bring more community-oriented projects to Rio Dell like the trees they planted and said they have launched a product with a portion of the proceeds going towards PTSD research to help veterans. She indicated that their goal is to help veterans by providing them with medical cannabis, noting that all of their agents are veterans. She reiterated that their company is security based and they want to synergize with the community and bring in positive energy.

Andrea Larson addressed the Council and said that she is not a fan of cannabis but is working as a consultant and helping her client to establish a cannabis dispensary in the City. She said that with a short-term goal of creating 3-12 new jobs over the next 18 months, they could help Rio Dell and the County economically. She said they plan on making improvements to an existing building and making it ADA compliant. She noted that they would also be focusing on education, for not only their employees but also plan on hosting events so the community knows what is going on and what the industry is all about. She said as much as she does not like cannabis because of being born and raised in Humboldt County, she sees the benefits of it and is becoming a true believer in the medical benefits it can provide.

Seth ? addressed the Council and said that he owns a commercial building across from the Chamber of Commerce and has a seed company (CSI Humboldt) that has been recognized internationally and he feels it would be an asset to the City of Rio Dell. Ideally, he would like to have a microbusiness and hopes the City Council can be flexible with regard to retail sales in the Town Center (TC).

Johnathan Brodin said that he is not in the cannabis business but is in support of the proposed ordinance.

There being no further public comment, the public hearing closed.

Motion was made by Richter/Woodall to approve the second reading (by title only) and Adopt Ordinance No. 374-2019 repealing chapters 5.35 and 5.40 amending the City's Commercial Cannabis Regulations, Section 17.30.195 of the Rio Dell Municipal Code relating to retail sales, testing laboratories, distribution and cultivation on the Dinsmore Plateau. Motion carried 3-1; Councilmember Wilson dissented.

COUNCIL REPORTS/COMMUNICATIONS

Councilmember Wilson reported on his attendance at the Humboldt Waste Management Authority (HWMA) meeting and said that with regard to recycling, aluminum can manufacturers are pulling away from aluminum cans because they can make more money for aluminum sheeting used for cars so their motivation is to move away from the aluminum can stock. He said that bottom line is that the recycling issue is going to get bigger and that it is his understanding that retailers are now charging a fee on CRV bottles as well at the collector to accept them because they cannot get rid of them.

He noted that HWMA staff did a presentation to the Board on what they do and how they dispose of waste and that he asked Jill Duffy, the Executive Director to come to a Council meeting and give the same presentation. With regard to recycling, he said that China has basically shut their doors to recycling and since then, India has become saturated with recyclable materials. He said that HWMA takes thirteen (13) chip truckloads per day of

materials to Medford. He added that there was another company present at the meeting called "For Our Planet" who has contracted with the school to do 10 additional sessions in effort to educate kids from K-8 about recycling. He said there is an effort in the community to reduce waste and he hopes HWMA can come and make the presentation to better inform the community of what is going on. He pointed out that out of every 4.5 pounds of trash that is disposed of; approximately one-third to one-half is recyclable.

City Manager Knopp commented that HWMA would not be available to provide a presentation to the Council until after April 15, 2019.

Mayor Garnes suggested the previous motion adopting Ordinance No. 374-2019 is restated for clarity as reference to one of the code sections was not included in the original motion.

Motion was made by Woodall/Richter to approve and adopt Ordinance No. 374-2019 as recommended in the staff report. Motion carried 3-1.

ADJOURNMENT

Motion was made by Richter/Wilson to adjourn the meeting at 7:35 p.m. to the April 2, 2019 regular meeting. Motion carried 4-0.

Debra Garnes, Mayor

Attest:


Karen Dunham, City Clerk


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**City of Rio Dell
Staff Report
City Council Agenda
April 2, 2019**

To: Members of the City Council

From: Brooke Kerrigan, Finance Director 

Through: Kyle Knopp, City Manager 

Date: April 2, 2019

Subject: Approval of Resolution No. 1420-2019 Designating Projects to be Funded by Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Account (RMRA) During Fiscal Year 2019-20

RECOMMENDATION

Approve Resolution 1420-2019.

BACKGROUND AND DISCUSSION

On April 28, 2017, Governor Brown signed into law SB1 which created a new funding source for local street and road maintenance known as the Road Maintenance and Rehabilitation Account (RMRA). The funds are collected through registration fees and fuel taxes. The amount estimated for fiscal year 2019-20 for the City of Rio Dell is \$55,746. This is the third year that the City will receive funding through SB1.

The streets funds reserves have been declining for a number of years. Funding scarcity is furthered by the fact that State sources of funds for asphalt rehabilitation have been diminishing and becoming more competitive. New RMRA funds return the streets department to pre-2013/14 revenue levels. Revenues have declined due to new technologies and better fuel efficiencies.

The City must annually adopt a project list by Resolution in order to remain eligible for funding. This step is also meant to allow for full transparency and accountability to ensure the public has full access to information on how their tax dollars are being invested. The new guidelines require the list be submitted to the California Transportation Commission (CTC) by May 1 of each year.

Historically, major road rehabilitation projects for the City have been accomplished via grants for Wildwood Avenue, or statewide funding allocations from various propositions or acts of the Legislature for “recent” pavement jobs such as Chase Avenue (TCRF). The City submitted a road tax and bond proposal in June and November of 2012: These efforts failed to garner the necessary two-thirds super majority and failed (Measure X – 55.61% Yes; Measure – 62.7% Yes).

The only recent pavement rehabilitation work done that did not utilize state sources of funding was work on Davis Street, Belleview Avenue, and Monument Road completed in FY 2016/17. Slurry sealing in FY 2017/18 utilized general fund dollars made possible by the Measure U Sales Tax. General fund dollars are also budgeted for additional slurry sealing in FY 2018/19.

The City continues to draw down grant dollars today in order to accomplish major improvements such as the Active Transportation Program (ATP) project set to be completed in 2020/21.

BUDGETARY IMPACT

Fiscal year 2019-20 SB1 increases streets revenues by \$55,746.

ATTACHMENTS

- Resolution 1420-2019
- CTC formatted project list



**RESOLUTION NO. 1420-2019 ADOPTING A LIST OF PROJECTS
FOR FISCAL YEAR 2019-20 FUNDED BY
SB 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation funding shortfalls statewide; and

WHEREAS, SB 1 includes accountability and transparency provisions that will ensure the residents of Rio Dell are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year; and

WHEREAS, Rio Dell must adopt a list of all projects proposed, including general repairs and maintenance, to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1 by resolution, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement; and

WHEREAS, Rio Dell will receive and estimated \$55,746 in RMRA funding in Fiscal Year 2019-20 from SB 1; and

WHEREAS, this is the third year in which Rio Dell is receiving SB 1 funding and will enable Rio Dell to continue essential road maintenance and rehabilitation projects that would not have otherwise been possible without SB 1 ; and

WHEREAS, Rio Dell has undergone a robust public process to ensure public input into our community's transportation priorities/the project list; and

WHEREAS, Rio Dell's development of the SB 1 project list was undertaken to ensure revenues are being used on the most high-priority and cost-effective maintenance needs that also meet the communities priorities for transportation investment; and

WHEREAS, the funding from SB 1 will help Rio Dell maintain and rehabilitate City streets and roads throughout Rio Dell this year and similar activities into the future; and

WHEREAS, the 2016 California Statewide Local Streets and Roads Needs Assessment found that Humboldt County's streets and roads are in "at-risk" condition and this revenue will help the City of Rio Dell increase the overall quality of our road system and over the next decade assist our streets and roads with additional maintenance and repairs; and

WHEREAS, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety will have significant positive co-benefits statewide.

NOW, THEREFORE IT IS HEREBY RESOLVED, ORDERED AND FOUND by the City Council of Rio Dell, State of California, as follows:

1. The foregoing recitals are true and correct.
2. The fiscal year 2019-20 list of projects planned to be funded with Road Maintenance and Rehabilitation Account revenues include:

General Streets Maintenance and Repairs including but not limited to potholes, sweeping, storm drain maintenance, utility trench paving, irrigation repairs, vegetation control, etc.

PASSED AND ADOPTED by the City Council of the Rio Dell on this April 2, 2019 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Debra Garnes, Mayor

ATTEST:

Karen Dunham, City Clerk

Part 2: Project Information
Local Streets and Roads Program


* Required

Proposed Project (PPP)	LoCode	Project Title	Project ID (if any)	Project Type		Project Description	Project Location	Estimated Completion Date		Estimated Useful Life (in Yr)		Legislative District(s)		Additional Project Elements			
				Type (Select from dropdown list)	Explanation (If "Other" is selected, please explain)			Pre-Construction (mm/yyyy)	Construction (mm/yyyy)	Min.	Max.	State Senate	State Assembly	Sustainability	Technologies	Climate Change	Complete Streets Elements
PP01	5396	General Maintenance and Repairs		Road Maintenance & Rehabilitation		General Streets Maintenance and Repairs including but not limited to potholes, sweeping, storm drain maintenance, utility trench paving, irrigation repairs, vegetation control, etc.	City-Wide Maintenance needs are the areas of Echo to Riverside, including Fern St., Northwestern Ave., Ogle and Bellevue Ave., Wildwood Ave., Davis St., Painter St., First, Second, Third, and Fourth Ave., including side streets of Elko, Dick, and Columbus			1	5			Yes	No	No	
PP02	5396																
PP03	5396																
PP04	5396																
PP05	5396																
PP06	5396																
PP07	5396																
PP08	5396																
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PP50	5396																



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

April 2, 2019

TO: Rio Dell City Council
FROM: Kyle Knopp, City Manager 
SUBJECT: Authorization for 2019 Asphalt Street Repairs

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Award the bid for the 2019 Street Asphalt Repair to Mercer Fraser in an amount of \$49,000.00
2. Authorize the City Manager to work with the City Attorney to issue and execute a notice of award and contract in an amount of \$49,000.00
3. Further authorize the City Manager to execute any change orders within a total project budget of \$75,000.00

BACKGROUND AND DISCUSSION

In adopting the FY 2018-2019 budget, the City Council appropriated \$107,000 towards pavement rehabilitation projects. On January 15, 2019 the City Council approved the scope of the 2019 asphalt repair project which includes a combination of asphalt repair and slurry sealing. The slurry sealing component is proposed to occur with the FY 2019-2020 budget, most likely in July or August of 2019.

Today's agenda item relates mostly to preparatory work on streets proposed for slurry sealing. Those streets include Belleview, Rigby, Center and Ireland Streets where there is proposed sealing activity as approved by the Council on January 15th.

The City received two bids on March 25, 2019 for a project entitled the 2019 Asphalt Street Repairs. The bid results included \$49,000.00 from Mercer Fraser and \$66,988 from another responsive and responsible contractor. There has been no bid protest.

Staff is asking for some additional leeway in terms of approving change orders and increasing costs due to the rapidly deteriorating condition of the aforementioned streets. The most recent rains have exposed new potholes and troubled sections of roadway that need to be repaired prior to sealing.

///

CENTER STREET

1 - 10' x 16'

2 - 5' x 23'

3 - 5' x 10'

4 - 5' x 25'

5 - Sink Hole Fill -
10' Diameter

1

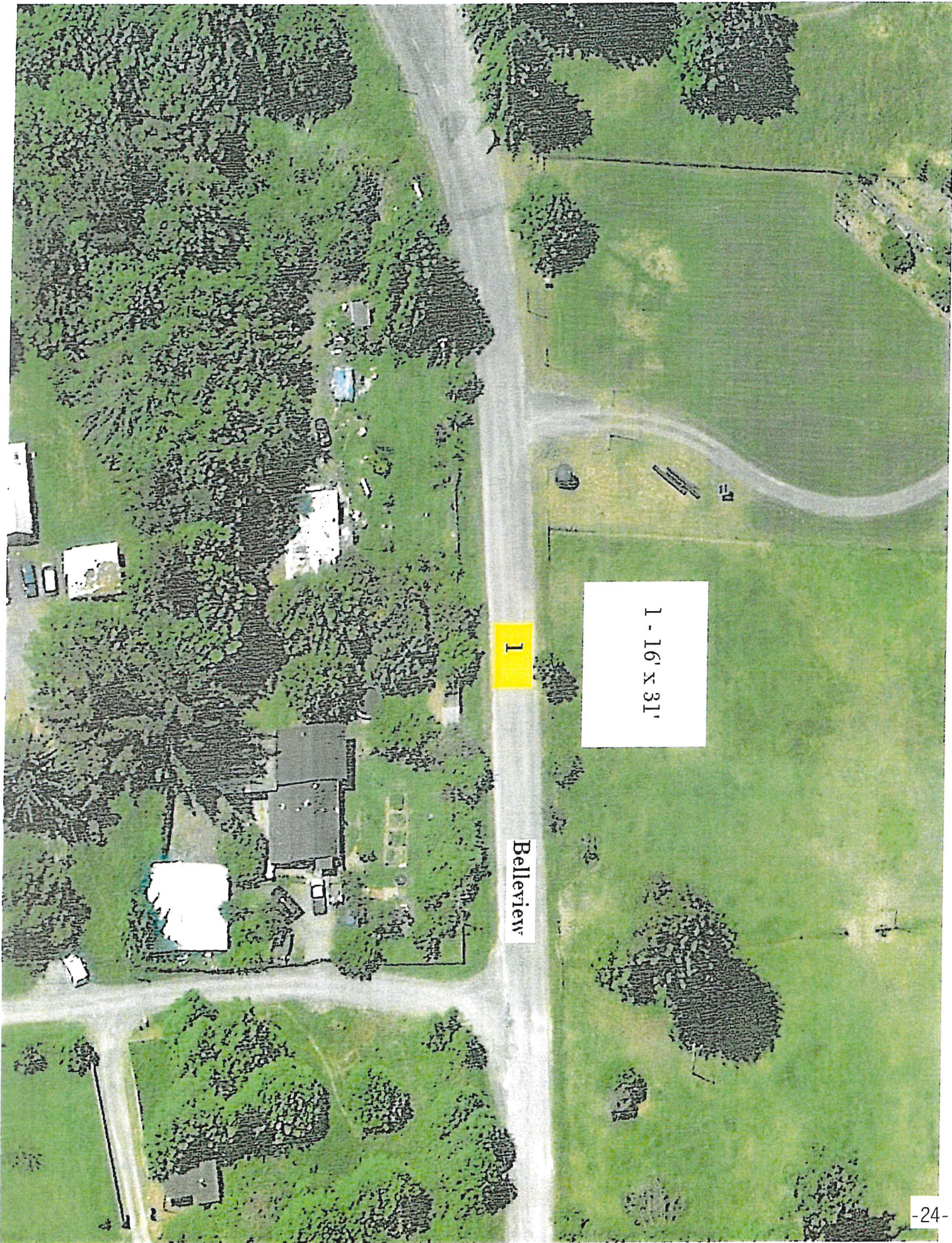
2

3

5

RIGBY STREET

- 1 - 6' X 7'
- 2 - 3' X 10'
- 3 - 3' X 12' +
- 4 - 8'
- 1 - 6' X 25'
- 5 - 5' X 14'
- 6 - 6' X 25'
- 7 - 7' X 12'



1


1 - 16' x 31'

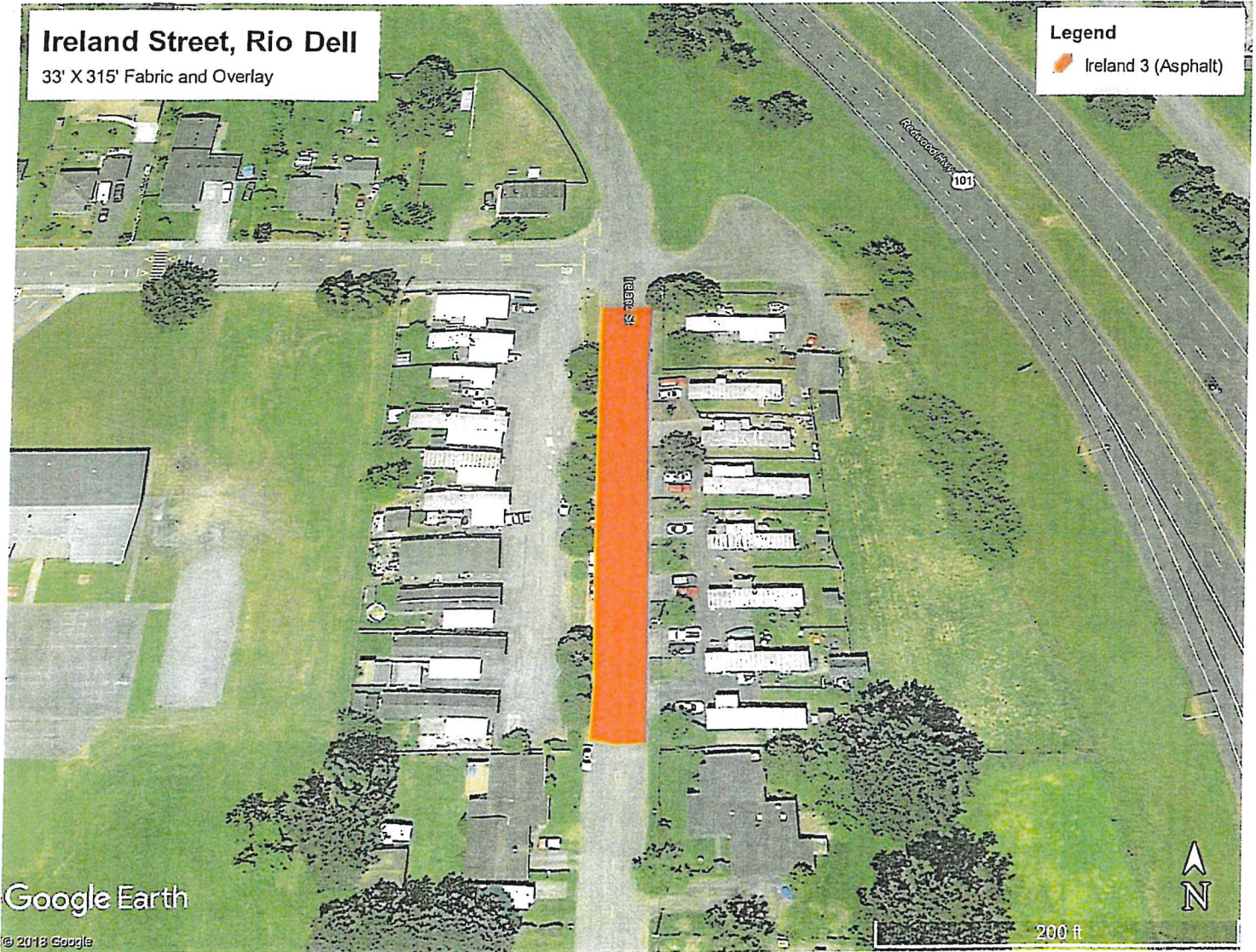
Bellevue

Ireland Street, Rio Dell

33' X 315' Fabric and Overlay

Legend

 Ireland 3 (Asphalt)



Center Street	Square Foot
Area 1 – Asphalt Patch Repair	160
Area 2 – Asphalt Patch Repair	115
Area 3 – Asphalt Patch Repair	50
Area 4 – Asphalt Patch Repair	125
Area 5 – Asphalt Patch Repair	80

Rigby Street	Square Foot
Area 1 – Asphalt Patch Repair	42
Area 2 – Asphalt Patch Repair	30
Area 3 – Asphalt Patch Repair	68
Area 4 – Asphalt Patch Repair	150
Area 5 – Asphalt Patch Repair	70
Area 6 – Asphalt Patch Repair	150
Area 7 – Asphalt Patch Repair	84

Belleview Avenue	Square Foot
Area 1 – Asphalt Patch Repair	496

Ireland Street	Square Foot
Area 1 – Asphalt Overlay (0.1' thick including geotextile pavement fabric)	10,395



Staff Update – 2019-04-02

City Council

City Manager

Responded to questions from UNC Chapel Hill student regarding updating an economic development report for Rio Dell

Bid package responses and questions from contractors for street repairs

Development of Cannabis Local Equity Program

New Public Works truck should be arriving towards the end of April

Multiple discussions over NPDES permit and dilution credits.

Work and meetings on Local Hazard Mitigation Plan Update

City Clerk

Processed seven (7) Building Permits:

- 1) 149 Meadowbridge Dr. – Reinstated Electrical
- 2) 520 Second Ave. – Propane Tank and Furnace
- 3) 11717 Blue Slide Rd. – Reinstated Electrical Meter
- 4) 128 Wildwood Ave. - Replace deck
- 5) 644 Pacific Ave. - Enclosed privacy patio fence
- 6) 1028 Riverside Dr. – 100 Amp Service Panel Upgrade
- 7) 1030 Riverside Dr. - Sewer Cleanout/Lateral

Processed one (1) Business License Application:

- 1) GM Enterprise, Inc. DBA CC Market & Deli

Processed one (1) Encroachment Permit:

- 1) Alves, Inc. – Pave private road off Blue Slide Road



Completed and Submitted Quarterly Building Permit Activity Report to County Assessor

City Attorney

Human Resources, Risk & Training

Finance Department

Staff members attended trainings in Payroll Law, Road Maintenance & Rehabilitation Funding for SB1 and attend a Score Meeting in Anderson. The Finance Team has been providing notary services for the public, generating ATP Grant billings, finishing up the third quarter G/L files, creating draft FY 2019/2020 budgets for all departments, Creating a Property Management Rental Listing for the Planning Dept. and is transferring City Council meeting packets to DocStar and the new Access Database.

Public Works Water

1. Weekly water sampling for Eel River and Wells System.
2. Complete Annual Water Report to State
3. Weekly Safety Trainings and exercises
4. Monthly Water Meter Reading
5. Meter Re-reads
6. Work with Freshwater Environmental on Cross Connection Program (ongoing)
7. Work with Freshwater Environmental on California Environmental Reporting System (CERS) Report (ongoing)
8. Maintenance on Water Treatment Plant (Corp Yard) Clean up and Organization
9. Water testing on Rio Dell Metropolitan Wells and adjust operations.

Public Works Wastewater

- Working with Staff on the Operating and Capital Budget.
- Repaired Water line at the plant for the Headworks.
- OIT's are Studying for their State Test
- Plant Beautification and cleaning for a Site visit from the State Regulator on April 8th
- Cathleen Goodwin has scheduled a Site visit and introduction to new staff.
- Scheduling repairs to the boiler and Sludge Dryer.
- Fortuna Wastewater Staff came for a Plant tour on 3/21.
- Plant is operating well.
- Preparing for 1st Quarter Self-monitoring Report to State.
- Sewer lateral inspection at 1080 Riverside.

Public Works Streets, Buildings and Grounds

1. Mowed Gateway, City Hall Memorial park, Triangle park, and Davis park
2. Cleaned behind City Hall



3. Streets meeting for paving on Rigby, Center, and Ireland
4. Worked on fleet vehicles
5. Cleaned up litter, and cleared brush at Habitat site
6. Cleaned gutter pans after scraping
7. Training in yard for camera systems
8. Sewer Jetting on Pacific, Berkley, Riverside, and Fern

Public Works City Engineer

Public Works Capital Projects

Police Department

The Department had the following statistics for the period of March 13, 2019 to March 26, 2019. This period of time saw an average number of calls for service, a below average number of reports and an average number of arrests.

Officer	Calls for Service	Reports	Arrests
Conner	10	0	0
Beauchaine	4	2	2
Carnahan	4850 Leave	4850 Leave	4850 Leave
Landry	49	7	3
Mitchell	16	4	2
Valk	0	0	0
Totals	80 (1 unassigned)	13	7
Averages	5.7 per day	6.5 per week	3.5 per week
2018 Yearly Average	5.1 per day	10.6 per week	3.6 per week

During the period of March 13 to March 26, 2019, the Department opened three new cases dealing with abandoned or junk vehicles. During the same time period, the Department closed six cases. Three of these cars were towed by the City, while the remainder were moved by their owners. As of March 26, 2019, there were five open junk vehicle cases.

During the period of February 27 to March 12, 2019, there were eleven calls for service related to animal control issues. One cat was transported to Miranda's Rescue in that time frame. Several dogs were turned over to the Department, but officers were able to return all of the dogs to their owners.

Officers Landry and Mitchell have completed their field training program and are now working on their own.

The Department served a Notice of Violation on the owners of a house on Willow Lane that has been used in the past in violation of the City's marijuana ordinances.



On March 16, 2019, Sergeant Beauchaine and Officer Mitchell saw a black vehicle parked in the middle of Elko. As they maneuvered to get behind the car, the lights came on and the car slowly drove into the Shell Station. The driver exited the car and needed to use the car for balance as he staggered towards the store. His progress was halted and the officers attempted to identify the driver. There was a major language barrier. It was not possible to conduct field sobriety tests nor were the officers able to determine his identity. He was arrested for driving under the influence and booked without an identity. When he was fingerprinted at the jail, his identity was finally established and it was found that he had felony warrants for his arrest.

Also on March 16, 2019, Sergeant Beauchaine ran a warrant check on a man he knew from previous contacts. The man had a warrant for Fish and Game Code violations. Sergeant Beauchaine made a traffic stop on the man and took him into custody. A search of the truck incident to arrest found several firearms, including a loaded pistol in the center console. The man was booked into the jail without incident.

Community Development Department

Service Panel Inspection 1028 Riverside Drive

Continue DANCO Plan Check for residential units.

Framing/Electrical Inspection 490 Sequoia Street

Prepare Cannabis Equity Ordinance and Operations Manual

Prepare Studebaker Staff Report and Resolution for PC

Meeting with Jessie Jeffries and Shawn Studebaker regarding outstanding issues

Review Fire Code regarding propane tanks, email to Shane Wilson requesting opinion

Responded to a large number of inquiries regarding potential retail cannabis sales

Update insurance information for CDBG participants, send out letters

Review Perry Dove subdivision file for Riverside Acres PMS, conditions of approval, Deferred Improvement Agreement. Contact agents, owners, Title Company. Discuss with Randy Jensen

Review Chapter 11B regulations for bathrooms, FEMA regulations, email to CALBO requesting assistance

Prepare for and attend PC regarding Studebaker, Housing Element update

Discussion with County regarding Regional Climate Action Plan, MOU



Correspondence with Abe Fockaert, City Engineer regarding Improvement Plan requirements. Research other jurisdiction's requirements.

Respond to Ryan Schneider's (Rio Dell Holdings) inquiry on phasing, requirements and DTSC

Intergovernmental

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



For Meeting of: April 2, 2019

Consent Item; Public Hearing Item

To: City Council

From: Kevin Caldwell, Community Development Director

A blue handwritten signature, appearing to be "K Caldwell", written over the name Kevin Caldwell.

Through: Kyle Knopp, City Manager

A blue handwritten signature, appearing to be "K Knopp", written over the name Kyle Knopp.

Date: March 26, 2019

Subject: Cannabis Retail Request For Proposal

Recommendation:

That the City Council:

1. Receive staff's report regarding the Draft Request for Proposal (RFP) for cannabis retailers; and
2. Open the public hearing, receive public input, close the public hearing and deliberate; and
3. Provide any recommended changes and direct staff to release the RFP; and
4. Consider appointing an Ad Hoc Committee to review and rank the proposals to be subsequently presented to the City Council.
5. Consider establishing a deadline for those selected to make application within a certain number of days.

be marketed, locally, regionally and nationally. In addition, how will the business contribute to the community; and describe any existing ties to the community. **(30%)**

- **Financial Capital** – Submit any publicly available financial documentation of the proposed business owners. Please do not submit any confidential information. The amount of financial resources available to be invested in the development and operation of a retail cannabis business. **(20%)**

- **Format** – Proposals must be organized, labeled or tabbed consistent with these requirements. The submittal must consist of 8 1/2" by 11" paper. **(5%)**

Staff recommends that the Council require that those selected to make application, make application within a certain time. For example, no more than sixty (60) days after being selected to make application.

Attachment 1: Draft Request For Proposals



Request For Proposals

RETAIL SALES OF CANNABIS AND CANNABIS GOODS

Introduction

The City of Rio Dell ("City") invites interested parties to submit a proposal in response to this Request for Proposals ("RFP"). The City is seeking proposals from qualified cannabis operators to be considered for permit entitlements for the **RETAIL SALES OF CANNABIS AND CANNABIS GOODS** as allowed by the State of California and the City of Rio Dell.

Following review of all responsive proposals, City staff will establish a list of candidates that will be invited for in person interviews. The City may allow one (1) or more cannabis retailers to operate in the City. The goal of the RFP is to elicit cannabis retailers from business proprietors themselves. This RFP will allow the Rio Dell Planning Commission ("Planning Commission") and the City Council ("City Council") to review the types of business proprietors interested in working with the City and determine which, if any, proposals will be allowed to make application.

Interested parties must complete the requirements of this RFP by clearly articulating how the proposed business would operate within the confines of existing state law and local regulations. This includes securing any applicable state licenses necessary for the operation of the cannabis retail business.

Qualifications

Any selected parties are expected to have the following qualifications:

- (1) a demonstrated knowledge and experience in developing successful businesses;
- (2) experience and expertise in the existing laws and regulations relating to cannabis retailers;
- (3) an innovative, responsive, competent and practical business acumen;
- (4) a demonstrated ability to operate the proposed cannabis business as an integrated part of the community; and
- (5) a demonstrated ability and willingness to work with the City in developing any proposed business rules and regulations specific to cannabis retailers.

Cannabis Background

Below is a brief summary of federal, state and local cannabis regulations.

Federal Law

Under federal law, cannabis remains an illegal Schedule I narcotic. Schedule I narcotics are substances with a high potential for abuse that have no accepted medical value and cannot be used safely, even under a doctor's supervision.

In recent years, the United States Department of Justice has chosen not to prosecute most cannabis users and businesses that follow state and local laws. However, this federal policy relating to medicinal cannabis, recreational cannabis, or both, could change under the current administration.

California

On November 6, 1996, the voters of California approved Proposition 215, the Compassionate Use Act of 1996 ("CUA"). Under the CUA, doctors are not punished for recommending medicinal marijuana to their patients. The CUA allows patients and their caregivers to legally possess, use, and cultivate medicinal marijuana with a doctor's recommendation.

In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program ("MMP"). The MMP created a voluntary identification card program for patients using medicinal marijuana and their primary caregivers. The MMP provided immunity under the California Penal Code to patients and their caregivers for their personal or collective use and cultivation.

On October 9, 2015, Governor Jerry Brown enacted state regulation of medicinal cannabis by signing the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA required a business to obtain a state license and a local permit in order to operate a medicinal cannabis business. Under MCRSA, the Bureau of Medical Cannabis Regulation regulates labeling, testing, transportation, and packaging of medicinal cannabis, the Department of Food and Agriculture regulates cultivation, and the Department of Public Health regulates the manufacturing of medicinal cannabis.

On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act ("AUMA"). AUMA legalizes the cultivation, commercial sale, and possession of recreational marijuana for adults age 21 and older. While MCRSA explicitly requires businesses to obtain a local permit before getting a state license, AUMA does not.

On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which combined MCRSA and AUMA to create a single regulatory scheme for both medicinal and adult-use cannabis businesses. Effective January 1, 2018, MAUCRSA provides the statutory framework for

cannabis businesses to legally operate within the state. MAUCRSA retains the provisions in AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in their jurisdiction.

On January 16, 2019, the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health issued final regulations for all medicinal and adult-use cannabis businesses allowed under MAUCRA. The regulations require, among other things, background checks of business owners and employees, a plan of business operation, a security plan, and environmental pollution and waste plans.

City of Rio Dell

The City Rio Dell is located in Humboldt County in the heart of California's Emerald Triangle. The Emerald Triangle includes the counties of Humboldt, Mendocino and Trinity. The Emerald Triangle has a world-wide reputation for producing some of the finest cannabis grown. Rio Dell is considered the "Heart of Humboldt" by many due to its strategic location and proximity to the areas cannabis farms.

Rio Dell has a population of about 3,400 residents. The nearby cities of Fortuna (population 12,200+/-) and Ferndale (population 1,375+/-) do not currently allow cannabis retail sales. Also the nearby communities of Hydesville, Carlotta, Loleta, Scotia, Stafford and Redcrest do not offer cannabis retail sales. The closest retailer of cannabis and cannabis goods is located in Eureka, which is about 30 minutes north of Rio Dell. In addition to the potential customer base of the nearby cities and communities, approximately _____ tourists from all over the world visit Humboldt County annually to see the Redwood National Park, the Humboldt Redwoods State Park, the world famous Avenue of the Giants, our pristine beaches and rivers, the Victorian Village of Ferndale and the City of Eureka for its historic old town.

In November 2016 the City adopted Commercial Medical Cannabis regulations, allowing medical cannabis cultivation, manufacturing, processing, distribution, testing laboratories and health and wellness centers at the former Eel River Sawmill site, now known as the Humboldt Rio Dell Business Park.



The City of Rio Dell is focused on the development of the medical cannabis industry in an effort to better understand the effects of the plant and its constituent elements on various diseases. We encourage the businesses within the industry to focus their efforts towards the medical market and actively seek businesses that conduct medical research as associated with the cannabis industry. The efforts of the City to better understand the medical benefits of this plant will provide an environment in which research oriented businesses will thrive and encourage new and innovative researchers to locate in Rio Dell. In this light, the City of Rio Dell envisions a future for the Humboldt Rio Dell Business Park as a research center for the cannabis industry.

The Cannabis Regulations are intended to ensure the public health, safety and welfare

of residents of the City of Rio Dell, visitors to the City, persons engaged in regulated commercial cannabis activities including their employees, neighboring property owners, and end users of medicinal or adult use cannabis; to protect the environment from harm resulting from cannabis activities, including but not limited to residential neighborhoods, schools, commercial areas; to ensure the security of state-regulated medicinal or adult use cannabis; and to safeguard against the diversion of state-regulated medicinal or adult use cannabis for purposes not authorized by law. To this end, these regulations identify where in the City the various types of commercial cannabis activities can occur, and specify what type of permit is required, the application process and the approval criteria that will apply.

In February 2018 the City amended the Cannabis Regulations to allow both Medical (M) and Adult (A) cannabis activities over at the Humboldt Rio Dell Business Park.

The City government is comprised of a five-person City Council that includes an elected mayor by the majority of the Council. On March 5, 2019, the City Council held a public meeting to discuss potential changes to the City's Cannabis Land Use Regulations, including possible Retail sales in the Industrial Commercial (IC) zone located at the Humboldt Rio Dell Business Park and the Town Center (TC) zone.

On March 19, 2019, the City Council adopted amendments to allow cannabis retail sales consistent with State and local regulations. The amendments allow interested parties to make application for a Conditional Use Permit to allow the retail sales of cannabis and cannabis goods in the Industrial Commercial (IC) zone located at the Humboldt Rio Dell Business Park and in the Town Center (TC) zone. The amendments are crafted to allow the Planning Commission and possibly the City Council to use their discretion when reviewing applications. In addition to the Conditional Use Permit required findings pursuant to Section 17.35.030 of the Rio Dell Municipal Code (RDMC), applications will be evaluated at a minimum on the following elements:

- Experience
- Interior and Exterior Design
- Financial Capital
- Business Model/Plan of Operation

At their meeting of March 19, 2019 the City Council directed staff to prepare and release a Request for Proposal (RFP). Releasing and accepting RFP's in no way obligates the City to allow or approve the Proposal or any subsequent Conditional Use Permit application.

Submittal Requirements and Evaluation Criteria

Proposals shall address the submittal criteria delineated herein. The City requests that each proposal be clear and concise, as the City does not wish to receive voluminous proposals with extensive background materials. Please only present material that is requested, or in your best judgment, contributes or is relevant to this request. Submittals shall be limited to no more than twenty (20) pages and shall include a table of contents, title pages, and page numbers. The table of contents shall not count towards the page limit. Proposals that do not meet the submittal criteria specified herein are subject to disqualification.

- **Introduction** - A brief overview and introduction to the proposed business and owners, the organization structure, and rationale for such business and structure. Applicants shall identify all owners, as that term is defined by Section 5003 of the California Code of Regulations, and any financial interest in the commercial cannabis business, pursuant to Section 5004 of the California Code of Regulations. (20%)
- **Experience of Personnel/Project Team** – Include a description and professional resume of key project team members who will be managing the business, any executive team members, advisors or consultants to the executive team, and a statement as to the availability of each person and their respective services. The qualifications should include descriptions of any similar cannabis or non-cannabis projects, complete with references. In addition, information regarding the qualifications of on-site staff, including any employment training programs. (25%)
- **Business Model/Plan of Operation** – A detailed plan providing the scope of the proposed business, including a security plan, conceptual exterior and interior designs, employee protocol and the proposed location. Please also include a projected timeline of commencing business. Describe how the business will be marketed, locally, regionally and nationally. In addition, how will the business contribute to the community; and describe any existing ties to the community. (30%)
- **Financial Capital** – Submit any publicly available financial documentation of the proposed business owners. Please do not submit any confidential information. The amount of financial resources available to be invested in the development and operation of a retail cannabis business. (20%)
- **Format** – Proposals must be organized, labeled or tabbed consistent with these requirements. The submittal must consist of 8 1/2" by 11" paper. (5%)

RFP Process

Request for Proposals (RFP)

- Interested parties prepare a project plan (and a clear statement of the project plan and objectives).
- Attendance at a pre-submittal conference for prospective parties.
- RFP responses received and reviewed. Applicant due diligence performed.
- In person applicant presentations by all RFP respondents.
- Selection of the preferred applicant(s).

Pre-Submittal Conference

The City is seeking qualified candidates to develop and operate a cannabis retail business as allowed by the State of California and the City. Attendance at a pre-submittal conference by a representative of the project team is strongly encouraged but not required. The pre-submittal conference will be held at City Hall, 675 Wildwood Avenue on _____, 2019, from 3:00 p.m. to 4:30 p.m. The purpose of the pre-submittal conference is to provide background on the City's goal, the vision of cannabis retail operations in the City and to answer any questions from the public.

Selection Process

Applicants are required to pay a non-refundable Two Hundred Dollars (\$200) application fee to cover City staff time and attorneys' fees associated with reviewing, evaluating, and processing the proposal.

Upon the close of the RFP period, a selection committee will review the proposals received in response to this request. The proposals with the most responsive proposals, if any, may be selected to participate in the RFP process.

Any applicants seeking to operate a cannabis retail business in the City must complete the entire RFP process. The City will reject any cannabis business proposals that do not comply with the RFP requirements.

The City reserves the right to reject all proposals or modify or amend the scope of the RFP. Acceptance of proposals pursuant to this request is not a commitment to award.

Submittal Deadline

Potential applicants shall have thirty (30) days from the issuance of this RFP to submit their proposals and pay the application fee. Sealed proposals containing five (5) physical copies and one (1) USB drive containing an electronic version of the RFP, must be received at City Hall, 675 Wildwood Avenue no later than **3:00 p.m.**, _____.

Questions and further information pertinent to the RFP may be obtained from the undersigned. Proposals shall be submitted to:

Kyle Knopp, City Manager
City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA. 95562
[E-Mail: knoppk@cityofriodell.ca.gov](mailto:knoppk@cityofriodell.ca.gov)