



AGENDA
RIO DELL CITY COUNCIL
REGULAR MEETING - 6:30 P.M.
TUESDAY, JULY 5, 2016
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE

***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.*

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- A. CALL TO ORDER
- B. ROLL CALL
- C. PLEDGE OF ALLEGIANCE
- D. CEREMONIAL MATTERS
- I. 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.

- J. CONSENT CALENDAR

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

- 1) 2016/0705.01 - Approve Minutes of the June 7, 2016 Regular Meeting
(ACTION)

- 2) 2016/0705.02 - Approve Minutes of the June 21, 2016 Regular Meeting
(ACTION) 10
- 3) 2016/0705.03 - Receive and File Check Register for May 2016
(ACTION) 47
- 4) 2016/0705.04 - Adopt Resolution No. 1301-2016 Calling for a General
Municipal Election to fill two (2) City Council seats,
Requesting Consolidation with the General Election,
Providing for Notice of Election, and Adopting Policies
Pertaining to Candidate Statements and Fees **(ACTION)** 52

K. ITEMS REMOVED FROM THE CONSENT CALENDAR

L. SPECIAL PRESENTATIONS/STUDY SESSIONS

- 1) 2016/0705.05 - Presentation by Marcella Clem, Humboldt County
Association of Governments (HCAOG) and Adoption of
Resolution No. 1302-2016 Approving the Humboldt
County Transportation Ballot Measure Expenditure Plan
and Recommendation to the Humboldt County Board of
Supervisors to Place a 20-Year Transportation Sales Tax
Measure on the November 8, 2016 General Election
Ballot **(DISCUSSION/POSSIBLE ACTION)** 59

M. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

N. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

- 1) 2016/0705.06 - Resolution No. 1303-2016 Submitting to the Voters the
Proposed Cannabis Taxation Ordinance No. 346-2016,
Requesting the Board of Supervisors to Authorize
Consolidation of Said Election with the General Election
and Directing the City Clerk to Take all Actions Required
by Law to Prepare for and Conduct the Election
(DISCUSSION/POSSIBLE ACTION) 68

O. REPORTS/STAFF COMMUNICATIONS

P. COUNCIL REPORTS/COMMUNICATIONS

Q. ADJOURNMENT

*The next regular City Council meeting is scheduled for
Tuesday, July 19, 2016 at 6:30 p.m.*

**RIO DELL CITY COUNCIL
REGULAR MEETING
JUNE 7, 2016
MINUTES**

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

ROLL CALL: Present: Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks and Thompson

Others Present: City Manager Knopp, Finance Director Woodcox, Community Development Director Caldwell, Chief of Police Hill and City Clerk Dunham

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

PUBLIC PRESENTATIONS

Nick Angeloff reported on Chamber of Commerce business and said that Monica had resigned and the Chamber was now operating solely with volunteers noting that all correspondence with regard to the contract with the City should go through him.

He also reported on Little League activities and said the championship games were taking place at Rohner Park followed by the upcoming all-Star games.

CONSENT CALENDAR

Motion was made by Thompson/Johnson to approve the consent calendar including approval of minutes of the May 17, 2016 regular meeting; approval of minutes of the May 23, 2016 study session; approval of minutes of the May 24, 2016 special meeting; approval of letter of endorsement for appointment of Mayor Pro Tem Johnson as City Representative to Local Agency Formation Commission (LAFCo); and approval of annual garbage rate adjustment with Eel River Disposal and accepting it as an amendment to the Solid Waste and Recycling Franchise Agreement. Motion carried 5-0.

SPECIAL PRESENTATIONS/STUDY SESSIONS

Discussion on Medical Cannabis in General and Possible Local Tax Measure

City Manager Knopp said at the request of the Council, staff has invited some medical professionals to answer questions and discuss medical uses of cannabis.

He introduced Dr. Diane Dickenson and Dr. Kent Crowley and noted that Dr. Donald Baird was also invited to attend but was not present at this time.

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He said as an option, the doctors could give their initial perspective on medical cannabis but the primary purpose for them to be present is to answer any questions the city council or public may have.

Dr. Dickenson began by introducing herself as a family practitioner from North Coast Medical based in Arcata and said when she first took over the practice from Dr. Ken Miller in 2008 she had no real knowledge of medical cannabis and became amazed at the results. She said her first patient was an 85 year old woman who eats three cannabis cookies each day to keep weight on.

She went on to talk about other patients with medical conditions and the benefits medical cannabis has had on them.

Mayor Wilson thanked her for coming and said it is an honor to have her present.

Mayor Pro Tem Johnson also thanked her and asked if she prescribes cannabis in one form or another regularly.

Dr. Dickenson said she doesn't recommend a particular delivery system as it depends on the patients need. She provided handouts titled *What Type of Cannabis Therapy is Best For You?* and *Cannabis Dosing Guide* both published by *Project CBD* and explained that cannabis remedies are available in various forms and can be utilized in different ways.

She explained that sublingual sprays and vape pens she recommends for patients that want something quick whereas tinctures and edibles have a longer effect which she recommends for patients who wake up at night with pain. She added that topicals and salves work on the nervous system and because they are applied externally they are not inebriating. She said vaporizing is a healthier alternative to smoking and is a quicker way of getting active ingredients into the patient.

Mayor Pro Tem Johnson questioned the span of illnesses that cannabis is diagnosed for.

Dr. Dickenson explained that she follows guidelines under the California Medical Association and requires medical records on each patient as she does not provide a diagnosis of their illness. She said what she does is assesses patients to see if they qualify for treatment and teaches them about the use of medical cannabis then determines what type of cannabis therapy is best for their particular condition.

She noted that approximately 70% of the treatment is related to pain but she also treats patients with Parkinson's disease, Alzheimer's, Colitis and Crohn's disease, as well as such things as depression, autism, seizure disorders, schizophrenia, neuropathic pain, cancer, asthma, or osteoarthritis.

She reported that around 1960, Dr. Raphael Mechoulam in Israel took on the mystery of medical cannabis research and by 1963 was able to isolate CBD's which is the cannabinoid that has a lot of therapeutic benefits and is actually psychoactive. She noted that people often hear that it is not psychoactive but it does help with PTSD, anxiety and depression; since it's not euphoric the patient does not get the high effect.

She said by 1964, Dr. Mechoulam was able to isolate THC; 24 years after that a team of five (5) other researchers found a cannabinoid receptor in a rat brain and then a human brain. She explained at this point in time there are two (2) main cannabinoid receptors; CB-1 and CB-2 and said the way biology works, a receptor would never be made in response to a plant so the only way to make a cannabinoid receptor is to make it similar to the way we make endorphins which are why when people take pain medicine it works. She said the issue is very complex which is why research continues today although a lot of doctors say there has not been enough research. She pointed out that there has been a good, well written, well published scientific study on this subject published every day for the past 20 years and not just in the United States but internationally.

Mayor Pro Tem Johnson asked Dr. Dickenson what the percentage is of the patients she treats, that are prescribed medicine without the psychoactive components of cannabis.

Dr. Dickenson stated that more than 50% of her patients avoid psychoactive components. She explained that isolated CBD's hasn't been available very long and that THC and CBD's work best together so she advises patients to use a combination to get maximum therapeutic benefit. She noted that some ratios are 18 to 1 so there is no psychoactive effect.

Mayor Pro Tem asked if the majority of the patients she treats have already tried conventional methods of treatment; the response was that many patients have tried lots and lots of treatment methods before turning to cannabis therapy.

Dr. Crowley then provided brief background about himself and said he graduated from UCSF, entered this field three (3) years ago and is a compound pharmacist owner. He said like Dr. Dickenson is a member of the Society of Cannabis Clinicians. He said prior to that he held a couple of patents in neuropathic pain.

He stated that he has done a tremendous amount of research both at California Ervine Children's Center and other well known hospitals and currently holds a pending patent on the Buccal delivery method.

He said he has seen patients with anything from Stage 4 cancer all the way down to pain patients that are tired of suffering from the side effects of opiates. He said he thought he was somewhat of an expert in dealing with pain management but pain has a very broad

picture and pain all have different receptors and respond to different things. He noted that cannabis is a profound adaptogenic herb that has significant clinical physiologic effects.

He said when he graduated from UCSF in 1983; he was told that a liver or pancreas could not regenerate which is incorrect. He said the brain can be rewired with intentional movement. Cannabis produced responsibly and delivered appropriately in a ratio from no THC to high THC needs to be available to the public. As a functional medicine expert, he and others need to have that in their toolbox to offer as another option to patients.

He noted that contrary to what some people believe, a person cannot overdose on cannabis as far as the actual cause of death. He said there are people that experience panic attacks after using cannabis and actually think they are going to die, if they get too much THC in their system.

He also noted a 30-100% reduction in the use of opiates when replaced with the appropriate dose of medical cannabis. He recited a case study involving a 78 year old patient that takes 1/8 of a Trokie a day and has complete pain relief for 24 hours.

He explained that *Trokie* is the Buccal absorption delivery method similar to sublingual's and is ingested as a pharmaceutical lozenge that allows for extremely quick delivery of medicinal cannabis that is consistent and controllable. He directed the Council and staff to his website at www.trokie.com for information, noting that he has treated over 3,000 patients using this delivery method.

He said what he feels the City Council should do is to sponsor, permit and support responsible businesses doing responsible production so that responsible medication can get placed in the hands of the right people that can take care of patients. He said unfortunately, there is a disconnect today between patients and physicians with regard to prescribed dosage of cannabis with regard to the THC-CBD ratio and that they can tell a patient that cannabis may help but they can't tell the patient the dosage, where to get it or how to monitor it. He said this is the system in California today which is crazy.

Mayor Pro Tem Johnson asked what cannabis can do to improve the quality of life for a stage 4 cancer patient.

Dr. Crowley explained they will be publishing data which they are currently trying to collect from their current patient base to identify certain therapeutic treatments for particular conditions. He noted there are 1,000 people in the United States that are doing things quietly and trying to take care of patients by staying out of the spotlight. He referred to a patient with adrenal cancer and with the use of fully decarboxylated THC along with some lifestyle changes and other things, in three (3) months was able to encapsulate the tumor so that it could be removed; today the patient is cancer free.

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He noted that seed to sale tracking is important and the Council needs to realize most patients when they get to this point, can't afford this because the cost of these biologicals is outrageous. He said an acid form of THC which doesn't have any psychoactive effects could be used which is profound. He said it is vast what this adaptogenic herb can do.

He said the bottom line is that there needs to be a place to grow it, process it and provide it responsibly as it is vitally important in saving hundreds of lives.

He said in 24 countries outside the U.S. they have approved a product called Sativex with a 1-1 ratio of THC/CBD formulation which works for multiple sclerosis (MS) and cancer pain. He commented that the Federal Food & Drug Administration (FDA) has already approved another pharmaceutical for seizure disorders which has no proven medical value.

Mayor Wilson stated that the Council is not going to solve this tonight and is trying to gather information but the part that has become more critical for the City is how to determine where to allow the various activities and still be able to control those activities.

Councilmember Thompson said what the doctors said is fascinating unfortunately there have been tens of thousands of people who have died from marijuana related deaths and actually 47,000 people that would be alive today if not involved with marijuana. He said that percentage will continue to rise if no one deals with those that use it. He said the negative aspects of marijuana use outweigh the positive and that there are effective prescription drugs on the market today that control pain.

He commented on the breakdown of families and breakdown of kids in schools among those using marijuana. He said unless there is a way to control those that use it and get into a car and go out and kill others it should not become legal.

Dr. Crowley said if the Council supports the use of alcohol, they should do the same for medical cannabis.

Councilmember Thompson said to say that marijuana is no worse than alcohol is not good enough; it should be able to stand on its own.

Dr. Crowley responded that he felt Councilmember Thompson was miss-informed and that the media misrepresents a lot of the facts that a study may or may not be able to provide a conclusion on.

He explained that researchers in 1947 thought testosterone was the cause of prostate cancer in men but research actually shows that males 87 and up don't produce testosterone but mainly produce estrogen and estrogen without testosterone causes proliferation of poorly differentiating cells and increases the likelihood of prostate cancer.

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He noted that the American Medical Association published a study that showed there was a 24.6% reduction in people overdosing on opiates of the 23 states that had legalized cannabis in some form or another.

He said he would implore the City Council to consider recognizing the revenue source as well as the medicinal benefit cannabis provides to patients.

Mayor Pro Tem Johnson asked what hospitals currently prescribe cannabis compounds.

Dr. Crowley noted that doctors recognize that it is illegal to prescribe in California however; the Director of Oncology at a privately owned hospital has engaged his company and *Trokie* in order to work with cancer patients to support whatever program the patient wants.

Mayor Wilson opened the public hearing and asked speakers to limit their comments to 3 minutes.

Dean Smither addressed the Council and said he was recently in Sacramento and read an article by Sue Taylor, a black grandmother leading the charge to bring marijuana to the elderly and said she is a 69 year old retired Catholic school principal leading this cause.

He said she personally uses marijuana orally and topically for pain relief and better sleep and feels she is the perfect candidate to approach seniors about marijuana since she obviously isn't the stereotypical marijuana user. He noted that she is one of two people certified through the State of California to educate senior living facility staff and caregivers about medical marijuana and its medical benefits.

He said when looking at a broader perspective, Rio Dell has a problem but it's called poverty. He said when people are not able to make a living they have no other choice but to get involved with the black market.

He said a question was asked by a citizen as to why Rio Dell is not doing the same as the City Fortuna did by banning medical marijuana. He pointed out that Fortuna collected \$1.1 million in sales tax revenue whereas Rio Dell only collected \$100,000 not to mention the Bed Tax which is null compared to Fortuna's.

Dean Smither added that this is a medication and people should be able to get it at a pharmacy like any other pharmaceutical without having to go over to the Industrial Park to get it.

Tom Bertain stated that he is opposed to the Medical Cannabis ordinance being considered and that the medical research on the healthy uses of cannabis is ongoing and incomplete. He said the positive impact to the City would be an increase in revenue

however; the negative impact would be that it will disturb the tranquility and alter the social and cultural heritage of the City. He said if recreational cannabis is approved, the Council needs to address the effect it will have on the city and its citizens.

He also read an excerpt from of an article in the newspaper related to couples who are planning a pregnancy and the negative effects of alcohol and marijuana and the importance for both partners to stop using alcohol or marijuana once they start to try to conceive.

Larry Arsenol said if the Council makes medical cannabis legal and allows businesses to open up in old rundown buildings it will cause negative results but if they make the business be more upscale that is the type of customers they will attract.

He said with regard to trimigrants, they could actually be a source of income for businesses in the City. He noted that as a substitute teacher, he had all kinds of work in the summer because teachers were away trimming.

Alice Millington said she is a member of the Rio Dell Planning Commission although she was not in present when the Commission approved the ordinance. She noted that she uses medical cannabis to avoid the harder addictive schedule 1 drugs and that she is fine to drive to Eureka or Arcata to get it but would much rather spend her money locally. She added that if the City of Fortuna bans it, good for Rio Dell, it needs a leg up.

She added that while not everyone likes the idea of cannabis, Rio Dell needs the economic stimulus that capitalizing on the heart of Humboldt can provide. She said most residents that work in the Fortuna or Eureka area rarely come into the Town Center which should be the hub of the business enterprise.

She said her dream is to see the hustle bustle of the town center where medical cannabis is part of competitive small businesses with all the benefits that go along with that similar to the wine country in Napa. She commented that the little coastal train here just might become the cannabis boost as it visits and showcases what entrepreneurs have been perfecting all these years.

Also, the elephant in the room might well be the shift that the town center and some of neighborhoods might bring to Rio Dell.

She questioned whether Rio Dell is even ready for success stating that there is a lot of work to do to make the City measure up to what the cannabis industry can bring.

Alice ended by stating that she has always heard that Rio Dell hasn't been great since the days of the old west so let's make Rio Dell great again.

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Ruth Nally addressed the Council next and said she has lived in Rio Dell for 60 years and raised her 4 children here. She noted that she knows all of the council members except for Councilmember Garnes and that she is appalled by the Council's actions to even consider allowing medical marijuana to come into the City legally.

She commented that she probably is not going to be very professional about what she has to say because doesn't know how to do that; in fact will probably be more like Donald Trump by saying that she is sick and tired of all this crap that is going on and it's about time somebody stands up and acts like men and takes care of the situation.

She said that she has supported the City for 60 years and that her husband would turn over in his grave if he saw the crap that is going on in the City today.

She pointed to Mayor Pro Tem Johnson and asked him why he was even considering allowing marijuana to come into the City when it is illegal.

Mayor Pro Tem Johnson explained that the Senate and legislature passed a series of bills under the Medical Marijuana Regulations and Safety Act (MMRSA) and was signed by the Governor in October 2015 which allows for local control.

Ruth Nally said she doesn't care what the Governor signed; the question is what is morally right, what would God do and what is the City Council going to do about this mess. She then recited a verse in the Bible that said Jesus took the sin out of the swine and threw them over the edge which is what he did and every one of them died. She said that's what you do with sin and it's either right or it wrong.

She said the Council is dealing with a gray area regarding this issue and she is absolutely appalled to think they would even consider doing this. She added that she doesn't care what the Governor did, and questioned the Council's opinion on what is right or wrong and what they think God would tell them to do. She said she believes he would say to throw this bunch of crap they are considering out.

Mrs. Nally then asked the Council what they plan to do with this mess and how long they are going to sit there and listen to what they have listened to tonight.

Mayor Wilson stated that the Council will follow the process required by law.

Ruth commented that what God says about money is that you can't serve them both so if the Council thinks the City is going to get rich, it isn't going to happen because they are out of line and not the people God intended them to be. She added that the Council knows what is right and what is wrong and they had better decide what to do with that because they will all have to answer to their maker and the same for anyone in this room.

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Mayor Wilson said that his intent is not to be rude but would have to ask that she sit down.

Mrs. Nally responded that she sat here and listened to everyone talk for a whole lot longer than 5 minutes and had no intention of sitting down.

At this point (7:40 p.m.), Mayor Wilson called for a brief recess.

Mrs. Nally stated that she would stand right where she is until the Council gets back.

The meeting reconvened at 7:46 p.m.

Motion was made by Johnson/Garnes to continue the meeting/public hearing to the June 21, 2016 regular meeting. Motion carried 4-1; Councilmember Thompson cast the dissenting vote.

Frank Wilson, Mayor

Attest:

Karen Dunham, City Clerk

RIO DELL CITY COUNCIL
REGULAR MEETING
JUNE 21, 2016
MINUTES

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

ROLL CALL: Present: Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks, and Thompson.

Others Present: City Manager Knopp, Finance Director Woodcox, Community Development Director Caldwell, Chief of Police Hill and acting City Clerk Farley.

Absent: Water/Roadways Superintendent Jensen, Wastewater Superintendent Trainee Yapple and City Clerk Dunham (excused)

PUBLIC PRESENTATIONS

Cindy Rose: I am sure most of you know there is what looks like an abandoned school bus at the north end of town. Unfortunately, it looks like it is being lived in. Potted plants and other signs of permanent residency have continued to appear as the days go by. I am not aware of any electrical, water or sewer services on this plot of land that would allow the owners to live in a way that is consistent with city ordinances; according to city municipal code 12.15.020 camping is prohibited within the city limits. This is not something that looks attractive, safe or from my understanding legal. Rio Dell residents and Business owners have worked very to improve the appearance of our town. They want to bring new business into town and to appeal to non-residences to shop here, visit here, and build business here. It's sad to see that, as you enter Rio Dell, from that end of town. I live across the street from the Rio Dell school and I know we have had a problem with graffiti and there have been signs of graffiti threw out the town. I'm thinking this is not an impression we want give visitors and potential residence or potential business owners. I have heard from different people that the owner of the bus has purchased the property, on which the bus is parked, and is planning to build a home, we welcome you to our town and we would love to be your neighbor and friends however, there are laws and ordinances in place and they

are there for a reason. If we allow what looks like an abandon bus, whether someone is living in it or not, to live there without proper services it just goes counter to the laws we have in place. I think we can ask the people of this community to do better. I don't know the laws about living on a property before a residence is built but if we allow them to be there, I think they could at least build a fence around it because it looks awful. I don't want to run anybody out of town but we have worked hard to improve our city.

Nick Angeloff: I've been getting a lot of questions about that bus as well. I know there have been efforts made by the Council to check it out and let's hope we can take care of it.

Chamber of Commerce update: We are doing much better now. I have people coming in to rent from us, one major one and another smaller one. That should allow the gallery to stay open, at least during the tourist season, and we will see what happens after that on a month to month basis. I will not be here for your next meeting.

Mayor Wilson: Asked City Manager Knopp about ordinances and an update on the bus issue. City Manager Knopp deferred to Police Chief Hill.

Police Chief Hill: We have starting the proceedings with the folks. We have an existing ordinance that allows someone to camp, on private property, for a period of fourteen days; that period started last Wednesday and will end on the thirtieth. The folks are aware of that and at this point they are working with us to resolve this issue as they understand that this is not an ideal situation.

CONSENT CALENDAR

Mayor Wilson asked that the minutes from June 7th be removed from the consent calendar and placed on the July 5th Council meeting because City Clerk Dunham was not present to answer questions about a correction to these minutes.

Motion was made by Thompson/Johnson to approve the consent calendar minus item number one. Motion carried 5-0.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Mayor Wilson stated that we have two applicants for the position of Planning Commissioner and one position of an alternate Planning Commissioner. Mayor Wilson asked if both gentlemen were in attendance. It was stated that Mr. Alonzo Bradford was present and Mr. Sandy Blakely was absent.

City Manager Knopp expressed that it was possibly that the communication got lost in the shuffle and that Mr. Blakey was not fully aware that he needed to appear.

Mayor Wilson wished that both candidates would be able to address the council. A motion was made by Garnes/Johnson to table the appointment of the Planning Commissioner until the July 5th Council meeting. Motion carried 5-0.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Continue Public Hearing on Dispensaries and Testing Laboratories and Possible Adoption of Ordinance Establishing Medical Cannabis Commercial Land Use Regulations.

City Manager Knopp turned this item over to the Community Development Director, Kevin Caldwell.

Community Development Director Caldwell: As you are aware that we actually started this process in December of last year. Councilmember Garnes put together a community workshop regarding the Medical Marijuana Regulations Safety Act (MMRSA). Since then, we have had fifteen meetings and fifteen public hearing discussing this proposed ordinance; the benefits, advantages and disadvantages of it. I appreciate the Council's input and the time you've put into it, the Planning Commission and the public as well. Tonight we are scheduled to talk about dispensaries and laboratories and then the ordinance in general. One thing I do want to bring to your attention; in front of your desk or in front of your chair tonight, you should have received some supplemental information regarding some language modification and the effective date. Basically that language and I'll read it for the benefit of the public here; it says that "***This ordinance shall not become effective, or otherwise have the force and effect of law, unless and until the citizens of the City of Rio Dell adopt and approve a business tax upon persons engaged in commercial cultivation***

processing, manufacturing, testing, and distribution of cannabis for medical use at the November 8, 2016 General Election. This ordinance shall become effective, if at all, on the date the ordinance imposing the business tax becomes effective.” In summary, what that means is that if the business tax is not passed in November, this ordinance becomes null and void so I want to make sure everyone understands that.

Now let's jump into laboratories and dispensaries. I know you have seen the performance standards, probably for months now, and I'm going to try and make this as short as possible in order to let questions lead up to the discussion. The Planning Commission is recommending that Labs be allowed in the Industrial Commercial Town Center and Neighborhood Commercial and Community Commercial Destinations which are subject to conditional use permit. Their recommendation is based on the fact that no other labs that test any other types of materials are treated any differently. This is consistent with what I find up and down the state with other jurisdictions, including the county as well. As many of you know, our ordinance is based on the State Medical Marijuana Regulations Safety Act. They have laid the groundwork, the foundation for our ordinance and the county built on top of that. The County's ordinance is, considered by the state, to be a model ordinance and we have actually built on top of the county's ordinance. I think we have a very good ordinance here and again the credit goes to the Planning Commission and the Council themselves. The performance standards start on page 83 of the staff report and I did hand out, to most folks, a copy of the performance standards and so hopefully you have had a chance to look over them and if not, your neighbor has a copy. Our performance standards are actually again built on the state's performance standards; I guess the main issue here and one of the things I want to talk about is about a trailer bill that's making its way through the legislature right now. The purpose is to clean up some of the language at the state level. I know that there has been some discussion regarding pesticides and the lack of testing requirements for pesticides on medicinal cannabis. This trailer bill actually clarifies that and pesticides will be tested for. That's a good thing, actually and I think we can all agree to that. As far as what we're looking at, we are looking at the alarm system and the entrance to the lab; that will be locked at all times and under the control of facility staff. Any medicinal marijuana that is collected for testing must be secured in a Locked room, vault or safe, or other secured storage structure which is bolted to the floor or structure on the premises. Windows and roof

hatches must be secure from the inside with emergency ingress and egress capabilities and of course compliance with all state regulations as well. With that, I plan to move on, unless the Council would like to stop here and entertain questions, but I suggest that we hold all questions; again that goes through the Mayor.

Councilmember Thompson: In the first paragraph (of the ordinance) it talks about the alarm systems. Why would we allow any kind of waiver for something that is a safety measure like that?

Community Development Director Caldwell: The intent there is actually not to waive the alarm system; the intent is to waive either an audible or one that is not audible. Some businesses prefer to have silent alarms especially if there's a case of an armed robbery. If there is a robber or burglar in there, the alarm wouldn't frighten him as to cause him to do something rash. That decision would be up to the Planning Commission but of course if the operator prefers to have an non audible alarm, it would go directly to the alarm company and then to the police department. We could give them that option.

Mayor Pro Tem Johnson: On the proposed trailer bill regarding pesticides; has there been talk about or language about thresholds or levels of varies chemicals that are going to be acceptable?

Community Development Director Caldwell: Yes. The State Department of Pesticide Regulations has a list that has already been developed for allowable pesticides for marijuana cultivation. The bureau in concert with the State Department of Regulations has actually built upon that list and possibly expanded it. I don't see them reducing the list but they are working together now. The other item on the agenda tonight is the discussion of dispensaries.

Mayor Wilson: Asked if Community Development Director Caldwell was finished with his presentation.

Community Development Director Caldwell: Yes, unless the Mayor would like to entertain comments now.

Mayor Wilson: I would like the testing and dispensaries questions all in one group, after your presentation.

Community Development Director Caldwell: The dispensaries basically have four issues that need to be addressed: 1. Should dispensaries be allowed in the City? 2. Where should the dispensaries be located? 3. How many dispensaries should be allowed? 4. And should deliveries be allowed? The Planning Commission recommended that the dispensaries be allowed in the Town Center Zone again with a conditional use permit. For those who have not attended the meeting before; any activities related to medicinal cannabis has to go through a conditional use permit process. That conditional use permit requires a public hearing before the Planning Commission and also a public notification be sent to the neighbors, by direct mail, within 300 feet so your neighbor knows what is going on. It gives the neighbors an opportunity to attend these meetings, to make comments, make recommendations as well as share their concerns. There was discussion, at the Planning Commission level, that only one dispensary would be allowed; but based on public testimony, it was argued that the free market should really determine how many dispensaries should be allowed. In the end the Planning Commission decided not to limit the number of dispensaries. Dispensaries are required to be at least 1000 feet from any school. Again, we have a number of performance standards. One that was not included in the ordinance (which was an oversight on my part) were security cameras. When Councilmembers Garnes & Councilmember Johnson toured the Arcata facility there was a security camera everywhere you looked so we included it as part of our performance standard and again we have the alarm requirements, storage areas that are secured and lockable and windows that are to be secured. Hours of operation would be from 9:00 am to 8:00pm and only qualified patients, defined by certain sections of the Health and Safety Code, are allowed in the dispensaries. And of course cannabis cannot be inhaled, smoked, eaten, ingested and/or used or consumed on any premises or location. The sales of pipes, water pipes and other paraphernalia are prohibited. All medicinal products sold must be placed in opaque packaging, without photos or images of food on the label. Packaging must make the product unattractive or not attractive to children and they must insert a leaflet that talks about exactly what is in the medicinal product they have just purchased. We are also requiring a sign be posted, in a conspicuous location that says "Both the sale of marijuana and the diversion of marijuana for nonmedical purposes are violations of state law. The

use of marijuana may impair a person's ability to operate a motor vehicle or heavy machinery. Loitering at the location is prohibited by certain sections of the California Penal Code." Then of course, we also have our additional labeling requirements. It can either be part of a label or a leaflet or insert which says the complete name of the qualified patient, who will be using the medicinal marijuana, the name, address and telephone number of the dispensary, the amount of medical marijuana in the container, name of the attending physician recommending the medicinal marijuana, the date the medical marijuana is provided, a list of chemicals or substances that were used in the process of cannabis and of course all the health and safety warnings, including that it be stored in a dry clean place and out of the reach of children. The requirements that I just went through are in addition to the state requirements. Again, our question is, do we want to allow dispensaries in town and if so where? How many of them? And do we want to allow deliveries? If we do not want to allow deliveries we have to specifically include that language in the ordinance. Right now, it's not included in the ordinance. So as the ordinance is written today, delivery to dispensaries would be allowed and they would be able to make deliveries to patients within the city (Councilmember asked, by default?) Yes, and with that, I would be happy to answer any questions the Council might have.

Councilmember Garnes: I have a question on the statement that the "City of Rio Dell neither warrants nor guaranties the quality or the safety of medical marijuana contained therein." I have brought it up before, it makes no sense, but I don't know if that is a requirement from the state or if it's a standard industry practice but it seems to me by putting our name on the product we're saying whether we do or we don't, we are somehow doing it even though we are disclaiming doing it. Scotia doesn't warrant or a guarantee PALCO pharmacy's medications so why should we?

Community Development Director Caldwell: Yes, I actually got that language from the City of San Jose or the City of Oakland. I think the comment I made, when you brought this up before, was the cities of San Jose/Oakland have teams of attorney's who would have looked at this. I assume one of their attorney's must have recommended it so that is why I included here. I could defer to the City's attorney to see if that statement would result in future liability for the city?

City Attorney Gans: Is it just a standard disclaimer statement?

Community Development Director Caldwell: Yes.

City Attorney Gans: Then most likely, no liability.

Mayor Wilson: Stated that we are working on tightening down the Public Comment Period and that each person would receive three minutes to address the Council. If you have a question, please address your questions to me and if I cannot answer it I will direct your question to the appropriate person. The answer to your question/s will also be included in your three minutes. We will have a 30 minute comment period on dispensaries and test questions. The next item on the agenda will be the summary of the actual ordinance; it should cover everything so if anyone would like to address the Council or ask questions on that, you will have three minutes each to do so.

Community Development Director Caldwell: Mr. Mayor, if I may, my summary is going to be probably less than two minutes. If people want to discuss both item, Labs and dispensaries and the ordinance; it would make more sense to have them come up to the podium just once because it sounds like you were going to allow them to come up twice?

Mayor Wilson: How many people have questions specifically on testing's and dispensaries? One, two, three, four. Okay, we can do that. Why don't we have them come up now so we can continue? We probably won't have people come up twice. If someone would like to approach the podium to address the Council with comments or questions about dispensaries & labs. (A question was raised from the audience about zoning.) We will talk about the zoning when we come to the ordinance.

Larry Arsenault: I want to talk more or less about the dispensary. I'm wearing this T-Shirt which I got from a local store and my point is that the cannabis industry will accelerate profits which are not necessary related to cannabis. A lot of business can be started here so I want to talk to you about the three PPP which stands for Positive, Professional and Profitable and that's what I want to see from the dispensaries. Not stuck away, not with a guilt trip so people don't feel bad about going to a dispensary but if it's done in such a way where the buildings are clean and painted, it becomes an open atmosphere and positive. Professional, the people running the dispensary have a professional appearance, the store is

presented in a professional manner so people feel safe when they walk in and people know what they are doing. Profitable, any business will not run very long if it's not profitable. Just recently, the County has considered knocking down their cannabis tax percentage to 25%. When you run a business, you're taxed 25% off the top and you're not allowed any deductions, you're not going to be in business very long. The point to any business is to make a profit. So please keep that in mind if you allow the dispensaries to happen. Make it positive, make it professional and make it profitable so when tourist come through they feel good about stopping and can enjoy their experience here.

Unknown: Resident of Rio Dell. I have already been a victim of the medical marijuana dispensary process. I want to explain my belief. I believe it is a gate-way drug and that it leads to methamphetamine. My problem is with the City Council wanting to promote and authorize this gate-way drug and to try and reap the benefits of it. It's not going too happened. It's always been underground, there's always been problems with taxation and there's always been problems with management. I don't see anything good coming from this except more crime within the city which is already ramped. I don't like it, I have children, grandchildren here and there is also other children throughout my neighborhood. This is not good; this is not a good thing for our city. I do not want to see Rio Dell turned into a gate-way drug community and to promote medical marijuana throughout this beautiful North Coast.

Bert Silvia: I worked 31 years for Pacific Lumber Company. I was unemployed in 2008 for a period of two years. I retrained to be a Certified License Pharmacy Technician and now work for Redwood Memorial Hospital as a Pharmacy Tech so I work with drugs every day, all day long. I deal with schedule two drugs through schedule drugs which are like narcotic, fentanyl and dilaudid and anything like that. Marijuana is a schedule one drug which means by federal law there is no reason to have it and why is that? It is because it is a psychotropic drug. What does psychotropic mean? It means that it will mess with your brain, it will cause mental illness, it will cause hallucinations. I have watched as the timber industry declined in Humboldt County, we all have seen it, and a huge vacuum has been created and with that vacuum has come the pot culture. We have watched our County Supervisors pour their efforts into the pot industry instead of bringing good legitimate job into our county. This has been what has brought us to this juncture today. We are struggling for tax revenue so we are

looking at the pot industry to be our savior. I just want to tell you that it's the wrong horse to get on. In my field of work, not less than 50% of the patients that come into my hospital are directly related to substance abuse. Guess what, they don't have insurance. I can bet you right now that marijuana was the gate-way drug that got them started down that path to heroine or whatever they are into at the moment. I have to deal with it and it is a mess. The marijuana grown today is 15 times more powerful that what was grown in the seventies, remember that. If you were to give a man three shots of Jack Daniels or three hits on a bong today, he would be three times more impaired and that's what is growing in this county today. Colorado has legalized marijuana and they have seen an extreme backlash of problems; kids getting into the cookies and ice cream and other people over dosing. Let's not sell away our morality for thirty pieces of silver, or tax revenue, by joining ourselves to the illegal drug trade.

Stephen Johnston: I am a resident here. I personally and antidotal have had three dear loved friends, my wife, girlfriend, and mother who were cannabis users. They were respectable citizens, both of them were educated and so called straight. If it wasn't for cannabis they would have been in so much pain before their death, which was unimaginable, so that aside. I am trying to get a basis on this fear of something new. We are part of an ongoing process of evolution, sort of to speak. We are going to have to sooner or later deal with it. It is either going to be imposed on us or were going to take control of it. Once, in our community's history, can we take charge of our place in this beautiful country and not be imposed upon by Eureka or Garberville or anybody else and create our own unique system of dealing with this. It's not going to be hard, I think, because we have places to go to get those solutions. We have the Health Department and the local law enforcement, which has really been the greatest. Children shouldn't be using drugs but kids will go to alcohol, if it is not to cannabis. I have been a child myself and all of you guys have been there too. As children they seek an alternate consciousness, for some reason, and so they are going to get in trouble and so there will be problems but I think our city can handle it. It's about time we started making a mark here. It's not about taxes; it's about being proactive rather than always being reactive to those other cities around us and especially the county and state. I would rather have my own city's laws, in place, rather than having the state or county impose it on us. I think there are solutions, we have people who don't believe in this process of change; good

they can be on a committee of all the residents who come together who are pro and con and make the new changes.

Jackie Wilson: I have been here for six (6) months; I came from the San Jose area and I am speaking up to encourage you to have the dispensaries in the Corporate areas out of town. When they're in the down town area's; we discussed before how it attracts half the medical population and half the recreational population and it seems to create a bad area around the dispensaries.

Mayor Wilson: Close Public Comment Period on dispensaries and testing. We are going to move towards reading of the full ordinance or going over the whole ordinance, is that correct Kevin?

Community Development Director Caldwell: I was not going to go through the full reading of the entire ordinance. I was just going to try and summarize it. Basically the ordinance is made up of a number of components and cultivation being one of them. Currently the way the ordinance is written there would be no outdoor open field cultivation lab within the city. It would be limited to the rural zones and natural resources zones and that would be included in the outdoor and mixed light and be limited to the rural natural resource zones. The rural zones is in the dark green here and the only natural resource zone we have, other than the river bar itself, are over here just above the river which is known as the Mozzetti Ranch.

Mayor Wilson: Mr. Caldwell, I have asked that we have an overlay of this zoning, is that possible to do?

City Manager Knopp: We have google earth but this is the closest we can get to an over lay for the zoning itself.

Mayor Wilson: Do you have anything that show how these zones relate to the city. I know how it's done because I have looked at them on google earth, myself, but how to wrap our minds around it regarding our city verse green lines on pictures; it's not clear unless you really have it explained.

Community Development Director Caldwell: Yes, I can tell you; on the backside of the handout is a copy of the Dinsmore Plateau. Both the rural destination and natural resource destinations and resource destinations that is where agricultural is the primary required and permitted use and that is why the Planning Commission recommended the green house and the mixed light cultivation be allowed in both the rural and natural resource destinations. They are resource land for the most part. They are the Dinsmore Plateau and this hill side as it extends there and then extends down the hill towards the Belleview and Ogle neighborhood as well as that area there. You can see the other natural resource destinations which is the Mozzetti Ranch on the north side of the river. What I have just handed out to you is a copy of an aerial shot of the Dinsmore Plateau. On the front and backside shows what 10,000 square feet of green houses would look like on a five area parcels with 10,000 sq. ft. on each one. What needs to be noted here and I know that there has been discussion at one time is about moving all the cultivation to the north side of the river. Staff doesn't recommend that alternative but staff does support reducing the allowable area where cultivation would be allowed to just those parcels that are outline in red in your staff report (which is on page 93). There is a number of reasons we did that. One, as many of you know, the saw mill site has a number of developmental constraints associated with it, one being the lack of infrastructure, sewer and water services over there and two, we have a brownfield site which I did not find out the extent of the contamination until just lately. Luckily it is not as bad as I thought it might be. It is fairly localized, we have a 10,000 sq. foot limit in the industrial park until a traffic study is required and we also have a flood zone that needs to be dealt with as well. What I suggest is an alternative, if the Council is going that way, we can restrict it to these parcel here that are outlined in red. There are a couple of parcels on the south side of the Rio Vista neighborhood, I guess it is called; and the parcel numbers are #05203109 & #05203113. We limited it to these two parcels here and I think there are seven parcels on the Dinsmore Plateau proper. The big one, parcel# 20507139, which is the majority of this piece here, I recommended for cultivation and should the Council desire more restrictions to either the south side of the property here or to the north side so as not to eliminate potential future residential development plans by the property owner. One of the reasons the property owner would like to be able to do cultivation or create these parcels for cultivation is to generate revenue to help finance his conceptual plan. And what you're looking at there is really a green compact plan development project that includes lots of agriculture land

surrounding the residential development. This alternative I'm recommending would not preclude this type of development. So that is what we are recommending as far as outdoor cultivation. Regarding indoor cultivation, indoor cultivation be allowed in the same two zones. I need to go back a little bit. If you'll look at the map again, this area in green and this area over here is known as the Dinsmore water zone; that is actually in the county's jurisdiction. Many people believe that it is in the city's jurisdiction so we want to make it clear, it is not. This area here between where there is an island and southwest of the Dinsmore Plateau proper, where the Dinsmore water zone is, I think they call it, there is probably closed to twenty-five to thirty parcels that are in the county's jurisdiction, which many residents believe are in the city's jurisdiction. Under the county's regulations, those folks can get cultivation permits up to one acre in size for open field cultivation. We can comment on it, as a city, and let them know as well as show them our ordinance by what we allowed but we really have no claim, responsibility or authority over those lands. As I pointed out on page 92 in your staff report, you can see that it is just a zoning clearance certificate on parcels five acres or more that is required. The zoning clearance certificate is like a business license or like a building permit, you sign up and agree to the conditions and you're good to go. You're allowed 5,000 square feet under this permit. Again, this is outdoor open field cultivation. Under the special permit process, which is basically a permit that is handled administratively, you send out notices to everybody who is within 300 feet of the property and if somebody requests a public hearing, then it goes before the Planning Commission. Most of special permits rarely go before the Planning Commission. They would be allowed to grow 10,000 square feet of outdoor cultivation and with a use permit, they could grow up to one acre in size; which is basically a 200 x 200 ft. area with open field outdoor cultivation. It's the same for mixed light, but not quite as dramatic, and it's also the same for indoor. My point is, by restricting/eliminating cultivation opportunities on the Dinsmore Plateau, there is still going to be cultivation occurring up there whether we like it or not because it is in the county's jurisdiction. And again, we have no authority over those lands so I wanted to make that clear. In regards to indoor cultivation, we are recommending rural and nature resource destinations and of course the industrial commercial destinations. In the industrial commercial, it's a small strip, I think there are eight parcels on Eeloa Avenue which there is really no parcel availability over there and then of course the former Eel River Saw Mills site which has some developments and strengthens. So basically, cultivation will be limited by the size

of your property and how big of a grow you can have. Processing facilities are accessory to processing facilities, basically drying sheds. This is where they will dry the cannabis flowers, process them by trimming and cutting them up and where they remove the leaf from the flower. Those would be allowed again with a conditional use permit as long as they were accessory to and subordinate to the cultivation operation. Stand-alone processing facilities would only be allowed in the industrial commercial destinations. Extraction facilities, we recommend that they only be allowed in the industrial commercial zone. Extraction is the production of a concentration or oil; we have talked about it before and would be allowed in the industrial commercial destinations subject to our performance standards. Commercial kitchens; the Planning Commission is recommending that they be allowed in all of our commercial zones, industrial commercial, the down town center, and neighborhood center and neighborhood commercial; of course the commercial kitchens would produce eatables. We have had a few people speak and ask if they had a restaurant in town, would they be able to produce eatables at night? They should have the ability to do that because they already have a commercial kitchen but it would require the storage of a concentrate, an oil, which I understand that you mix into the batter or whatever they are making, it's really infusing it or so it's called into the eatable product. Distribution facilities will be limited to the industrial commercial zone and once again, I want to make it clear, that everything is based on a conditional use permit which would require a public hearing before the Planning Commission and our recommended performance standards which could be modified based on specific proposals, and based on location or neighborhood concerns. Again, I just wanted to make that clear. And tonight we talked about laboratories and dispensaries and that's my overview. We did make a couple of changes; we included the inventory tracking system requirement by the applicant. They would actually be required to provide that software and then link it up with the city's server so we're aware, in real time, when the products are moving from one station to another. I gave you the language regarding the ordinance and its effective date and with that, that's my summary on medical cannabis land use ordinance. I would be happy to address any questions the Council may have and any questions the public may have through the Council.

Mayor Wilson: Well I'm going to break the mold. I have several questions and comments, I think I only have ten or eleven. The first one is a statement: I think marijuana is valid, in my opinion if we use it effectively with regard to land. What

Rio Dell does here will not change whether or not medical marijuana will be available or whether you can get it at a dispensary. A lot of our discussions over the past seven months has been focused on whether medical marijuana was good, what it can do rather than focusing in on the land use issue. Somewhere around the point of the track and trace I began to see an opening in this process for diversion of medical marijuana. Accordingly to the County's numbers based on \$1 sq. ft, they estimate a two millions dollar boost in revenue. That constitutes approximately two million sq. ft. of cultivation. I'm not an expert on cultivation but even if you're doing one grow per season, that would result in 250 thousand pounds of medical marijuana. One of my questions, that lives in my mind, and this is something people in the community have asked very blatantly about, just how much use is there for medical marijuana verse the question of recreational use? If you can guarantee that all the marijuana that's produced, all eatables and other items would go strictly to medical marijuana use, I would be fine with that but I can't be convinced of that. The more I read the internet, it doesn't take me long to continue to find study after study to the contrary. The other big issue I have is the staff that Rio Dell has. We have a staff of 16.8 people. We just passed on our budget and the way that budget is broken up, there are three major areas where we spend our money. The big one is the general fund for our police department and that is comprised of five Police Officers, including the Chief. That constitutes 30% of our employees. The rest of our system, to me it appears that we're kind of a big utility. When we breakdown the rest of what we do, it boils down to water and sewer. 70% of the City Manager's time is devoted to water and sewer. There are four people in the finance department and 70% of the finance department is devoted to water and sewer. We have five people in public works, a water superintendent, a wastewater superintendent and a wastewater operator and two utility workers. The biggest portion of that time and expense is devoted to water and sewer. The City Clerk, 60% of her time is allocated to the City Manager which is 70% allocated to water and sewer. So when we finally boil that down to what is left, we have Mr. Caldwell's position 30-40% of what is left for our people. Previously we received a grant from measure z monies (2015) from the county for a compliance officer. The original idea was to take someone out of the main office, 24 hours a week, put them in the police department to do code enforcement and that proved to really put a stress on the finance department, so they brought those ladies back into the office and we hired a part-time individual to do code enforcement. With that, it seems that our office staff is pretty busy with what they are already doing and to add this stuff to

what is already taking place for medical marijuana issues with processing permits, whether it is collecting money or talking in the cash for tax measures would bring into the city on a regular basis. It's all done on a cash bases because you can't put it into a bank account because it is a violation of federal law which is a violation of federal banking laws. So at this time, I know that there has been a movement to change that and I know it's been talked about but at this time it will be cash. In our discussion, last meeting, there was a comment made that a 100,000 square foot they would probably make about a million dollars and we would receive 10% of that with the current tax rate we were proposing which would break down to about \$8,000 per month. Again, I don't profess to be an expert but on a 100,000 sq. ft. grow, one cycle would probably net you well in excess of \$10 million dollars per grow and you could do three (3) plus of those a year, if you so desired. This is an astronomical amount of money involved in this process. When we talk about land and the fact of availability, that doesn't matter if it has already been bought up and built. The people who want to buy the land have tens of millions of dollars. I talk to people on a regular basis and they tell me stories that are unbelievable. One of the questions that I cannot answer for myself (and I will give someone the opportunity at some point) is why would I come to the City of Rio Dell and pay a 10% tax when I can go out of the city limits, in a spot that was just talked about, I could go north, south, east and west and be in the county and only pay \$1 per sq. ft. and if they're lowering it fine. I have less of big brother in my pocket and I don't have to go before a Planning Commission. The Planning Commission is high on my list. We are constantly trying to keep a quorum on the Planning Commission so we can meet. We have added a new position of an alternate to our Planning Commission so we can keep a quorum on the Planning Commission. Now we want to add to the current Planning Commission additional number of conditional use permits. So everyone who comes and applies here is going to have to go through this conditional use permit process. This will put a burden on our Planning Commission. That's just kind of the crucks of my questions. What I'm really saying, is from my personal view, it's just too much for the city to take on also all the regulations we don't understand. The states fully not getting into this and officially they're making rules and changing rules; track and trace came and told us that we can no longer put a hard coat on an individual plant because the tag was too big to put on each individual plant so we're going to put it on lots, so there's room to divert this stuff. If we're trying to work out issues with the ordinances that we cannot enforce, and when we want to try to enforce ordinances with people who have bulk millions, I

mean millions of cash, for lawyers and try to run a staff that is already taxed unless we more hire staff. To me, the biggest issue is to put this burden on the city and not know what will happen to this community, I don't know what they'll do, positively other than grab this giant bag of money, I think it is really a dream, that we're really not going to get the money but on the other turn there's going to be a handful of people or a large handful of people that will make millions of dollars, I'm not prepared to watch my city be that experimental so I am just saying, for the record, that we can move on and open this up to public comment but this has been my time to say that I'm not going to say I'm not going to vote No, I would put another word in front of it but I don't think our city needs this at this time, until it is more established and we understand the impacts to Rio Dell. At this point we're going to have a thirty minutes of Public Comment. Please respect the three minute timer and try to be civil.

April Hubner: I'm the second/third grade teacher at Rio Dell. I'm just going to read this letter, it will be shorter. (see attachment 1). In regards to the 10% tax and the fact that Mayor Wilson has already commented on why I would want to come to Rio Dell when I can grow it outside, I personally teach here but I live in Holms Flat. Since the county passed it ordinance, poof it has exploded. My neighbors, where I live, were already growing it but now it's even bigger than it was before. It's in your face, it's all over the place. I can tell you that my neighbors are not going to come to Rio Dell and start growing and pay a 10% tax. It's already lucrative out where we live. I just wanted to second that.

Tom Bertain: My name is Tom Bertain and I live at 75 Fern Street. I am opposed to the medical Cannabis Ordinance being considered. (see attachment 2). Thirty years ago there was an insidious movement to change our culture, heritage and values in the City of Rio Dell and Scotia. We had a subverting element come into our community and we have not recovered totally from it. The takeover of Pacific Lumber Company that affected many of us and we are still suffering from that today. The medical marijuana ordinance basically is the same thing.

Dean Smithers: I just want to make one comment. I heard some good truths from everywhere. I kind of looked at this objectively, you're a city in state of California. The state is developing these regulations; it's just like your housing element. We all have personal preference, we don't wanting apartments next to us or whatever, but as a state and we as a city, you agreed to follow these rules

and that's what we are really talking about. They are really giving you an opportunity, even though it is confusing, to develop your own regulations. It's going to happen; I think one gentleman kind of hit the nail on the head. I think the Mayor had a good reason, who consumes this? This has to be consumer driven. I am almost at retirement age and I never saw a marijuana plant until I starting working in Rio Dell so there has to be a lot of people out there consuming it that's not here, in this room, and not down some alley somewhere. Somebody is using it. As far as the 10% tax, I'm not sure what the 10% tax is on but I heard on the news tonight that the county had reduced it from \$6 dollars to \$4.50 a sq. ft, that seems pretty high as a business point. Whether you abdicate for medical marijuana or not I think what we're talking about is the medicines. This gentleman back here, the pharmacy tech talked about this being a gate-way drug, it probably is. When you've got cancer, you're not thinking about going out and smoking pot then all of a sudden you want something more, you're going to get the OxyContin, which is even worst. So I kind of look at it like the housing element which is really similar. How many hours do we spend on the housing elements, whether you're a city or the county? I can call Arcata or Humboldt County, they spend hundreds of thousands of dollars and years to do it and by the time they got done, it was outdated and some people lost their jobs over that situation. If you guys actually decide to do dispensaries, I don't think I would restrict the deliveries because the person on the other side of the line is going to deliver to the town and you're going to lose that opportunity. So If you give me the power to tax it; I would look at the rest of the county to see what their tax rate was and I would stay under it as to give them the incentive to come to Rio Dell as a business person. The crime in Rio Dell is not the marijuana; it's a lack of opportunity. I can say that there are some good arguments here but I'm looking for solutions, it might be the gold egg but what do you have in a way to provide opportunities for these young people? That's what I'm looking for. I can support all these argument but people need jobs. Even during the Gold Rush, very few people found a lot of gold it was the person selling the shovels who got rich. I kind of think that's what is going to happen, I don't know if they're going to make tens of millions of dollars off a 100 sq. ft., I'm waiting to see. I think the Dodge dealership is getting rich locally. I have a lot of rentals down here and other places and every young person has a nice Dodge but I don't have one, that's who is getting rich. I would like to see some of this tax dollars go for retaining these cannabis workers when this is all over. It's just like alcohol, nobody is

trying to sell you a beer out of the back door anymore because it's worthless. We don't have those problems like we did in the thirties and forties.

Mayor Wilson: I have a letter that was mailed to me a few weeks ago; I see that the author of the letter is here, if she would like to read it that fine or I'll read it. This letter is from Anita Horner (see attachment 3).

David Bridge: I'm from Lost Coast Research. Kevin, you asked a good question, Why would I come to Rio Dell? Well I come from Rio Dell. I have been in Humboldt County for about ten years and have watched Rio Dell for a long time. A lot of the actions of Rio Dell have been reactionary rather than proactive. Humboldt County and a lot of the cities, in this location, have the opportunity to put something on the books that allows them to be in a place they have not been before. A place where they can be proactive against the state whether that means anything to anyone else, it's important to me, it's something that might not happen again in my life time. Let me tell you a story; I tried to hire a chemist recently for more than a living wage but he was recruited by someone down south who paid three times more than I could pay. I couldn't get something started quick enough and because he could get that money now so I lost him as an employee. There are people here who want to do this as a job, and make it legitimate. They should have the ability to do that and the state made a way for that to happen. I have shared my porter graphs, something Rio Dell could use, it's strategically located on highway 101, Half an hour from Eureka and half an hour from Garberville, and it's a good thing to have, something that is centrally located in Humboldt County. There was a statement made about a one half time employee hired for overseeing four different dispensaries, that doesn't seem that bad to me. So there is four people proposing to do this with a half time employee. I suggest we get something on the books and to be first movers in this industry so that we make a difference. Not getting into the industry until 20/20 when there is a bunch of new stuff to deal with but having the ability to be ahead of the industry and to create something that can be sustainable. If we wait and be reactionary, we will be so far behind the law; we won't be able to create anything. I am an advocate for Humboldt County and I want as many people to be given this opportunity but If you guys don't do it, I don't know if people will even come here..

Debra Bare: Everybody can get marijuana if they want it. I don't really care about the dispensary but I do know, in Rio Dell, every five blocks has marijuana already. But what I do want to say, I took care of three people I loved who were dying of cancer. It was much better than all the other drugs they were given. My husband, my mother and my nephew all used marijuana, I think it is a lot safer than all the other medications they were given. As long as it is being used from medical and not recreation than it would be okay to have a dispensary.

Faith Hansen: I want to remind you of what I brought up before; it has been said that the state is coming down with regulations and that is true. I spoke with Fortuna before I came the first time and asked them what their plan was and they chose to ban it. There was a deadline that each city and county needed to meet or they would fall under the jurisdiction of the state regulations. To avoid that, they chose a ban but that gave them the option, down the road, to revisit this as needed but it also gave them the option to follow their own rules rather than have the state impose them. I personally I don't want this in our town, I am sure you're aware of that but by banning it and not making us the Ginny pigs, I think is a smart move. Just as the mayor said, it gives us the opportunity to revisit it. Our town is little and it would be a lot of extra work on your staff around here and we also talked about the county and the extra seven to eight hundred hours that they have spent on all of that; implementation and questions about all of that. I was also a pharmacy tech for seven years, before my son was born, and even then I was aware that you could get pot in a pill. I understand there is a need for medical marijuana for some people but I don't know why medical marijuana cannot be done between the doctors, pharmacies and patients like any other prescription. Also, 215 is all around town and I have called the city and spoke with somebody about the mom and pop grows that have been happening around me; I was told that basically they would not be fined and nothing would be done about it. The Police Officers, would spend too much time on arresting people, taking them to the county jail because they would just be released; so if you cannot monitor the 215, which is supposed to be growing indoors but is growing outdoors, how in the world are you going to have the man power and money to monitor all this commercial stuff?

Teisha Mechetti: I am a local resident and property owner, student, mother and business owner and cannabis user. I use cannabis for systemic condition, I am a completely productive individual and it doesn't alter my state of being, despite the

many common misconception that there might be. I know I don't need to clarify that to the Council. I have lived here for three years and I have been extremely disappointment by the lack of development in this community. We have seen the Dollar General come through and I fear we are going to see more box stores come through before we see more local businesses stimulated by imposing this ordinance. By passing this ordinance, you would give more small business owners the opportunity to legitimize their small business operations. You can give the agricultural land owners more opportunities, despite the zoning. In addition there was a little talk about taxation; I work with the California Gardner's Association and also with some independent consultants, in the area, of the county proposed taxation. There are some issues and a lot of them stem down to taxing per square foot. From a farmers stand point, if you lose half your crop or you want to fallow your field; you're paying an unnecessary tax. Things happen when you're farming so a value based system might be something more to consider when imposing this type of tax and once this ordinance is actually in place (through a tracking system obviously.) The county's taxation bracket run between 1% to 4% rather than the proposed 10% tax and again people are not going to be encouraged to purchase a cultivation license with a tax that is prohibited; and due to all the remediated and environmental costs of clean up, road improvements, building developments and additional permits through the city as well as the environmental departments. In addition, there is an issue that is pertaining to the allowable zones for cultivation. We have a lot of flat lands here that would be suitable for agricultural and productions right now. They sit as grass lands where there might be a house on it. If you were to increase the allowable zones to the suburban or urban residential as well as natural resources, it would increase the values of those properties and that would encourage them to improve them, possibly sell them or potentially use them for other things. That pretty much covers it but I speak to the Council as well as the public, times have changed. This is happening with or without us; the MMRS is in place so if we don't grab it by the horns, now, it's going to it slip from our finger tips.

James Cortazar: I have a business in the town center that I'm hoping to rent out. I have had a lot of interest in our town and I can see that it has lots of potential. I am looking forward to seeing that potential exercised. I think we should embrace this opportunity to move us from this steep economic depression, we are facing and living in, to lots of people filling our stores, businesses and new ecotourism

that's driving our area and we would welcome it here if we allow it. I just don't want to see this opportunity wasted and our stores continue to stay empty and our city continue to be in recession/depression when we absolutely have a unique time and place to grasp this great opportunity with this new industry. One that is already here and cannot be avoided. The state is going to come in ultimately and allow it and we're not taking full advantage of the opportunity right now. I hope you guys do everything possible to expand our opportunities in this new industry and not deny the obvious.

Dean Smithers: I would like to address the former speaker; she was asking why the local law enforcement, (not necessarily the Rio Dell PD) but other local law enforcement agencies as well cannot enforce it? This is why we are having this discussion tonight because every level of law enforcement has felt it. So after a while when the Federal and State Governments cannot enforce a law and they discover what every other agency is doing, the state changes the law and that's what we have here. Councilmen Thompson brought up last week about DUI's and Fortuna was talked about. The county has approximately twelve to thirteen DUI's, do you know how much that costs? It's about \$10,000 per DUI as an employer of a construction business. That's about 1.2 million that the Sheriff's office is getting and who pays that \$10,000? The person who gets the DUI. So Fortuna compared to Rio Dell. I want Rio Dell to be their own city. Fortuna is smart in a sense; they are the poster child for the DUI people. Because they have a grant writer and part of that enforcement money, from the check points, pays for the City Manager, attorney's fees and that's where they are getting their money so I am sure on this cannabis, there's going to be enforcement monies included in this. I don't believe anyone is asking the city or county to take on all this additional work without receiving additional income so we are going to access this money, that's why I'm concerned because the people writing these tax measure are engineers, biologist and geologist, and all the money is going for watersheds and what about law enforcement? The DUI is a terrible thing but it is a revenue source for many government entities.

Mayor Wilson: Closed Public Comment:

Councilmember Thompson: Asked for a break. We have been sitting here for two hours.

Mayor Wilson called for a brief recess at 7:58 p.m.

The meeting reconvened at 8:04 p.m. at such time the Mayor called for Council comments on the MCLUO.

Councilmember Thompson commented that during the past 25 years, this period of time has probably been the most difficult as a councilmember and noted that he has served both as a planning commissioner and a city councilmember over a span of several years.

He noted that over the past 15 years, through several City Councils, \$35 million has been put into improvements in the City. He said Rio Dell has the best water and the best wastewater system around which is environmentally friendly which everyone can be proud of.

He said the Council is now being asked to consider something that he feels will destroy the City. He went on to say that he firmly believes that if the proposed MCLUO is approved, the City is going to see third and fourth generation citizens selling out to go somewhere else. Also, property values in Rio Dell are going to go up so high that low income residents will no longer be in the picture; it will be all those who are involved in the drug industry and that is not something he wants to live to see happen in the City.

He stated that the simple thing is that there are proven facts from reports from other states to say that drug use by adults is going to increase with legalization of marijuana which will affect families with children. He said there will be problems in schools which will take more enforcement noting that one to two kids disrupting the classroom sends overall grades downward. He noted that Rio Dell has one of the best school systems around and has won distinguished school awards as well as having dedicated teachers. He said he has requested meetings with representatives of the school to discuss potential impacts to the school and the kids but so far it has not happened. He added that he talked to Leslie Yale, School superintendent who said they are looking at spending \$93,000 to hire a school counselor so what we're

really talking about is that \$200,000 is needed just to deal with the consequences of school kids because of marijuana use in the home.

He said the thing that is amazing to him about this issue is approximately 30 years ago (as Tom Bertain mentioned), environmentalists came in and they were everyone. He said there was a massive amount of destruction going on to our land and forests noting that 5 years ago, the Humboldt Waste Management Authority had no means to take care of the waste that was and still is being dumped everywhere and this year spent \$200,000 going around cleaning up waste.

Councilmember Thompson responded to Dean Smither's comment about alcohol and said people are saying that marijuana is no worse than alcohol but pointed out that alcohol is a problem in Humboldt County and pointed out that the cost for drunk driving deaths in the United States today is \$199 billion. He said everyone talks about these people that are going to make millions with the City collecting 10% of that. He said that little 10% that will go to legal fees is no match for the 90% of the net profit that is left.

He said for the City to think they are going to write zoning laws that 100% of the people are going to adhere to is not realistic. He said there is always going to be someone out there trying to do something under the table to make a few extra bucks.

He stated that he personally will not support the MCLUO with any cultivation activities in Rio Dell south of the Eel River Bridge. He referred to the map included on page 93 of the council packet which staff provided as an alternative in restricting cultivation to particular portions of the Dinsmore Plateau area. He said it blows him away to think cultivation could occur to that degree within the Dinsmore Plateau area as it will literally destroy that beautiful country as it is today.

He further stated that the Council has asked questions and was told that “well that’s not in place yet and has to be planned out for 4-5 years down the road.”

He said he is a person that would like to see the roadmap before he begins driving it and doesn’t feel that moving forward with the kind of information that has been left hanging out there is something the Council should do. He stated that no one is going to convince him that it is the best thing for Rio Dell.

He noted that there is so much more he would like to say but wanted to point out that probably 99% of the proposed ordinance he doesn’t like. He recognized the fact that the Planning Commission as well as staff did the best they could to bring a proposed ordinance to the Council that they felt was a good ordinance. He said if the City was merely a corporation and staff was reporting to the Chairman of the Board about implementing something like this without having all the facts, staff would probably all be fired. He said the City is not a corporation so the City Council has to do the best they can for the community and he sees nothing good coming out of this.

Councilmember Thompson pointed out that because the City allows for 215 grows in the City, everybody will be able to get their medical marijuana. He said people talked about all of the other marijuana products produced today that he wasn’t even aware existed and said he finds it amazing that people would take that stuff and call it living. He referred to a letter he got from someone that said they like to have marijuana around so they can take a nap. He said he’s retired yet has a problem staying awake because he is always on the go doing something and gets tired; he certainly doesn’t need marijuana or anything else to help him go to sleep. He noted that he reads probably 300 pages of material a week which usually does the trick.

He ended by saying that he will be voting against adoption of the proposed ordinance, he is not convinced it is the best thing to do for the community, feels it is five years too early and that there needs to be a better roadmap.

Mayor Pro Tem Johnson began by thanking everyone for attending the meetings and said between the Planning Commission and City Council there have been a dozen plus meetings talking about medical cannabis. He said he attended three Planning Commission meetings himself because he was eager to learn and virtually every day

he read what was happening on the internet. He said he pretty much read an entire encyclopedia on medical cannabis. He said from that, his eyes have been opened greatly as to what medical cannabis is and what it can do.

He stated that the Mayor rightfully so has some concerns about the ability of City staff to adequately handle the onslaught of people coming into the City with medical cannabis related issues. He recalled hearing from both the Community Development Director and the Finance Director that for staff to handle the four or so people coming in to make monthly tax payments or four or so Conditional Use Permit applications to process for the Planning commission's review was not an extraordinary task for them. He said if he somehow heard it wrong, would like staff to correct him.

Community Development Caldwell responded that staff had been contacted by four or five perspective applicants in the beginning; since then one of those persons has apparently gone elsewhere so there are really only four interested applicants at this time. He said staff does not anticipate a huge onslaught although would like to think there would be for the revenue source of course but doesn't see that happening.

Mayor Pro Tem Johnson shared a story about a close personal friend he had known for 50 plus years that was diagnosed with esophagus cancer. He said they started removing sections of his esophagus to the point that his stomach was no longer in the same place. He noted that he went through four or five surgeries as well as chemotherapy, couldn't keep food down so lost a lot of weight. Towards the end, the only relief he could get was with medical cannabis which helped him keep food down and keep weight on.

He said there was also a young man who was the pastor of a thriving church in Eureka who began suffering with migraine headaches which left him incapacitated and unable to continue as pastor of the church. He went from clinic to clinic including the Mayo Clinic to try and find some way to relieve the migraines but was unsuccessful.

He said Alonzo mentioned at a meeting that he lost a day of his life due to his medical condition; his friend lost probably 15 or 20 years of his life including the time of his children growing up because he was in bed with uncontrollable headaches. He said about 5 years ago he and his family moved to Washington State and he has begun taking medical cannabis for the migraines. He now has a worthwhile quality of life and it's not other drugs; just medical cannabis.

He continued by stating that he has learned a tremendous amount in his reading about medical cannabis and said in cannabis there are hundreds of compounds that are referred to as cannabinoids and not all of those are hallucinogenics or mind altering. The people that say they clone cannabis plants to get a very high ratio in the extremely helpful parts of cannabinoids and very small amount of THC which is what is referred to as the "bad actor" in the crowd.

He said he thinks of it as a bushel basket of 100 apples where 99 of those apples are really good and one is really bad. He said some people are going to try and throw out all of the apples because of one bad player.

He said he kept an open mind throughout the whole process which has gone on for months (since December, 2015).

Mayor Pro Tem Johnson then referred to an interesting article he read about childhood epilepsy and invited everyone to read it. He said these kids, through no fault of their own have epilepsy and modern medicine just doesn't do anything good for them at all. Doctors basically told parents of these kids to take them home and make them comfortable. Some of those good folks have tried medical

cannabis and said in Colorado they have come up with a compound with 20 parts of "good actors" and one part of THC. Of the kids that are taking this compound, some are getting a minor amount of relief; some have experienced 50% of their seizures are gone with seizures less violent; whereas some kids actually have 100% relief from seizures. He pointed out that modern medicine sent them home to die; medical cannabis gave them a life.

He ended by stating that he will save any rebuttal for later.

There was applause from the audience.

Councilmember Garnes made a motion to adopt Ordinance 342-2016 Establishing Medical Cannabis Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code (RDMC) including the amendment as illustrated on page 93 of the Council packet, to restrict cultivation to the former Eel River Sawmill annexation area and outlying area of the Dinsmore Plateau outlined in red, and limiting dispensaries to a total of three. Mayor Pro Tem Johnson seconded the motion.

Mayor Wilson questioned the reference to page 93 of the Council packet.

Community Development Director Caldwell referred to the map and explained as he understands the intent, it would limit cultivation to the nine (9) parcels identified on the map.

Mayor Pro Tem Johnson stated that some have voiced concern that this will be the ruination of the City and that environmentally it will essentially become a trash dump.

From what he has read in the proposed ordinance and staff reports he thinks there would be more than adequate protection for the environment.

Councilmember Marks had no comment.

Mayor Wilson agreed that medical marijuana is a valuable drug, perhaps even a super drug and a fantastic commodity put on this earth for folks that truly need it.

He commended staff and the Planning Commission for their efforts in bring forth the Medical Marijuana Land Use Ordinance (MMLUO) but putting all of that aside, to place marijuana activities in the City of Rio Dell anywhere on this side of the river is something he can't support. He said in looking a the four (4) proposed applications, it would essentially allow 10,000 square feet of greenhouses which gives lots of opportunity for people to cultivate. He added that it's just not adequate as a City to try and outsmart people who have lots more money.

Based on that, he called for the vote on the motion on the floor.

City Attorney Gans stated that as a point of clarification, the amended language regarding the effective date of the ordinance that says that this ordinance shall not become effective, or otherwise have the force and effect of law, unless the subsequent business tax is passed by the electorate. He then asked Councilmember Garnes if it is presumed to be part of the motion in which her response was that it was.

The motion failed 3-2 with Mayor Wilson, Councilmember Marks and Thompson casting the dissenting votes.

REPORTS/STAFF COMMUNICATIONS

City Manager Knopp provided a written staff report and clarified that the Community Garden which was a topic of discussion earlier this year was unable to secure insurance so at their request, staff shut off water service to the garden so the project is closed down. He noted that staff will continue to work with the Community Resource Center next year to possibly reopen the community garden next year.

Nick Angeloff reported that he actually is looking into his own insurance options and will be receiving a quote soon so things are looking pretty positive at this point to get the community garden reopened next year.

City Manager Knopp continued with his report and stated that water restrictions remain the same and Stage 2 restrictions remain in place and essentially encourage residents to refrain from waste of water but the risk is certainly not as heightened at the level it was in the summer of 2014.

He said regarding the Habitat for Humanity parcel, staff issued a Notice to Abate and the property owner has been given until July 5, 2016 to remedy the situation. He said to further motivate action; staff may be issuing fines and penalties if necessary and agreed to keep the Council informed on the status.

He then reported that potential development of the former Eel River Sawmill site may necessitate a traffic study regardless if that site is the subject of medical marijuana. He said staff recently found out that the grant application to the State to cover the cost of the traffic study was denied. He noted that staff continues to gather information on potential development of that site and has an estimate of just less than \$14,000 to complete the study which the Council did approve in the FY 2016/2017 budget.

He then reported on the increase in graffiti activity throughout the City and said staff has been addressing the removal of it on public spaces.

He further reported on the mechanical issues with the City's riding mower and said the repairs are underway and hopefully the mower will be back this week so mowing can commence. He noted that in the next budget cycle, replacement of the mower will probably be necessary.

City Manager Knopp also provided a memo from GHD regarding the Wells Project bid and said as the Council is aware, staff has been working with GHD on retuning the bid application so to be applicable for more state grant money for the project which added some significant delays in terms of getting the project out to bid. He said the City did receive three (3) responsive bids with Wahlund construction coming in the lowest at almost \$1.4 million for the total bid. He indicated staff will be coming back to Council with some additional bid options prior to award of the bid and noted the bids are good for 120 days.

Finance Director Woodcox stated that she had nothing to report at this time.

Community Development Director Caldwell reported that the next regularly scheduled Planning Commission meeting on July 26, 2016 will hopefully include update of the Safety Element and the Noise Element. He also reported that he has been working on update of the Planning and Building sections of the City website and should have the updates completed soon.

COUNCIL REPORTS/COMMUNICATIONS

Councilmember Marks commented on the Habitat for Humanity parcel on Monument road and said staff noted that the City “may” be issuing fines and said it should say “shall” be issuing fines as it has been on ongoing issue for way too long. He said something has to be done because it can’t go through another winter the way it is.

Community Development Director Caldwell explained the City will start issuing fines even if the City ends up abating the problem. He noted that the City will likely end up with the property as he believes they have no intention of making those improvements on a parcel that basically has no value.

Councilmember Marks stated that they own and they should fix it whether the City ends up with it or not.

Councilmember Thompson asked if the City has the authority to go beyond fines; possibly imposing jail time for the responsible party(s) noting that it is a hazardous situation and someone could potentially get killed there if the improvements are not done.

Staff indicated that Merilyn Ross is the local representative for Habitat for Humanity and staff has continued to be in contact with her regarding the situation.

Councilmember Marks noted that there a quite a few trees in the gateway that look pretty sick and questioned whether staff has any plans for addressing the problem.

City Manager Knopp indicated the crew would be out the following day to address the issue and get the trees hydrated.

Tim Stack offered to donate the City ten (10) T Pee tree cones which is a water containment system that fits over the base of the tree and conserves water. He said he would drop them off at City Hall.

Mayor Pro Tem Johnson reported on the June 16, 2016 LAFCo meeting and said his term on the LAFCo board was confirmed for another 4-year years.

He also reported that at the HCAOG meeting, the board introduced a 20-year Humboldt County Transportation Ballot Measure Expenditure Plan for the November ballot with a half-cent sales tax that will generate approximately \$10 million a year for local road projects. He said what that means to the City is that Rio Dell will contribute \$80,000 in taxes and receive \$190,000 back so it is a very good deal if passed; and much better deal than the legislation proposed under SB1 where the City would only get less than 50% of the tax collected by the State. He noted that Marcella Clem, Executive Director of HCAOG is expected to provide a presentation to the City Council at the July 5, 2016 meeting.

ADJOURNMENT

Motion was made by Johnson/Garnes to adjourn the meeting 8:46 p.m. to the July 5, 2016 regular meeting.

Frank Wilson, Mayor

Attest:

Joanne Farley, Acting Clerk

Dear Council,

When I spoke with the finance director Janette, from Arcata, she stated that though the taxes collected from their medical cannabis dispensaries was a short lived boost to their general fund, it by no means compensated for the amount of expenditures for the time used by city personnel on the project. She stated she could not recall the amount of hours spent on it. When referred to the community development department, Joe stated the gentleman who headed the MMIZ project up initially spent hundreds of hours on it. He himself said he had a role in it among many others and could not even begin to calculate the time spent on the project.

With that in mind, seeing as the Rio Dell city personnel have many other obligations listed in their job descriptions outside of the commercial cannabis ordinance, I don't see how they can, in good faith, thoroughly perform all their descriptions plus the ordinance project with out the hire of more personnel, as Arcata has already hired on an additional half time employee to help with the implementation of the MMIZ and permitting process. In turn, more costs for new and/or existing personal has to be evaluated when embarking on such a project.

It's my understanding the council has, at their request, heard several perspectives from doctors on medical cannabis, namely the benefits medical cannabis has had on some of their patients. I am also aware any individual can already receive medical cannabis in a pill form from their their local pharmacy, seeing they have the prescription from their doctor. Or seeing as the city has already passed the ordinance for personal grows, a citizen can plainly get their own 215 card and grow themselves.

Lets be honest, you already know the negative effects and now some benefits from medical cannabis usage, but thats not what the discussion is about! It's about whether or not you want it in YOUR TOWN! I clearly DON'T!

Hubner's Felt → why 10% tax
Regards,

April Hubner

TUESDAY 6-21-16

My name is Tom Bertain and I live at 75 Fern Street.

I am opposed to the Medical Cannabis Ordinance being considered. It is not a good fit for the city of Rio Dell nor for its citizens.

Two weeks ago I talked to a council member from the city of Fortuna and asked why Fortuna was not considering such an ordinance. Response was “an unmarked path into a quagmire.”

Since the last meeting I have talked to three medical doctors about medical cannabis and they said they would not recommend its uses to their patients.

The May 12, 2016 edition of the North Coast Journal had a paid advertisement from the Humboldt Patient Resource Center, 980 6th Street, Arcata stating the benefits of medical cannabis. However in the ad there are two significant sentences: “...many patients are choosing non-psychoactive salves and topicals that can be applied to the skin and joints without changing patients state of mind.” And “ Lower dose THC strains are allowing patients to use medical cannabis for their ailments, but not overwhelming their sobriety and taking away from their state of mind.”

Not everyone can control the alterations of their mind. How do you control alterations of the mind?

We see what overuse of mind altering drugs or prescriptions can do to users. It is not always a pretty picture and can effect the tranquility and peace of a neighborhood or a town or city.

The tax revenue forecast is deceptive , seductive and without verification.

The Golden Goose may be a hallucinatory dream demeaning our heritage and leading our city to social, cultural and financial pits that will take years to recover.

What will be the benefits or harms to your decision?

Low Dose Cannabis, Activity, & Well Being

As more patients across the country and globe are become familiar with the benefits of medical cannabis there is a larger community sharing their experiences around the use of this medicine. Through processes of safety and cannabinoid screening available at Humboldt Patient Resource Center (HPRC), patients are finally able to identify the cannabinoid ratios contained within their medical cannabis.

At HPRC patients can find selections of medical cannabis in a wide range of potencies (THC 5%-25% on average/ CBD 0.5%-16% CBD). Patients in severe pain or with extreme nausea comment on the benefits of high THC strains. Patients with arthritic pain and inflammation comment on a blend of THC and CBD being the most beneficial. Patients with social anxiety disorders or epilepsy comment on low THC high CBD being the most beneficial cannabinoid profile for their medical needs. Many of our collective's patients are sharing their positive experiences with the use of low dose THC (THC < 13%) and higher amounts of CBD (CBD >2%) accompanied with some sort of physical activity.



Organic Food from the Farmer's Market

In addition to low dose cannabis that may be ingested or vaporized, many patients are choosing non-psychoactive salves and topicals that can be applied to the skin or on painful joints without changing patients state of mind. These non smoking alternatives are picking up popularity with many of our local patients, allowing them to feel well enough to get back to their day to day activity.

Humboldt is a great area to get up and get out into nature and activity. As patients are finding the right combo of medicine for their ailments, many individuals comment that their physical well being is improving enough for them to take a walk again, practice yoga, go for a hike, or even be in a crowd in public. Lower dose THC strains are allowing patients to use medical cannabis for their ailments, but not overwhelming their sobriety and taking away from their state of mind. The best feedback from our patients is that their use of cannabis has helped them get back to being normal and productive life and they are avoiding adopting sedentary lifestyles.



Patients in Arcata can take advantage of the many beautiful outdoor destinations including the Arcata Marsh, the Community Redwood Forest, the beach, Hammond Trail, or even a picnic in the Plaza. There are also great activities like enjoying local music, performances, Crabs Baseball games, Farmer's Market, and the many festivals we have in town! Getting into the sunshine and enjoying the company of other community members is a great medicine!

Patients should always take caution when using their medicine and not operate heavy machinery. Hike with a friend whenever possible. As always, respect local laws around public consumption and respect others around you. To find out more information around the use of medical cannabis stop by HPRC to talk with our experienced and friendly staff!

The information presented in this article is not to be considered medical advice and is for informational purposes only. Always work with your primary care giver when making decisions about medicine use.





**HUMBOLDT PATIENT
RESOURCE CENTER**

980 6TH ST., ARCATA
707-826-7988 • hprcarcata.com
Mon-Fri 10am-6pm • Sat 11am-6pm



May 21, 2016

Mayor Frank Wilson

Rio Dell City Council

Rio Dell Ca.

Mayor Wilson and Members of the Rio Dell City Council:

The city council has many things to consider while trying to negotiate the ups and downs of a slippery economy and the many requirements placed upon it by other agencies and still be able to govern our small city. This must be extremely difficult and I want to say that I appreciate your efforts and dedication.

I have on rare occasions attended meetings over the years and appreciate the dedication required to serve there.

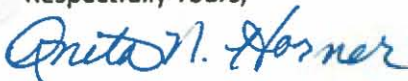
We moved here in June of 1970, purchasing our home on Riverside Drive. We raised our family here, and I still love our city. It has always been safe, and I have only had a couple of things stolen over so many years including some gas siphoned out of our car in the 1970's and a small light fixture left out recently. In my opinion Rio Dell has had an undeservedly bad reputation over the years. Even though there are those who have struggled with addictions, people have always been genuinely kind and helpful. I taught first grade at what is now Monument School and enjoyed the wonderful help of supportive, caring parents who represented all levels of income.

All that is to say, I value our city greatly. I appreciate that what we have here is unique and special.

All around Humboldt County are shells of people walking around with no purpose except to find their next fix. Please do not approve the proposed marijuana ordinances allowing for the sale, growth, and distribution in our city. While it may make financial sense in the short term, it will only hurt our community eventually. Some of our residents already struggle with tobacco, alcohol, and illegal drug addictions. This will invite the further waste of more lives. These ordinances will simply attract more of these broken individuals without providing the necessary support systems to help them escape their dependencies. We have witnessed the toll this exacts on cities larger than our own and cities with more resources available to combat this growing infection (Eureka and Fortuna). Crime and waste is the result.

Why not make Rio Dell a respite from this growing trend? Our community can be valued because it has avoided the easy slip into supporting the drug culture. Our reputation as a place of safety can be established. Sometimes the obvious choice (greater tax revenue) is not the best answer for a city. The costs and long-term consequences of these ordinances is measured in financial terms and in wasted lives. Please do not approve these measures.

Respectfully Yours,



Anita N. Homer

ATTACHMENT 3

CITY OF RIO DELL CHECK REGISTER

General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
4744	5/05/2016	[3098] 707 AUTOMOTIVE	REPLACE FAULTY EGR SENSOR, UPPER BALL JOINTS,	804.93
4745	5/05/2016	[5750] AERO-MOD	BELT PRESS	6,099.20
4746	5/05/2016	[2285] CC MARKET (1)	THREE GALLONS BLEACH	37.49
4747	5/05/2016	[2302] CLYDE'S TOWING, INC.	BIRTHDAY CAKE FOR THE MONTH OF APRIL 2016 VEHICLE ABATEMENT TOWING	300.00
4748	5/05/2016	[4195] DIAMOND PLUMBING & DRAIN CLEANING	VEHICLE ABATEMENT TOWING INSTALL TWO NEW SEWER LINES TO THE MAIN SEWER	5,350.00
4749	5/05/2016	[5440] DOLLARHIDE, MALLORY	CUSTOMER DEPOSIT REFUND	6.66
4750	5/05/2016	[2366] EEL RIVER DISPOSAL INC	GARBAGE BAGS FOR APRIL 2016	578.95
4751	5/05/2016	[2407] FORBUSCO LUMBER	4 x 8 CDX PLYWOOD; 8- 2 X 4's; SCREWS	64.77
4752	5/05/2016	[5052] GHD, INC	ENGINEERING SERVICES FOR BELLEVIEW DRAINAGE P ENGINEERING SERVICES FOR METROPOLITAN WELLS P ENGINEERING SERVICES FOR CIP PROJECT - COUNCI ENGINEERING SERVICES FOR TAC MEETINGS & TRANS ENGINEERING SERVICES FOR FINAL DESIGN, PLAN, ANIMAL CONTROL FOR APRIL 2016	6,441.00
4753	5/05/2016	[2551] MIRANDA'S ANIMAL RESCUE	2.5 GAL BIG N TUFF WEED/GRASS KILLER	1,000.00
4754	5/05/2016	[2570] NILSEN COMPANY	EMPLOYMENT ADVERTISEMENT FOR TREATMENT PLANT	87.46
4755	5/05/2016	[5934] NORTH COAST JOURNAL	MONTHLY MAINTENANCE FOR MAY 15, 2016 THROUGH	101.00
4756	5/05/2016	[4393] NYLEX.net. Inc.	FORKLIFT MAINTENANCE INCLUDING 4 QTS 10/30 OI	1,120.00
4757	5/05/2016	[4548] PAPE' MACHINERY EXCHANGE	CONTENT MIGRATION FROM OLD SITE TO NEW WEBSIT	150.55
4758	5/05/2016	[5973] PRECISION INTERMEDIA	ONE CASE 2 PLY PRINT ROLLS	95.00
4759	5/05/2016	[4338] QUILL CORPORATION	300 ANTHRACITE; SIX PALLETS - ANTHRACITE	119.89
4760	5/05/2016	[6017] RED FLINT SAND & GRAVEL, LLC	COFFEE	4,868.00
4761	5/05/2016	[3032] RENDEZVOUS MUSIC & VENDING	FELLOWES 3 MIL LAMINATE SHEETS	63.00
4762	5/05/2016	[2659] RIO DELL PETTY CASH	GRUNDFOS VERTICAL MULTI-STAGE BOOSTER PUMP WI	50.01
4763	5/05/2016	[2664] ROGERS MACHINERY INC		6,000.45

CITY OF RIO DELL CHECK REGISTER

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<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
4764	5/05/2016	[2742] SCOTIA TRUE VALUE HARDWARE	TWO FH PHL MS Z 10-24X1 TWO MP BASIC 9" 3/4" ROLLER COVERS ONE MP BASIC 9"/4" ROLLER COVER MP PRM 9" 1-1/4 ROLLER COVER; 9" 4-WIRE ROLLE 3/4X1/2 GALV HEX BUSHING UPS SHIPPING CHARGES TWO MP PRM 9" 3/4" ROLLER COVERS ONE 10 OZ BLACK ENAMEL TWO MP BASIC 9" 3/4" ROLLER COVERS	65.94
4765	5/05/2016	[4525] SHERLOCK RECORDS MGMT	STORAGE SERVICE & BOX RETRIEVAL FOR APRIL 201	120.92
4766	5/05/2016	[2319] SUDDENLINK COMMUNICATIONS	MONTHLY BROADBAND SERVICE 5/1/16 - 5/31/16	260.74
4767	5/05/2016	[3373] VALLEY LUMBER & MILLWORK	8 SHEETS - 4 X 8 FRP	329.01
4768	5/05/2016	[2772] WENDT CONSTRUCTION, INC	ONE WEEK RENTAL FOR VERMEER CHIPPER	1,200.00
4769	5/16/2016	[0576] 101 AUTO PARTS	TWO QTS SYNPOWER 5W20 OIL	19.82
4770	5/16/2016	[4109] ACCESS HUMBOLDT	SL FRANCHISE OVERSIGHT; ON BEHALF OF LFA's PE	270.00
4771	5/16/2016	[5381] ALTERNATIVE BUSINESS CONCEPTS	MONTHLY MAINTENANCE & COPY CHARGES FOR APRIL	564.88
4772	5/16/2016	[4905] ASSOCIATION OF ENVIRONMENTAL PROFESSIONALS	SF BAY AREA CHAPTER FULL MEMBERSHIP DUES FOR	150.00
4773	5/16/2016	[3975] AT&T - 5709	PHONE EXPENSES FOR APRIL 2016	553.76
4774	5/16/2016	[5512] CALED	2015-2016 MEMBERSHIP DUES	250.00
4775	5/16/2016	[2293] CITY OF FORTUNA	POLICE DISPATCH SERVICES FOR MAY 2016	2,075.00
4776	5/16/2016	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 4/29/16	120.00
4777	5/16/2016	[2283] COASTAL BUSINESS SYSTEMS	SET-UP NEW SCAN STATION FOR DOCSTAR; TEMPLATE	256.75
4778	5/16/2016	[4491] CODE PUBLISHING, INC	RIO DELL MUNICIPAL CODE WEB HOSTING MAY 2016	350.00
4779	5/16/2016	[5127] DELTA DENTAL	DENTAL INSURANCE FOR JUNE 2016	2,274.04
4780	5/16/2016	[5241] GE CAPITAL	XEROX COPIER PAYMENT FOR MAY 2016	482.13
4781	5/16/2016	[5932] HIGH ROCK CONSERVATION CAMP	PROFESSIONAL SERVICES	200.00
4782	5/16/2016	[2485] INDUSTRIAL ELECTRIC	.25HP SEW MOTOR; .25HP SEW STATOR	537.96

CITY OF RIO DELL CHECK REGISTER

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<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
4783	5/16/2016	[5623] KYLE C KNOPP	REIMBURSEMENT FOR WIRELESS ROUTER PURCHASED A	102.87
4784	5/16/2016	[5689] MENDES SUPPLY COMPANY	TWO CASES 2 PLY TOILET TISSUE	122.50
4785	5/16/2016	[4908] MITCHELL BRISSO DELANEY & VRIEZE	LEGAL SERVICES FOR APRIL 2016 LEGAL SERVICES FOR APRIL 2016 LEGAL SERVICES FOR APRIL 2016 LEGAL SERVICES FOR APRIL 2016 LEGAL SERVICES FOR APRIL 2016	3,197.00
4786	5/16/2016	[3484] NATIONAL METER & AUTOMATION, INC	24 - ITRON 5' ARMOR CABLE FOR FIELD INSTALLAT	222.57
4787	5/16/2016	[2570] NILSEN COMPANY	126 40# BAGS SOLAR SALT	659.99
4788	5/16/2016	[5934] NORTH COAST JOURNAL	ADVERTISEMENT FOR FREE COMMUNITY CLEAN UP ON M	318.00
4789	5/16/2016	[2569] NORTH COAST LABORATORIES, INC.	AMMONIA NITROGEN W/O DISTILLATION; HARDNESS;	179.00
4790	5/16/2016	[2603] PG&E	UTILITY EXPENSES FOR APRIL 2016	14,673.58
4791	5/16/2016	[3343] PITNEY BOWES RESERVE ACCOUNT	POSTAGE PURCHASE FOR RESERVE	400.00
4792	5/16/2016	[5973] PRECISION INTERMEDIA	CONTENT MIGRATION & LOADING. WEBSITE ON TESTI SET UP FILE. UPLOAD CONTENT TYPE & VIEWS. TRA	546.25
4793	5/16/2016	[4338] QUILL CORPORATION	LASER BUSINESS CARD STOCK; INK PEN REFILLS; P	49.32
4794	5/16/2016	[2694] SHELL OIL CO.	PD FUEL EXPENSES FOR APRIL 2016 PW FUEL EXPENSES FOR APRIL 2016 ADMIN CAR FUEL EXPENSES FOR APRIL 2016 ADMIN CAR FUEL EXPENSES FOR MAY 2016 PD FUEL EXPENSES FOR MAY 2016 PW FUEL EXPENSES FOR MAY 2016	1,947.46
4795	5/16/2016	[2682] SMALL CITIES ORGANIZED RISK EFFORT (SCORE)	ADJUSTMENT FOR POLLUTION COVERAGE 2009-2014 FINAL QUARTERLY PREMIUM FOR WORKER'S COMPENSA	20,520.00
4796	5/16/2016	[5294] DANIEL J SMITH	TRACTOR SUPPLY -CLOTHING ALLOWANCE	227.84
4797	5/16/2016	[2672] ST. JOSEPH HEALTH SYSTEM HUMBOLDT CO.	VENIPUNCTURE	30.00
4798	5/16/2016	[2710] STARPAGE	PAGING SERVICES FOR MAY 2016	12.95
4799	5/16/2016	[2319] SUDDENLINK COMMUNICATIONS	INTERNET SERVICE 5/10/16 - 6/9/16	134.95
4800	5/16/2016	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	RETIREMENT FOR PPE 4/29/16	5,339.65

CITY OF RIO DELL CHECK REGISTER

General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
4801	5/23/2016	[2225] AQUA SIERRA CONTROLS, INC	PROVIDE REMOTE PROGRAMMING TO SCADA SYSTEM IN	632.00
4802	5/23/2016	[2237] BANK OF AMERICA BUSINESS CARD	ADOBE PRO DC MONTHLY SUBSCRIPTION AROUND THE OFFICE.COM - THREE CALCULATOR RIBB LODGING TO ATTEND INTERMEDIATE GOVERNMENTAL A DELL ONLINE - DELL BLACK TONER CARTRIDGE LODGING TO ATTEND 2016 CRWA EDUCATION & EXHIB LODGING TO ATTEND 2016 CRWA EDUCATION & EXHIB CHEVRON - FUEL FOR TRAVEL TO CRWA 2016 EDUCAT COSTCO - TRASH BAGS; HOT CUPS; NAPKINS	661.35
4803	5/23/2016	[5330] CAPITAL ONE COMMERCIAL		34.49
4804	5/23/2016	[2285] CC MARKET (1)	BIRTHDAY CAKE FOR THE MONTH OF MAY 2016	30.00
4805	5/23/2016	[2303] COAST CENTRAL CREDIT UNION	POA DUES FOR PPE 5/13/16	120.00
4806	5/23/2016	[5944] COLANTUONO, HIGHSMITH & WHATLEY, PC	LEGAL SERVICES REGARDING RV WATER RATES	70.00
4807	5/23/2016	[6027] DE NORA WATER TECHNOLOGIES INC	CHLORINE GENERATOR TOUCH SCREEN MONITOR	985.91
4808	5/23/2016	[2411] DEARBORN NATIONAL LIFE INSURANCE COMPANY	LIFE INSURANCE FOR JUNE 2016	240.00
4809	5/23/2016	[2366] EEL RIVER DISPOSAL INC	15.67 TONS DEBRIS FROM ANNUAL CITYWIDE SPRING	1,783.25
4810	5/23/2016	[2405] FORTUNA ACE HARDWARE	TWO SPLIT BOLT COPR #14-#2AWG	16.18
4811	5/23/2016	[5715] INNIS, PATRICK	CUSTOMER DEPOSIT REFUND	210.15
4812	5/23/2016	[3180] JENSEN, RANDY	REIMBURSEMENT; PURCHASE OF TWO GOATS FOR BRUS	150.00
4813	5/23/2016	[5942] KEENAN & ASSOCIATES	HEALTH INSURANCE FOR JUNE 2016	15,852.46
4814	5/23/2016	[2569] NORTH COAST LABORATORIES, INC.	COLIFORM QUANTI-TRAY	60.00
4815	5/23/2016	[5973] PRECISION INTERMEDIA	UPDATES TO WEBSITE	95.00
4816	5/23/2016	[2742] SCOTIA TRUE VALUE HARDWARE	FOUR 3/8" ZINC SNAP LINKS; 150' 3/16 PROOF CH CAMO DOG COLLAR FOR GOAT ADJ TOIL TANK FIL VALVE; TWO SNAP BOLT KITS; RETURN ADJ TOIL TANK FIL VALVE DELUXE CAR WHL/GRILL BRUSH; VEHICLE WASH BRUS	121.40
4817	5/23/2016	[2481] VANTAGEPOINT TRANSFER AGENTS-304361	RETIREMENT FOR PPE 5/13/16	5,339.65
	5/23/2016	[5166] VSP-VISION SERVICE PLAN	VISION INSURANCE FOR JUNE 2016	405.89

CITY OF RIO DELL CHECK REGISTER

General Checking - US Bank of California

<u>Check</u>	<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Check/Payment</u>
4819	5/31/2016	[2757] US POSTMASTER	POSTAGE FOR UTILITY BILLING FOR THE MONTH OF	356.72
Total Checks/Deposits				119,267.69
680615	5/09/2016	ELECTRONIC FUNDS TRANSFER	EFF FOR EFTPS PAYROLL TAXES FOR PPE 04/29/2016	11,841.94
353-984	5/09/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 04/29/2016	1,890.82
9424142	5/16/2016	BANK WITHDRAWAL	BANK ANALYSIS FEE FOR MAY 2016	11.20
195373	5/20/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR AFLAC FOR MAY 2016	577.80
286-784	5/23/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EDD PAYROLL TAXES FOR PPE 05/13/2016	1,618.46
691792	5/23/2016	ELECTRONIC FUNDS TRANSFER	EFT FOR EFTPS PAYROLL TAXES FOR PPE 05/13/2016	10,734.44
Total EFT's/Bank Withdrawals				26,674.66
TRX TO PR	5/4/2016	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 04/29/2016	28,663.69
TRX TO PR	5/18/2016	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 05/13/2017	27,211.77
TRX TO PR	5/31/2016	TRANSFER FROM CHECK TO PAYROLL ACCOUNT	TRANSFER TO PAYROLL ACCOUNT FOR PPE 05/27/2016	27,802.88
Total Transfers Between Accounts				83,678.34



For Meeting of: July 5, 2016

TO: Mayor and Members of the City Council
FROM: Karen Dunham, City Clerk
THROUGH: Kyle Knopp, City Manager *z*
DATE: July 5, 2016
SUBJECT: November 8, 2016 General Election

RECOMMENDATION

Approve Resolution No. 1301-2016 Ordering and Calling for a General Municipal election to fill two City Council seats; requesting and consenting to consolidation of the Municipal Election with the General Election to be held on November 8, 2016; requesting the services of the Humboldt County Registrar of Voters; providing for Notice of Election; and adopting uniform policies pertaining to candidate statements and fees.

BUDGETARY IMPACT

Estimated Election Costs are \$1,200 - \$1,500.

BACKGROUND AND DISCUSSION

As the Council is aware, two seats on the City Council will be open this November. Pursuant to the State of California Election Code §10002, §10403, §12101, §10228 and §13307, the City Council is required to adopt resolutions that order and call for a General Election to be held in the City of Rio Dell on November 8, 2016; request the Humboldt County Board of Supervisors to approve the consolidation of the Municipal Election with the General Election; make available the services of the Registrar of Voters to conduct the Municipal Election; authorize and direct the City Clerk to publish a Notice of Election within the time and manner specified and approve and adopt the regulations for candidate statements and fees. To simplify the process, staff has consolidated the election requirements into a single resolution.

Upon adoption of the Resolution, the City Clerk will send a certified copy to the County Board of Supervisors and Humboldt County Elections/Registrar of Voters. The deadline for submission of the Resolution requesting consolidation of the election is July 19, 2016. As noted in the Resolution, the City Clerk will also publish the Notice of Election at the appropriate time, no earlier than July 4, 2016 and no later than July 18, 2016.

ATTACHMENTS:

Resolution No. 1301-2016
2016 Election Calendar



RESOLUTION NO. 1301-2016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL ORDERING AND CALLING A GENERAL MUNICIPAL ELECTION TO FILL TWO CITY COUNCIL SEATS; REQUESTING AND CONSENTING TO CONSOLIDATION OF THE MUNICIPAL ELECTION WITH THE GENERAL ELECTION TO BE HELD ON NOVEMBER 8, 2016; REQUESTING THE SERVICES OF THE HUMBOLDT COUNTY REGISTRAR OF VOTERS; PROVIDING FOR NOTICE OF ELECTION; AND ADOPTING UNIFORM POLICIES PERTAINING TO CANDIDATE STATEMENTS AND FEES

WHEREAS, the term of two members of the City of Rio Dell City Council are due to expire and the positions must be filled; and

WHEREAS, the City Council has ordered a Municipal Election to be held on Tuesday, November 8, 2016 to fill those offices; and

WHEREAS, the California Elections Code Section 10002 and 10400 provides that the local governing body may request the Humboldt County Board of Supervisors to consolidate a general municipal election with the statewide general election; and

WHEREAS, the California Election Code Section 10002 requires the City to reimburse the County in full for the services performed upon presentation of a bill to the City by the County Elections Official; and

WHEREAS, the California Election Code Section 13307 requires that before the nominating period opens the City Council must determine whether a charge shall be levied against each candidate submitting a candidate's statement to be sent to the voters; and may determine whether the estimate must be paid in advance; and

WHEREAS, California Elections Code Section 12101 requires the publication of a notice of election; and

WHEREAS, the City Council of the City of Rio Dell is desirous of having the County of Humboldt Elections Department/Registrar of Voters provide certain services for the conduct of the general election to include the Rio Dell City Council election to be held on November 8, 2016.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIO DELL, CALIFORNIA that an election be held in accordance with the following specifications:

1. The City Council hereby calls for a general municipal election in and for the City of Rio Dell. The Election shall be held on Tuesday, November 8, 2016. The purpose of the election is to choose successors for the two expired 4 year terms on the Rio Dell City Council.
2. The Rio Dell City Council hereby requests and consents to the consolidation of this election with the statewide general election to be held on November 8, 2016.
3. The City Council hereby requests the Humboldt County Board of Supervisors to authorize the County of Humboldt Elections Department to conduct the general election to include the City Council election for the City of Rio Dell on November 8, 2016, including the publishing of all election materials, the mailing of sample ballots, the hiring of election officers, and the counting of ballots with the tally turned into the City Clerk of the City of Rio Dell for announcement of the results of the election.
4. The City hereby designates the hours of the polls are to be kept open shall be from 7:00 a.m. to 8:00 p.m.
5. The City agrees to reimburse the County for the actual costs incurred in conducting the election upon receipt of a bill stating the amount due as determined by the election official.
6. The City Council has determined that upon submittal of a Candidate's Statement to be printed in the sample ballot, that the candidate is responsible for the total cost for that printing as determined by the Humboldt County Election's Department; and that all costs are due and payable upon receipt of an invoice from the Election's Department to the City of Rio Dell. The Candidate's Statement is a voluntary statement and is limited to 200 words.
7. The City Clerk is hereby authorized and directed to publish a Notice of Election at the appropriate time, no earlier than July 4, 2016 and no later than July 18, 2016.
8. Upon passage of this resolution, the City Clerk is hereby directed to send a certified copy to the County Board of Supervisors and Humboldt County Elections/Registrar of Voters.

PASSED AND ADOPTED this 5th day of July, 2016 by the following vote:

AYES:

NOES: _

ABSTAIN:

ABSENT:

Frank Wilson, Mayor

ATTEST:


I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Resolution No. 1301-2016 adopted by the City Council of the City of Rio Dell on July 5, 2016.

Karen Dunham, CMC
City Clerk, City of Rio Dell



**CITY OF RIO DELL
GENERAL MUNICIPAL ELECTION CALENDAR
NOVEMBER 8, 2016**

Offices to be Elected: Two (2) City Council Seats

July 18 – August 12, 2016	<i>NOMINATION/FILING PERIOD</i> Nomination papers will be available in the Office of the City Clerk beginning July 18, 2016 . Nomination papers must be filed with the City Clerk by August 12, 2016 at 5:00 p.m.
August 17, 2016	<i>EXTENDED FILING PERIOD</i> If an incumbent eligible for re-election does not file for re-election prior to 5:00 p.m. on August 12, 2016 the filing period will be extended to August 17, 2016 at 5:00 p.m. This extension only available to candidates other than incumbents.
September 9, 2016	Election Campaign signs may be displayed
October 10 – November 1, 2016	<i>VOTE BY MAIL</i> Between these dates, voters may request Vote by Mail Ballots from the County of Humboldt Registrar of Voters
October 24, 2016	<i>LAST DAY TO REGISTER TO VOTE</i> Voter registration must be postmarked by October 24, 2016 to vote in the November 8, 2016 General Election
November 1, 2016	Last day for Election Official to post Notice of Nominees
November 8, 2016	<i>ELECTION DAY</i>  Polls open at 7:00 a.m. and close at 8:00 p.m.

November 18, 2016

Election campaign signs must be removed no later than 10 days after date of election (RDMC 17.30.310(a))

December 8, 2016

CERTIFICATION OF VOTES

Last day for County Elections Department to certify election results to City

December 20, 2016

Reorganize Council and select Mayor and Mayor Pro Tem

Within 30 days of Assuming Office

File Statement of Economic Interest Form 700

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



July 5, 2016

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager 

SUBJECT: Discussion and Possible Action to Adopt Resolution No. 1302-2016 Approving the Humboldt County Transportation Ballot Measure Expenditure Plan Recommending to the Humboldt County Board Of Supervisors That A 20-year Transportation Sales Tax Measure be placed on the November 8, 2016 General Election Ballot.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Adopt Resolution No. 1302-2016 approving the Humboldt County Transportation Ballot Measure Expenditure Plan and recommend to the Humboldt County Board of Supervisors to place a 20-year Transportation Sales Tax Measure on the November 8, 2016 General Election Ballot.

BACKGROUND AND DISCUSSION

On June 16, 2016, the Humboldt County Association of Governments (HCAOG) reviewed recent polling results of a possible ½-cent Transportation Sales Tax measure and finalized the Humboldt County Transportation Ballot Measure Expenditure Plan (Expenditure Plan). The HCAOG Board took action to publically release the expenditure plan and directed HCAOG staff to schedule hearings at each jurisdiction requesting approval of the plan.

- Attachment A of this report is the Humboldt County Transportation Ballot Measure Expenditure Plan presented for Council's approval this evening.
- Attachment B of this report provided information on California's Self-Help Coalition and transportation funding crisis.
- Attachment C is Resolution No. 1302-2016.

The proposed sales tax measure is estimated to generate \$10 million annually for the region. Other than HCAOG actual administration costs to fund independent audits, staff an oversight committee and develop an annual report, all funds will be allocated to the seven cities and the County for the stated eligible uses.

The formula used to determine the allocations in the Expenditure Plan include road miles, population, sales tax generation and an additional \$50,000 annually set aside for the City of Rio Dell and the cities of Blue Lake, Ferndale and Trinidad.

Section 180206 (b) of the Public Utilities Code requires that an expenditure plan shall not be adopted until it has received the approval of the Board of Supervisors and of the City Councils representing both a majority of the cities in the county and a majority of the population residing in the incorporated areas of the County. In addition, the HCAOG Board must adopt an ordinance establishing a ½-cent tax for transportation projects and a resolution requesting that the Board of Supervisors place the measure on the ballot. All of these actions must be completed by the August 12 deadline set forth in the California Elections Code.

There are no direct fiscal impacts to the General Fund for support to place this matter on the ballot in November. As the Council is aware, the City's Streets Funds are in an operating deficit that can only be sustained for another 2-3 years at most. Without a major reduction in the level of service, these costs would then become an expense of the General Fund when the last remaining Street Funds are depleted. Additional tax revenue as outlined in the expenditure plan would correct this problem and provide additional revenue for projects.

Another possible exposure to the General Fund exists. Consistent with Public Utilities Code Section 18001 (e), the measure does require a "Maintenance of Effort" (MOE) provision to safeguard that jurisdictions do not simply supplant existing transportation funding for maintenance purposes when the new funding becomes available. New measure funds must be used to augment and not replace existing general funds used for street and road purposes. A five-year average of discretionary general funds using adopted State Controller Reports will be used for this purpose. This methodology may require the Council to revisit the FY 2016-2017 Budget, which included the City's first General Fund expenditures towards a small selection of severely deferred street projects. If there are General Fund expenditures of \$80,000 in FY 2016-2017 and those expenditures are included in an MOE calculation, the General Fund may be required to continue a portion of that contribution well into the future in order to access funds from the proposed tax measure. Since revenue into the City's General Fund remains problematic, the Council may want to consider suspending these expenditures until after the November 8, 2016 General Election.

Staff recommends the Council approve the Expenditure Plan and forward a recommendation to the Humboldt County Board of Supervisors to place the measure on the November General Election ballot.

The City would receive approximately \$3,700,000.00 over the 20-year period.

Attachments:

Resolution No. 1302-2016
Spreadsheet on ½ Cent Sales Tax Investment Plan
Humboldt County Transportation Ballot Measure Expenditure Plan
HCAOG's Self-Help County Efforts

///

RESOLUTION NO. 1302-2016

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL,
CALIFORNIA, APPROVING THE HUMBOLDT COUNTY TRANSPORTATION
BALLOT MEASURE EXPENDITURE PLAN AND RECOMMENDATION TO THE
HUMBOLDT COUNTY BOARD OF SUPERVISORS TO PLACE A 20-YEAR
TRANSPORTATION SALES TAX MEASURE ON THE NOVEMBER 8, 2016
GENERAL ELECTION BALLOT**

WHEREAS, available revenues, including funding from Local, State and Federal governments, are not adequate to support needed maintenance, upgrading or safety improvements to the existing infrastructure; and

WHEREAS, the road, transportation and circulation systems within the cities and unincorporated areas of Humboldt County are of regional concern and the quality of such systems have a direct impact on residents, visitors and tourism, agriculture, business, industry and the general economy within the county; and

WHEREAS, the Humboldt County Association of Governments Board has developed the Humboldt County Transportation Ballot Measure Expenditure Plan pursuant to the authority of Public Utilities Code Section 180206; and

WHEREAS, the Humboldt County Transportation Ballot Measure Expenditure Plan was authorized for public release by the governing body of the Humboldt County Association of Governments on June 16, 2016; and

WHEREAS, the 20-year Humboldt County Transportation Ballot Measure Expenditure Plan will: generate revenue, of which 99.5% will be specifically and solely for local maintenance projects selected by local agencies, better leverage state and federal funds to support local projects, retain commercial air service, create jobs that support economic development, and establish an Taxpayer Oversight Committee to ensure that all funds are spent consistent with the voter-approved expenditure plan; and

WHEREAS, it has been determined in prior court cases and in particular, *Sustainable Transportation Advocates of Santa Barbara v. Santa Barbara County Association of Governments* (2009) 179 Cal.App.4th 113, the Court of Appeal, Second Appellate District, that establishing a Transportation Investment Plan and corresponding measure does not constitute a project under the State of California Environmental Quality Act and that the City does not need to make an environmental determination at this time; and

WHEREAS, the interests of Humboldt County and its residents and businesses will benefit by the implementation of the 20-year Humboldt County Transportation Ballot Measure Expenditure Plan through the new half-cent sales tax for transportation in Humboldt County.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Rio Dell as follows:

SECTION 1. Action. The City Council of the City of Rio Dell hereby approves the Humboldt County Transportation Ballot Measure Expenditure Plan introduced by the Humboldt County Association of Governments on June 16, 2016.

SECTION 2. Action. The City Council of the City of Rio Dell recommends that the Humboldt County Board of Supervisors place the Humboldt County Transportation Ballot Measure Expenditure Plan on the November 8, 2016 ballot together with a transportation sales tax measure.

SECTION 3. Environmental Determination. The City Council has determined that the above actions do not constitute a project, as defined by the California Environmental Quality Act and is not subject to environmental review.

PASSED AND ADOPTED by the City Council of the City of Rio Dell on July 5, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Wilson, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above to be a full, true and correct copy of Resolution No. 1302-2016 adopted by the City Council of the City of Rio Dell on July 5, 2016.

Karen Dunham, City Clerk

1/2 Cent Sales Tax Investment Plan

Annual Revenue Estimate	\$ 10,000,000	Road Mile & Population Allocation %	50%
		Sales Tax Generation %	50%

Road Mile % 25%
 Population % 75%

Jurisdiction	Population*	Road Mileage ⁺	% Total Population	% Total Roadmiles	25% Road Miles 75% Population Allocation	% Total Sales Tax [~]	Return to Source Allocation	Annual Small City Allocation	Estimated Annual Allocation	20 Year Revenue Estimate	% of Estimated Annual Allocation
Audits/Oversight Committee administration									\$50,000	\$ 1,000,000	0.50%
Arcata	18,169	69.04	13.4%	4.6%	\$ 548,055	12.16%	\$ 592,987		\$ 1,141,041	\$ 22,820,829	11.41%
Blue Lake	1,287	6.70	1.0%	0.4%	\$ 40,300	0.13%	\$ 6,565	\$ 50,000	\$ 96,865	\$ 1,937,292	0.97%
Eureka	26,765	131.41	19.8%	8.8%	\$ 831,614	49.75%	\$ 2,425,435		\$ 3,257,049	\$ 65,140,972	32.57%
Ferndale	1,434	8.66	1.1%	0.6%	\$ 45,879	0.88%	\$ 43,135	\$ 50,000	\$ 139,014	\$ 2,780,279	1.39%
Fortuna	11,848	47.69	8.8%	3.2%	\$ 359,567	7.96%	\$ 388,135		\$ 747,702	\$ 14,954,035	7.48%
Rio Dell	3,416	12.70	2.5%	0.9%	\$ 102,812	0.67%	\$ 32,820	\$ 50,000	\$ 185,632	\$ 3,712,638	1.86%
Trinidad	367	5.60	0.3%	0.4%	\$ 14,506	0.61%	\$ 29,619	\$ 50,000	\$ 94,125	\$ 1,882,498	0.94%
Unincorporated County	71,830	1210.09	53.2%	81.1%	\$ 2,932,269	27.82%	\$ 1,356,304		\$ 4,288,573	\$ 85,771,457	42.89%
Total	135,116	1491.89	100%	100%	\$ 4,875,000	100.00%	\$ 4,875,000	\$ 200,000	\$ 10,000,000	\$ 200,000,000	100%

* Department of Finance, Table E-1 (released May 1, 2016)

⁺ State of California, California Public Road Data (2013)

[~] Hinderliter, de Llamas & Associates Sales Tax Allocation Percentage 2015 Sales Tax Allocations

Humboldt County Transportation Ballot Measure Expenditure Plan

Not more than half of one percent of funds, on an annual basis, will be used for administrative purposes of the Humboldt County Association of Governments (HCAOG). The remaining 99.5% funds generated by a ½ cent transportation sales tax measure will be allocated to the Cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, Trinidad and the County of Humboldt. The allocation formula is based upon \$50,000 base for the four smallest cities (Blue Lake, Ferndale, Rio Dell and Trinidad) with the balance allocated by road miles, population and sales tax generation. The 20-year investment is expected to generate \$200,000,000.

20 Year Plan Totaling \$200 Million	Percent of Funds	Estimated Annual Allocation	20-Year Allocation Estimate
Audits, Oversight Committee Administration, Annual Reports <small>Administration costs will be reimbursed actual expenditures, not to exceed \$50,000 per year.</small>	0.50%	\$50,000	\$1,000,000
Arcata	11.41%	\$1,141,041	\$22,820,829
Blue Lake	0.97%	\$96,865	\$1,937,292
Eureka	32.57%	\$3,257,049	\$65,140,972
Ferndale	1.39%	\$139,014	\$2,780,279
Fortuna	7.48%	\$747,702	\$14,954,035
Rio Dell	1.86%	\$185,632	\$3,712,638
Trinidad	0.94%	\$94,125	\$1,882,498
County of Humboldt	42.89%	\$4,288,573	\$85,771,457
TOTAL	100%	\$10,000,000	\$200,000,000

Eligible Uses

- Maintenance, rehabilitation, and reconstruction of existing transportation including trails and transit.
- Local match leveraging of state and federal funds for road, trails and transit infrastructure.
- Retention of commercial air service.

Safeguards and Accountability Measures

This transportation investment plan includes strong taxpayer safeguards to ensure that the projects and programs approved by the voters are funded and delivered.

Taxpayer Oversight Committee: This committee will be created to provide an enhanced level of accountability for expenditures made under this investment plan to ensure that all voter mandates are carried out and that the financial integrity and performance of the program is maintained.

Annual Independent Audit and Annual Reporting: Annual fiscal and compliance audits will be conducted by an independent Certified Public Accountant, selected by the Taxpayers Oversight Committee, to assure that the revenues expended are reasonable. The audit's results and annual report must be published and made available to the general public.

Sunset Date: This measure terminates in 20 years.

Administrative Expense Cap: Expenditures of HCAOG staff necessary to administer the program will be limited to no more than half of one percent of the annual gross revenues provided by the measure. These costs include independent audits, staffing the oversight committee and producing an annual report.

Eligibility Verification: The cities and County will select transportation projects that meet eligibility criteria as identified in this plan. The local jurisdictions will certify in the annual verification submitted to the HCAOG that these transportation funds were used for eligible expenses.

Maintaining Local Transportation Funding Efforts: The local jurisdictions will certify in the annual verification submitted to HCAOG that these transportation funds will be used to augment and not supplant local resources spent. For purposes of this calculation an average of the prior five (5) years spent for local transportation purposes will be used.

HCAOG is an association of local governments representing all seven cities and the County of Humboldt that is responsible for coordinating transportation planning in the Humboldt region. HCAOG has the fiduciary duty of administering the transportation sales tax proceeds in accordance with all applicable laws and with the Plan. The monies collected shall be accounted for and invested separately, unless and until the funds are turned over to a local agency in accordance with the Plan. At such time, the local agency shall keep a separate accounting of the monies and any and all expenditures to ensure that the monies are spent in accordance with the approved Plan. All interest income generated by these proceeds will be used for the purposes outlined in this Plan and will be subject to audits. HCAOG may use the contingency fund to make up the difference between the budgeted revenues and the actual revenues.



HCAOG

*Regional Transportation
Planning Agency*

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Eureka, CA 95501
707.444.8268
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HCAOG's Self-Help County Efforts

The Self Help Counties Coalition (SHCC) is an organization of 20 local county transportation agencies delivering super majority voter-approved transportation sales tax measures throughout California.

SHCC member agencies are dedicated to keeping the faith of the voting public who provide the authority and the funding so that we may deliver the priority transportation projects Californians depend upon every day. SHCC as an organization is dedicated to ensuring sound public policy so that local governments and the State of California can meet our transportation infrastructure needs. SHCC works closely with the California Transportation Commission, the California Department of Transportation, elected officials as well as other public and private sector interests.



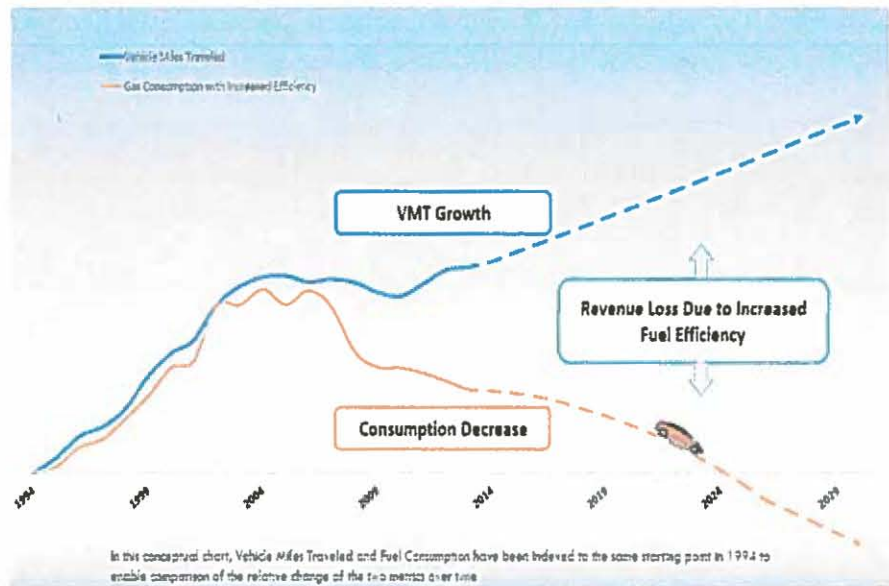
- ✓ Self-Help Counties create and maintain jobs for transportation infrastructure, operations and maintenance.
- ✓ The SHCC provides a reliable and stable funding stream that far outstrips state and federal funding on an annual basis.
- ✓ The SHCC has extensive accountability measures and local elected official oversight on all taxpayer's dollars.
- ✓ The public has direct access to local decision-makers and public meetings are held each month throughout the state with opportunities to participate in every self-help county.
- ✓ Expenditure plans explicitly detail how funds will be spent, allowing the public to fully understand where their local transportation dollars go.

Transportation Funding Crisis

State and federal transportation funding has dropped significantly in recent years, with once reliable funds becoming increasingly unreliable. In January of this year, state transportation officials took action cutting previously promised funding for road and transit projects by \$754 million covering the next five years, the greatest reduction in two decades. While cuts to the Humboldt region only amounted to \$800,000 of the \$3.9 million share targeted for deletion, the decrease in funding is projected to continue its decline.

Transportation's primary fund source, the gas tax, has not been raised in 20 years, and our cars are more fuel efficient than ever.

Fuel efficiency standards continue to increase while transportation funding continues its decline. As a result, revenues available to operate, maintain and improve our local transportation system have not kept up with the needs of our community.



Available transportation revenues from local, state and federal governments are insufficient, declining, and unable to fully support our existing transportation system. A new, reliable source of transportation funding is needed to maintain our communities and quality of life.

Humboldt County voters are being asked to approve a 20-year, ½-cent sales tax to address these needs. Twenty other counties in California have already approved similar ballot measures making them 'Self-Help' Counties. At least eight counties new to the SHCC are placing transportation sales tax measures on the November ballot.

With these voter-approved local transportation funds, Self-Help Counties have the ability to maintain and improve their transportation systems. They are also more successful in competing for funding and leveraging a larger share of state and federal dollars. Self-Help funds generated must stay local and can only be spent on transportation.

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July 5, 2016

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager 

SUBJECT: Discussion And Possible Action Adopting Resolution No. 1303-2016 Submitting To The Voters Proposed Ordinance No. 346 Adding Section 5.40 To The Rio Dell Municipal Code Creating A "Cannabis" Business Classification And Setting Maximum Tax Levels For The Categories Of "Cannabis Cultivation Business" And "Other Cannabis Businesses"; With A Related Request To The Board Of Supervisors Of Humboldt County To Consolidate Said Election With The Statewide General Election; Further Directing The City Clerk To Take Any And All Actions Necessary Under Law To Prepare For And Conduct The Election.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

1. Receive a short presentation from staff.
2. Hold discussion on the item.
3. Hold public comment on the item.
4. Give direction to staff via a motion:

"I move to adopt Resolution No. 1303-2016 submitting to the voters the proposed cannabis taxation Ordinance No. 346, further requesting of the Board of Supervisors the consolidation of said election with the General Election and further directing the City Clerk to take any all actions necessary under law to prepare for and conduct the election." (4/5 Vote Requirement)

Or;

Take no action; or, "I move to postpone the question indefinitely."

BACKGROUND AND DISCUSSION

On Tuesday May 24, 2016 the Council received a briefing on options related to the taxation of cannabis. Many jurisdictions across the state are now reviewing their tax policies towards cannabis and some have had cannabis taxes on the books for years. While there are many

options, the Vallejo model appeared to provide the greatest degree of flexibility and simplicity. On June 24, 2016 staff produced the proposed taxation language based on the Vallejo model and recommended a change to a square footage tax for cultivation, which received approval from a consensus of the Council. This change was recommended to bring the tax in line with other regional cultivation taxes and was seen as an initial taxation method that could be instituted quickly and at a low administrative burden. The City attorney has redrafted and attached his recommended ordinance language for proposed Ordinance No. 342.

It is important to note that there are time constraints related to this item. The target date for approval of the attached Resolution No. 1303-2016 and associated material has been set by the Council for this meeting, July 5, 2016. Due to the Schedule of the Board of Supervisors and necessary County review and agenda process, the City has limited options to extend the timeline for review or amendment of this tax. If absolutely necessary, the Council could set a special meeting date of July 12, 2016 to further review and approve of this item, however this option is not recommended by staff. Beyond July 12, 2016, the item will no longer be able to be processed by the County for placement on the November 8, 2016 General Election ballot. Staff recommends this item come to a conclusion by the close of tonight's July 5, 2016 meeting.

In summary, the voters would be proposed with the following tax on November 8, 2016:

Ordinance 342-2016 is a General Tax that is set at up to \$5.00 per square foot for cultivators and up to 10% of gross receipts for all other types of cannabis businesses. If passed by the voters, the Council has the option to set and adjust these rates up to the aforementioned ceilings via future ordinance. The tax also allows the Council to set different rates and categories for these cannabis taxes via future ordinance, including possible categories for "non-medical cannabis" or "medical cannabis." If adopted by the voters, this tax would remain in effect until otherwise amended, eliminated or succeeded via a similar public vote.

If Ordinance 342-2016 is adopted by the voters, the tax would *not* be effective unless and until the Council takes action by ordinance to permit cannabis businesses to operate within the City.

Under existing Rio Dell Municipal Code Section 17.30.190 residents of Rio Dell are allowed up to 50 square feet of indoor growing of marijuana for individual medical purposes. This section of code remains active and is not subject to the proposed tax.

///

Resolution No. 1303-2016

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIO DELL SUBMITTING TO THE VOTERS AT THE GENERAL ELECTION ON NOVEMBER 8, 2016, A PROPOSED ORDINANCE ADDING SECTION 5.40 TO THE RIO DELL MUNICIPAL CODE AND CREATING A “CANNABIS” BUSINESS CLASSIFICATION WITH A BUSINESS TAX RATE OF UP TO FIVE DOLLARS (\$5.00) PER SQUARE FOOT OF SPACE UTILIZED BY A “CANNABIS CULTIVATION BUSINESS” AND A TAX RATE OF UP TO TEN PERCENT (10%) OF GROSS RECEIPTS ON ALL “OTHER CANNABIS BUSINESSES”; REQUESTING THE BOARD OF SUPERVISORS OF HUMBOLDT COUNTY TO CONSOLIDATE SAID ELECTION WITH THE STATEWIDE GENERAL ELECTION; AND DIRECTING THE CITY CLERK TO TAKE ANY AND ALL ACTIONS NECESSARY UNDER LAW TO PREPARE FOR AND CONDUCT THE ELECTION.

WHEREAS, on October 9, 2015, Governor Brown approved a package of three bills enacted by the legislature on September 11, 2015, i.e., SB 643, AB 243, and AB 266, providing for comprehensive, concurrent regulation and licensing by state and local governments of medical cannabis as an agricultural product, including its cultivation, processing, testing, manufacture, distribution, transportation, dispensing, and delivery; and

WHEREAS, the City Council has considered potential impacts to City services that may result from permitting commercial cultivation, processing, manufacturing and distribution of Cannabis for medical use within the City and has determined that imposing a business tax on such businesses will help to alleviate and offset the impacts to City services; and

WHEREAS, under the proposed Ordinance, “cannabis cultivation businesses” will be taxed at a rate of up to five dollars (\$5.00) per square foot of space utilized in such business and “other cannabis businesses” will be taxed at a rate of up to ten percent of gross receipts; and

WHEREAS, accordingly, the City Council desires to add Chapter 5.40 to Title 5 of the Rio Dell Municipal Code and, therefore, by way of this Resolution, proposes the Ordinance to the qualified voters of the City for their approval and adoption; and

WHEREAS, the City Council has determined that all revenues received from the tax will be deposited in the general fund of the City to be expended for general fund purposes.

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

1. Recitals, The foregoing recitals are true and correct and are hereby incorporated by reference.

2. Call Election; Placement of Measure on the Ballot. Pursuant to California Constitution Article XIII C, Section 2; Government Code Section 53724; and Elections Code Section 9222, the City Council of the City of Rio Dell hereby calls an election at which it shall submit to the qualified voters of the City, a measure that, if approved, would adopt a business tax upon “cannabis cultivation businesses”

and “other cannabis businesses” as those terms are defined in the proposed ordinance and at the rates imposed therein. This measure shall be designated by letter by the Humboldt County Registrar of Voters. Pursuant to Election Code Section 10400 *et seq.*, the election for this measure shall be consolidated with the established election to be conducted on November 8, 2016.

3. Ballot Language. The question to be presented to the voters is as follows:

Shall the ordinance creating a new business tax for “Cannabis Cultivation Businesses” of up to five dollars (\$5.00) per square foot of space utilized in connection with that business and a business tax for “Other Cannabis Businesses” of up to ten percent (10%) of gross receipts, with all proceeds placed in the City’s General Fund to be used for any governmental purpose, be adopted? The tax imposed by this Ordinance is expected to generate \$2,737,500 in annual revenue and will continue in effect until later repealed.	YES	
	NO	

4. Proposed Ordinance. The ordinance authorizing the business tax to be approved by the voters pursuant to Sections 2 and 3 of the Resolution is as set forth in Attachment 1. The City Council hereby approves the ordinance, and form thereof, and its submission to the voters of the City at the November 8, 2016 election, subject to the approval of a majority of the voters voting on the measure at the election called by the adoption of this resolution. The entire text of the ordinance, attached hereto as Attachment 1, shall be included in the voters pamphlet. The ordinance specifies that the rate of the business tax shall be up to five dollars (\$5.00) per square foot of space utilized in connection with a “cannabis cultivation business” and up to ten percent (10%) of the gross receipts of any “other cannabis business” within the City; it specifies that the tax shall be in effect until later repealed. The City shall collect the tax from persons and entities subject to the tax.

5. Publication of Measure. The City Clerk is hereby directed to cause notice of the measure to be published once in the official newspaper of the City of Rio Dell, in accordance with Section 12111 of the Elections Code and Section 6061 of the Government Code.

6. Request to Consolidate and Conduct Election and Canvass Returns.

- (a) Pursuant to the requirement of Section 10403 of the Elections Code, the Board of Supervisors of the County of Humboldt is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 8, 2016, for the purpose of placing the measure set forth in Sections 3 and 4 on the ballot.
- (b) The County of Humboldt Registrar of Voters is authorized to canvass the returns of the municipal election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used.
- (c) The Board of Supervisors is requested to issue instructions to the Humboldt County registrar of voters take any and all steps necessary for the holding of the consolidated election.
- (d) The City of Rio Dell recognizes that additional costs will be incurred by the County of Humboldt by reason of this consolidation and agrees to reimburse the County for any costs.

7. Submission of Ballot Argument and Impartial Analysis.

- (a) The submission of ballot arguments for or against the measure shall be conducted pursuant to Election Code sections 9281 through 9287.
- (b) The last day for submission of direct arguments for or against the measure shall be by August 17, 2016.

- (c) Direct arguments shall not exceed three hundred (300) words and shall be signed by not more than five persons.
- (d) The City Attorney shall prepare an impartial analysis of the measure by August 29, 2016.

8. Effective Date. This Resolution shall become effective immediately upon its adoption and the City Clerk is directed to send certified copies of the Resolution to the Humboldt County Board of Supervisors and the Humboldt County Registrar of Voters.

9. CEQA. The approval of this resolution is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 *et seq.*, "CEQA," and 14 Cal. Code Reg. §§ 15000 *et seq.*, "CEQA Guidelines"). The business tax to be submitted to the voters is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. As such, under CEQA Guidelines section 15378(b)(4), the tax is not a project within the meaning of CEQA because it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have such effect, the City would undertake the required CEQA review for that particular project. Therefore, under CEQA Guidelines section 15060, review under CEQA is not required.

PASSED AND ADOPTED by the City Council of the City of Rio Dell, State of California, on July 5th, 2016, by the following vote:

AYES:

NOES:

ABSENT:

Frank Wilson, Mayor

Attest:

Karen Dunham, Rio Dell City Clerk

Ordinance No. 346-2016

ORDINANCE ADDING CHAPTER 5.40 TO TITLE 5 OF THE RIO DELL MUNICIPAL CODE AND CREATING A NEW BUSINESS TAX FOR CANNABIS CULTIVATION BUSINESSES AND OTHER CANNABIS BUSINESS

The people of the City of Rio Dell do ordain as follows:

Section 1. The Rio Dell Municipal Code is hereby amended to add sections as set forth below.

Section 2. Code Amendment. Title 5 of the Rio Dell Municipal Code is hereby amended adding Chapter 5.40 to read as follows:

Chapter 5.40 - CANNABIS BUSINESS LICENSE TAX

Part 1 - Purpose and Definitions

5.40.010 - Purpose of chapter.

This chapter is enacted solely to raise revenue for municipal purposes and is not intended for regulation.

5.40.020 - Definitions.

The definitions set forth in this part shall govern the application and interpretation of this chapter.

5.40.030 - Business.

The term "business" shall include all activities engaged in or caused to be engaged in within the city including any commercial or industrial enterprise, trade, profession, occupation, vocation, calling, or livelihood whether or not carried on for gain or profit, but shall not include, the services rendered by an employee to his or her employer.

5.40.040 - Business license.

"Business license" means the license issued by the city to the taxpayer upon completion of the business license application and payment of the tax prescribed by Chapter 5.05.

5.40.050 - Director.

"Director" means the director of the finance department of the city or, if the director of the finance department position is vacant or the director is incapacitated or otherwise unavailable, such other director designated by the city manager to administer this chapter.

5.40.060 - Employee.

"Employee" means each and every person engaged in the operation or conduct of any business, whether as owner, member of the owner's family, partner, associate, agent, manager or solicitor, and each and every other person employed or working in such business for a wage, salary, commission or room and board or as a volunteer.

5.40.070 - Engaged in business.

- A. "Engaged in business" means the commencing, conducting, operating, managing or carrying on of a cannabis cultivation business or other cannabis business and the exercise of corporate or franchise powers, whether done as owner, or by means of an officer, agent, manager, employee, or otherwise, whether operating from a fixed location in the city or coming into the city from an outside location to engage in such activities.
- B. A person shall be deemed engaged in business within the city if:
 - 1. Such person or person's employee maintains a fixed place of business within the city for the benefit or partial benefit of such person;
 - 2. Such person or person's employee owns, rents, or leases real property within the city for business purposes;
 - 3. Such person or person's employee regularly maintains a stock of tangible personal property in the city for sale in the ordinary course of business;
 - 4. Such person or person's employee regularly conducts solicitation of business within the city;
 - 5. Such person or person's employee performs work or renders services in the city on a regular and continuous basis involving more than five working days per year;
 - 6. Such person or person's employee utilizes the streets within the city in connection with the operation of motor vehicles for business purposes.

The foregoing specified activities shall not be a limitation on the meaning of engaged in business.

5.40.080 - Evidence of doing business.

Whenever any person shall, by use of signs, circulars, cards or any other advertising media, including the use of internet or telephone solicitation, represent that such person is engaged in cannabis cultivation business or other cannabis business in the city, then these facts may be used as evidence that such person is engaged in business in the city.

5.40.090 - Gross receipts.

"Gross receipts," except as otherwise specifically provided, means the total amount actually received or receivable from all sales; the total amount or compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed, whether or not such act or service is done as a part of or in connection with the sale of materials, goods, wares or merchandise; discounts, rents, royalties, fees, commissions, dividends, and gains realized from trading in stocks or bonds, however designated. Included in "gross receipts" shall be all receipts, cash, credits and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the

cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:

- A. Cash discounts allowed and taken on sales;
- B. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as gross receipts;
- C. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
- D. Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;
- E. Receipts from investments where the holder of the investment receives only interest and/or dividends, royalties, annuities and gains from the sale exchange of stock or securities solely for a person's own account, not derived in the ordinary course of a business;
- F. Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business;
- G. Cash value of sales, trades or transactions between departments or units of the same "cannabis cultivation business" or the same "other cannabis business";
- H. Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected, they shall be included in the amount of gross receipts for the period when they are recovered;
- I. Transactions between a partnership and its partners;
- J. Receipts from services or sales in transactions between affiliated corporations. An affiliated corporation is a corporation:
 - 1. The voting and nonvoting stock of which is owned at least eighty percent by such other corporation with which such transaction is had, or
 - 2. Which owns at least eighty percent of the voting and nonvoting stock of such other corporation, or
 - 3. At least eighty percent of the voting and nonvoting stock of which is owned by a common parent corporation which also has such ownership of the corporation with which such transaction is had;
- K. Transactions between a limited liability company and its member(s), provided the limited liability company has elected to file as a subchapter K entity under the Internal Revenue Code and that such transaction(s) shall be treated the same as between a partnership and its partner(s) as specified in Subsection I. above;

- L. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar;
- M. Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the finance department with the names and the addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustees.

"Gross receipts" subject to the business tax shall be that portion of gross receipts relating to business conducted within the city.

5.40.100 – Square foot of space.

Space utilized in connection with the cultivation of cannabis shall mean any space or ground, floor or other surface area (whether horizontal or vertical) which is used during the cannabis germination, seeding, vegetative, pre-flowering, flowering and harvesting phases, including without limitation any space used for activities such as growing, planting, seeding, germinating, lighting, warming, cooling, aerating, fertilizing, watering, irrigating, topping, pinching, cropping, curing or drying cannabis or any such space used for storing an products, supplies or equipment related to any such activities, no matter where such storage may take place or such storage space may be located.

5.40.110 - Cannabis.

The term "cannabis" means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, or any other strain or varietal of the genus *Cannabis* that may exist or hereafter be discovered or developed that has psychoactive or medicinal properties, whether growing or not, including the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin.

5.40.120 – Cannabis cultivation business.

The term "cannabis cultivation business" means a business engaged in the planting, cultivation and harvesting of cannabis in the city, whether or not carried on for gain or profit.

5.40.130 – Other Cannabis business.

The term "other cannabis business" means a business, other than a "cannabis cultivation business," that engages in activity including, but not limited to, transporting, manufacturing, compounding, converting, testing, processing, preparing, storing, packaging, wholesale, and/or retail sales of cannabis and any ancillary products in the city, whether or not carried on for gain or profit.

5.40.140 - Cannabis business tax.

"Business tax" or "cannabis business tax" or "cannabis tax" shall mean the tax due for engaging in cannabis cultivation business or other cannabis business in the city.

5.40.150 - Person.

"Person" means, without limitation, any natural individual, organization, firm, trust, common law trust, estate, partnership of any kind, association, syndicate, club, joint stock company, joint venture, limited liability company, corporation (including foreign, domestic, and nonprofit), collective, cooperative, receiver, trustee, guardian, or other representative appointed by order of any court.

5.40.160 - Sale.

"Sale" means and includes any sale, exchange, or barter.

Part 2 - General Tax Provisions

5.40.200 - Other licenses, permits, taxes, fees or charges.

Nothing contained in this Chapter 5.05 shall be deemed to repeal, amend, be in lieu of, replace or in any way affect any requirements for any license or permit required by, under or by virtue of any provision of any other title or chapter of this code or any other ordinance of the city or resolution of the city council, nor be deemed to repeal, amend, be in lieu of, replace or in any way affect any tax, fee or other charge imposed, assessed or required by, under or by virtue of any other title or chapter of this code including or any other ordinance of the city or resolution of the city council. Any references made or contained in any other title or chapter of this code to any licenses, license taxes, fees or charges, or to any schedule of license fees, shall be deemed to refer to the licenses, license taxes, fees or charges, or schedule of license fees, provided for in other titles or chapters of this code.

5.40.210 - Business tax certificate—Required.

- A. There are imposed upon all persons engaged in cannabis cultivation business or other cannabis business in the city taxes in the amounts prescribed in this chapter and Chapter 5.05. It shall be unlawful for any person, either for him or herself or for any other person, to commence, transact or carry on any cannabis cultivation business or other cannabis business in the city without first having procured a business license from the city under Chapter 5.05 and having paid the tax set forth therein, and without complying with any and all provisions contained in this chapter. The carrying on of any cannabis cultivation business or other cannabis business without complying with any and all provisions of this chapter and Chapter 5.05 shall constitute a separate violation of this chapter and Chapter 5.05 for each and every day that such business is so carried on.
- B. The business license required to be obtained under Chapter 5.05 and the taxes required to be paid under this chapter and Chapter 5.05 are declared to be required pursuant to the taxing power of the city solely for the purpose of obtaining revenue and are not regulatory permit fees.

5.40.220 - Payment of tax does not authorize unlawful business.

- A. The payment of a business license tax required by this chapter, and its acceptance by the city, shall not entitle any person to carry on any cannabis cultivation business or other cannabis business unless the person has complied with all of the requirements of this code and all other applicable laws, nor to carry on any such business in any building or on any premises in the event that such building or premises are situated in a zone or locality in

which the conduct of such cannabis cultivation business or other cannabis business is in violation of any law.

- B. No tax paid under the provisions of this chapter shall be construed as authorizing the conduct or continuance of any illegal or unlawful business, or any business in violation of any ordinance of the city.

5.40.230 - Application—Form and contents.

Every person required to have a business license under the provisions of Chapter 5.05 shall make application for the same, or for renewal of the same, to the director. Such application shall be a written statement upon a form or forms provided by the director and shall be signed by the applicant under penalty of perjury. The application shall set forth such information as may be required and as may be reasonably necessary to properly determine the amount of the tax to be paid by the applicant under Chapter 5.05, together with such other information as is required by the director to enable the director to administer the provisions of this chapter.

5.40.240 - Payment—Location.

The tax imposed under this chapter shall be paid to the director in lawful money of the United States, at the office of the director, or any other location designated by the director. Lawful money shall mean any coin, currency or negotiable instrument, exchangeable for said coin or currency, which the United States Congress has declared to be a national legal tender.

5.40.250 - Amount of business tax owed.

A. Tax Rate for cannabis cultivation businesses.

1. In addition to the business tax imposed under Chapter 5.05 of this code and the requirements set forth therein, every person engaged in a cannabis cultivation business in the city shall pay a business tax at a rate of up to five dollars (\$5.00) per square foot of space. The tax under this chapter shall not be imposed on cannabis cultivation businesses unless and until the city council, by ordinance, takes action to set a tax rate not to exceed five dollars (\$5.00) per square foot of space.
2. Notwithstanding the maximum tax rate of five dollars per square foot of space imposed under Subsection A.1., the city council may, in its discretion, at any time by ordinance, implement a lower tax rate for cannabis cultivation businesses or establish differing tax rates for different categories of cannabis cultivation businesses, as defined in such ordinance, subject to the maximum rate of five dollars per square foot of space. The city council may, by ordinance, also increase any such tax rate from time to time, not to exceed the maximum tax rate of five dollars per square foot of space in accordance with subsection A.1., above.

B. Tax rate for other cannabis businesses.

1. In addition to the business tax imposed under Chapter 5.05 of this code and the requirements set forth therein, every person engaged in any other cannabis business in the city shall pay a business tax at a rate of up to ten percent (10%) of gross receipts. The tax under this chapter shall not be imposed on other cannabis businesses unless and

until the city council, by ordinance, takes action to set a tax rate not to exceed ten percent of gross receipts.

2. Notwithstanding the maximum tax rate of ten percent of gross receipts imposed under Subsection B.1., the city council may, in its discretion, at any time by ordinance, implement a lower tax rate for other cannabis businesses or establish differing tax rates for different categories of other cannabis businesses, as defined in such ordinance, subject to the maximum rate of ten percent of gross receipts. The city council may, by ordinance, also increase any such tax rate from time to time, not to exceed the maximum tax rate of ten percent of gross receipts in accordance with subsection B.1., above.

5.40.260 - Payment—Time limits.

The business tax imposed by this chapter shall be due and payable as follows:

- A. Each person owing a tax under this chapter shall, on or before the last day of each calendar month, prepare and submit a tax return to the director of the total square foot of space and/or the total gross receipts and remit the amount of tax owed for that calendar month by the twentieth day of the following calendar month, and becomes delinquent thereafter. At the time the tax return is filed, the full amount of the tax owed for the preceding calendar month shall be remitted to the director.
- B. All tax returns shall be completed on forms provided by the director.
- C. Tax returns and payments for all outstanding taxes owed the city are immediately due the director upon cessation of business for any reason.

5.40.270 - Payment—When taxes deemed delinquent.

Unless otherwise specifically provided under other provisions of this chapter, the taxes required to be paid pursuant to this chapter shall be deemed delinquent if not paid on or before the due date specified in Section 5.40.260.

5.40.280 - Notice not required by city.

The director is not required to send a delinquency or other notice or bill to any person subject to the provisions of this chapter and failure to send such notice or bill shall not affect the validity of any tax or penalty due under the provisions of this chapter.

5.40.290 - Payment—Penalty for delinquency.

- A. Any person who fails or refuses to pay any business tax required to be paid pursuant to this chapter on or before the due date shall pay penalties and interest as follows:
 1. Original Delinquency. A penalty equal to twenty-five percent of the amount of the tax in addition to the amount of the tax, plus interest on the unpaid tax calculated from the due date of the tax at the rate of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid; and

2. Continued Delinquency. An additional penalty equal to twenty-five percent of the amount of the tax if the tax remains unpaid for a period exceeding one calendar month beyond the due date, plus interest on the unpaid tax calculated at the rate of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
- B. Whenever a check is submitted in payment of a business tax and the check is subsequently returned unpaid by the bank upon which the check is drawn, and the check is not redeemed prior to the due date, the taxpayer will be liable for the tax amount due plus penalties and interest as provided for in this section plus any amount allowed under state law.
 - C. The business tax due shall be that amount due and payable from the first date on which the person was engaged in cannabis cultivation business or other cannabis business in the city, together with applicable penalties and interest calculated in accordance with subsection A. above.

5.40.300 - Waiver of penalties.

The director may waive the first and second penalties of twenty-five percent each imposed upon any person if:

- A. The person provides evidence satisfactory to the director that failure to pay timely was due to circumstances beyond the control of the person and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, and the person paid the delinquent business tax and accrued interest owed the city prior to applying to the director for a waiver.
- B. The waiver provisions specified in this subsection shall not apply to interest accrued on the delinquent tax and a waiver shall be granted only once during any twenty-four-month period.

5.40.310 - Refunds—Credits.

- A. No refund shall be made of any tax collected pursuant to this chapter except as provided in Section 5.40.320.
- B. No refund of any tax collected pursuant to this chapter shall be made because of the discontinuation, dissolution or other termination of a business.
- C. Any person entitled to a refund of taxes paid pursuant to this chapter may elect in writing to have such refund applied as a credit against such person's business taxes for the next calendar month.

5.40.320 - Refunds and procedures.

- A. Whenever the amount of any business tax, penalty or interest has been overpaid, paid more than once, or has been erroneously or illegally collected or received by the city under this chapter, it may be refunded to the claimant who paid the tax provided that a written claim for refund shall be presented to the director within one year of the date of payment, and in the manner prescribed by Part 3 of Division 3.6 of Title 1 of the California Government Code (commencing with section 900 thereof) for the claims to which that part applies by its

own terms, as those provisions now exist or shall hereafter be amended, and as further provided by this section.

- B. All claims shall be made in writing and verified under the penalty of perjury by the claimant or by his or her guardian, conservator, executor or administrator. All tax refund claims shall be filed on the refund claim form prescribed by the director. In the event that the director has not prescribed a form of claim, the tax refund claim shall contain:
1. The information required by California Government Code Section 910; and
 2. The specific amount claimed to have been overpaid, paid more than once, or erroneously or illegally collected or received by the city; and
 3. The grounds upon which the claim is founded, with specificity sufficient to enable the director and other responsible city officials to understand and evaluate the claim; and
 4. Documentation supporting the amount of the refund sought.

The foregoing reference to Government Code Section 910 shall not be construed to authorize a class claim, and no claim may be filed on behalf of a class of persons unless verified by every member of that class.

- C. The director or the director's authorized agent shall have the right to examine and audit all the books and business records of the claimant in order to determine the eligibility of the claimant to the claimed refund. No claim for refund shall be allowed if the claimant therefor refuses to allow such examination of claimant's books and business records after request by the director to do so.
- D. In the event that the business tax was erroneously paid and the error is attributable to the city, the entire amount of the tax erroneously paid shall be refunded to the claimant. If the error is attributable to the claimant, the city shall retain an administrative fee as set forth in a resolution of the city council from the amount to be refunded to cover the city's expenses.
- E. The director shall initiate a refund of any business tax which has been overpaid or erroneously collected whenever the overpayment or erroneous collection is uncovered by a city audit of business tax receipts. In the event that the business tax was erroneously paid and the error is attributable to the city, the entire amount of the tax erroneously paid shall be refunded to the claimant. If the error is attributable to the claimant, the city shall retain an administrative fee as set forth in a resolution of the city council from the amount to be refunded to cover the city's expenses.
- F. In accordance with California Government Code sections 935(b) and 945.6, all claims shall be presented as provided in this section and acted upon by the city prior to the filing of any action on such claims and no such action may be maintained by a person who has not complied with the requirements of this section.
- G. Any action brought against the city upon any claim or demand shall conform to the requirements of Sections 940—949 of the California Government Code. Any action brought against any employee of the city shall conform with the requirements of section 950—951 of the California Government Code.

Part 3 - Exemptions

5.40.400 - Exemptions—Application—Issuance condition.

Any person desiring to claim exemption from the payment of the tax set forth in this chapter shall make application therefor upon forms prescribed by the director and shall furnish such information and make such affidavits as may be required by the director.

5.40.410 - Exemptions—General.

Except as may be otherwise specifically provided in this chapter, the terms hereof shall not be deemed or construed to apply to any person when imposition of the tax upon that person would violate the Constitution of the United States or that of the state of California or preemptive federal or state law.

5.40.420 - Exemptions—Occasional transactions.

- A. The provisions of this chapter shall not apply to persons having no fixed place of business within the city who come into the city for the purpose of transacting a specific item of business at the request of a specific patient, client or customer, provided that such person does not come into the city for the purpose of transacting business on more than five days during any calendar year.
- B. For any person not having a fixed place of business within the city who comes into the city for the purpose of transacting business and who is not exempt as provided in subsection A. of this section, the business tax payable by such person may be apportioned by the director in accordance with Section 5.40.520.

Part 4 - Administration and Enforcement

5.40.500 - Enforcement—Duties of director and chief of police.

It shall be the duty of the director to enforce each and all of the provisions of this chapter, and the chief of police shall render such assistance in the enforcement of this chapter as may from time to time be required by the director.

5.40.510 - Rules and regulations.

For purposes of apportionment as may be required by law and for purposes of administration and enforcement of this chapter generally, the director, with the concurrence of the city attorney, may from time to time promulgate administrative rules and regulations.

5.40.520 - Apportionment.

- A. None of the tax provided for by this chapter shall be applied so as to occasion an undue burden upon interstate commerce or be violative of the equal protection and due process clauses of the Constitutions of the United States or the state of California.
- B. If any case where a business tax is believed by a taxpayer to place an undue burden upon interstate commerce or be violative of such constitutional clauses, the taxpayer may apply to the director for an adjustment of the tax. It shall be the taxpayer's obligation to request in writing for an adjustment within one year after the date of payment of the tax. If the

taxpayer does not request in writing within one year from the date of payment, then taxpayer shall be conclusively deemed to have waived any adjustment for that year.

- C. The taxpayer shall, by sworn statement and supporting testimony, show the method of business and the gross volume of business and such other information as the director may deem necessary in order to determine the extent, if any, of such undue burden or violation. The director shall then conduct an investigation, and shall fix as the tax for the taxpayer an amount that is reasonable and nondiscriminatory, or if the tax has already been paid, shall order a refund of the amount over and above the tax so fixed. In fixing the tax to be charged, the director shall have the power to base the tax upon a percentage of gross receipts or any other measure which will assure that the tax assessed shall be uniform with that assessed on businesses of like nature, so long as the amount assessed does not exceed the tax as prescribed by this chapter.
- D. Should the director determine that the gross receipt measure of tax to be the proper bases, the director may require the taxpayer to submit a sworn statement of the gross receipts and pay the amount of tax as determined by the director.

5.40.530 - Audit and examination of records and equipment.

The director shall have the power to audit and examine all books and records of persons engaged in cannabis cultivation business or other cannabis business including both state and federal income tax returns, California sales tax returns, or other evidence documenting the square foot of space and/or gross receipts of persons engaged in cannabis cultivation business and/or other cannabis business, and, where necessary, all equipment, of any person engaged in such a business in the city, for the purpose of ascertaining the amount of business tax, if any, required to be paid by the provisions hereof, and for the purpose of verifying any statements or any item thereof when filed by any person pursuant to the provisions of this chapter. If such person, after written demand by the director, refuses to make available for audit, examination or verification such books, records or equipment as the director requests, the director may, after full consideration of all information within his or her knowledge concerning the cannabis cultivation business or other cannabis business and activities of the person so refusing, make an assessment in the manner provided in Sections 5.40.560 through 5.40.580 of any taxes estimated to be due.

5.40.540 - Tax deemed debt to city.

The amount of any tax, penalties and interest imposed by the provisions of this chapter shall be deemed a debt to the city and any person carrying on any cannabis cultivation business or other cannabis business without first having procured a business license shall be liable in an action in the name of the city in any court of competent jurisdiction for the amount of the tax, and penalties and interest imposed on such business.

5.40.550 - Deficiency determinations.

If the director is not satisfied that any statement filed as required under the provisions of this chapter is correct, or that the amount of tax is correctly computed, he or she may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in his or her possession or that may come into his or her possession. One or more deficiency determinations of the amount of

tax due for a period or periods may be made. When a person discontinues engaging in a business, a deficiency determination may be made at any time within three years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the tax would otherwise be due. Whenever a deficiency determination is made, a notice shall be given to the person concerned in the same manner as notices of assessment are given under Sections 5.40.560 through 5.40.580.

5.40.560 - Tax assessment—Authorized when nonpayment—Fraud.

- A. Under any of the following circumstances, the director may make and give notice of an assessment of the amount of tax owed by a person under this chapter:
1. If the person has not filed any statement or return required under the provisions of this chapter;
 2. If the person has not paid any tax due under the provisions of this chapter;
 3. If the person has not, after demand by the director, filed a corrected statement or return, or furnished to the director adequate substantiation of the information contained in a statement or return already filed, or paid any additional amount of tax due under the provisions of this chapter;
 4. If the director determines that the nonpayment of any business tax due under this chapter is due to fraud, a penalty of fifty percent of the amount of the tax shall be added thereto in addition to penalties and interest otherwise stated in this chapter.
- B. The notice of assessment shall separately set forth the amount of any tax known by the director to be due or estimated by the director, after consideration of all information within the director's knowledge concerning the business and activities of the person assessed, to be due under each applicable section of this chapter, and shall include the amount of any penalties or interest accrued on each amount to the date of the notice of assessment.

5.40.570 - Tax assessment—Notice requirements.

The notice of assessment shall be served upon the person either by handing it to him or her personally, or by a deposit of the notice in the United States mail, postage prepaid thereon, addressed to the person at the address of the location of the business appearing on the face of the business license issued under Chapter 5.05 or to such other address as he or she shall register with the director for the purpose of receiving notices provided under this chapter; or, should the person have no business license issued and should the person have no address registered with the director for such purpose, then to such person's last known address. For the purposes of this section, a service by mail is complete at the time of deposit in the United States mail.

5.40.580 - Tax assessment—Hearing—Application and determination.

Within ten days after the date of service the person may apply in writing to the director for a hearing on the assessment. If application for a hearing before the city is not made within the time herein prescribed, the tax assessed by the director shall become final and conclusive. Within thirty days of the receipt of any such application for hearing, the director shall cause the matter to be set for hearing before him or her not later than thirty days after the date of application, unless a later date is agreed to by the director and the person requesting the hearing. Notice of such

hearing shall be given by the director to the person requesting such hearing not later than five days prior to such hearing. At such hearing said applicant may appear and offer evidence why the assessment as made by the director should not be confirmed and fixed as the tax due. After such hearing the director shall determine and reassess the proper tax to be charged and shall give written notice to the person in the manner prescribed in Section 5.40.570 for giving notice of assessment.

5.40.590 - Conviction for chapter violation—Taxes not waived.

The conviction and punishment of any person for failure to pay the required tax shall not excuse or exempt such person from any civil action for the tax debt unpaid at the time of such conviction. No civil action shall prevent a criminal prosecution for any violation of the provisions of this chapter or of any state law requiring the payment of all taxes.

5.40.600 - Violation deemed misdemeanor—Penalty.

Any person violating any of the provisions of this chapter or any regulation or rule passed in accordance herewith, or knowingly or intentionally misrepresenting to any officer or employee of the city any material fact in procuring the business license provided for in Chapter 5.05 shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of not more than five hundred dollars or by imprisonment for a period of not more than six months, or by both such fine and imprisonment.

5.40.610 - Effect of state and federal reference/authorization.

Unless specifically provided otherwise, any reference to a state or federal statute in this chapter shall mean such statute as it may be amended from time to time, provided that such reference to a statute herein shall not include any amendment thereto, or to any change of interpretation thereto by a state or federal agency or court of law with the duty to interpret such law, to the extent that such amendment or change of interpretation would, under California law, require voter approval of such amendment or interpretation, or to the extent that such change would result in a tax decrease. To the extent voter approval would otherwise be required or a tax decrease would result, the prior version of the statute (or interpretation) shall remain applicable; for any application or situation that would not require voter approval or result in a decrease of a tax, provisions of the amended statute (or new interpretation) shall be applicable to the maximum possible extent.

To the extent that the city's authorization to collect or impose any tax imposed under this chapter is expanded as a result of changes in state or federal law, no amendment or modification of this chapter shall be required to conform the tax to those changes, and the tax shall be imposed and collected to the full extent of the authorization up to the full amount of the tax imposed under this chapter.

5.40.620 - Subject to annual city audits.

The revenues from the tax imposed by this chapter shall be subject to the annual audit performed by the city's independent auditor of the city's municipal books, records, accounts and fiscal procedures.

5.40.630 - Remedies cumulative.

All remedies and penalties prescribed by this chapter or which are available under any other provision of law or equity, including, but not limited to, the California False Claims Act (Government Code section 12650 et seq.) and the California Unfair Practices Act (Business and Professions Code section 17070 et seq.), are cumulative. The use of one or more remedies by the city shall not bar the use of any other remedy for the purpose of enforcing the provisions of this chapter.

5.40.640 - Amendment or repeal.

Chapter 5.40 of the Rio Dell Municipal Code may be repealed or amended by the city council without a vote of the people. However, as required by Article XIIC of the California Constitution, voter approval is required for any amendment provision that would increase the rate of any tax levied pursuant to this chapter. The people of the city of Rio Dell affirm that the following actions shall not constitute an increase of the rate of a tax:

- A. The restoration of the rate of the tax to a rate that is no higher than that set by this chapter, if the city council has acted to reduce the rate of the tax;
- B. An action that interprets or clarifies the methodology of the tax, or any definition applicable to the tax, so long as interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this chapter;
- C. The establishment of a class of person that is exempt or excepted from the tax or the discontinuation of any such exemption or exception (other than the discontinuation of an exemption or exception specifically set forth in this chapter); or
- D. The collection of the tax imposed by this chapter, even if the city had, for some period of time, failed to collect the tax.

5.40.650 – Severability.

Should any provision, section, paragraph, sentence or word of this ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this ordinance as hereby adopted shall remain in full force and effect.