

**SUBCOMMITTEE MEETING
OLD RANCH ROAD WATER LINE
APRIL 8, 2014
MINUTES**

A City Council Subcommittee meeting was held on April 8, 2014 at Rio Dell City Hall Council Chambers at 6:00 p.m. to meet with Old Ranch Road (ORR) Water Line customers to hear their concerns related to the City Manager's recommendation for the City to continue water service to the neighborhood from water meters relocated to the intersection of ORR and Monument Road.

Present were subcommittee members Mayor Thompson and Councilmember Johnson, City Manager Stretch, Water/Roadways Superintendent Jensen, City Engineer Perry, City Attorney Gans, George Williamson, LAFCo Executive Officer and City Clerk Dunham. Also present were 12 residents from the Monument neighborhood.

The meeting began with Mayor Thompson thanking everyone for coming and reciting the ground rules on how the meeting will be conducted. He stated that the City Council appointed him and Councilmember Johnson to a subcommittee to receive comments and suggestions from the residents being served from the Old Ranch Road water line. He said their purpose this evening is to simply listen, as any decisions made will be by the full body of the City Council. He asked speakers to limit their comments and be respectful of others while speaking.

Charl Stoneman commented that he hoped that instead of residents just getting up and discussing the same issues over again he really hoped there will an opportunity for the City to present what its desires are with regard to providing water services to the residents served by the ORR water line.

Mayor Thompson explained the desire of the City is to relocate the meters to the intersection of ORR and Monument Road and since the services are located outside Rio Dell city limits there needs to be dialog from the residents on how they plan to run water lines to the meters. He stated that the City is not responsible for installation of laterals on private property.

Mayor Thompson then introduced staff members and consultants who were present.

Councilmember Johnson directed everyone's attention to the white board on the back wall with a map drawn of the Monument and Old Ranch Road area. He reminded the residents that members of the City Council are elected by the citizens of Rio Dell and are here to serve them.

Water/Roadways Superintendent Jensen continued with a power point presentation representing pictures of Old Ranch Road with overgrown brush and poison oak, the existing exposed 2 inch plastic water line held together with hose clamps and rubber inner tubes, and water meters located in the brush and poison oak. One of the pictures showed the water line strapped to a tree with a ratchet strap to keep the line from slipping down the bank where the road previously

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slipped out. He said public works personnel have to walk in to read the meters each month because of a slide. Also, the existing water line goes from galvanized to plastic and is in very poor condition. He noted that up until around 2006, public works personnel cleared the brush around the exposed water line on Old Ranch Road but because of the difficulty in getting access to the line, a decision was made to no longer do it.

Linda Cidoni interjected that the water meter that served the parcel formerly owned by Cindy Marble which she now owns, was removed without any notification from the City.

Water/Roadways Superintendent Jensen stated that he was not aware of a meter at that location so it must have been removed sometime before 2004 under a previous public works director.

He went on to show several areas where the line was held together with repair clamps and a picture of the second gate with a sign that stated "Beware - Fire Arms in Use." He said they have to hike over the gate to read the meter on the other side of the gate.

Charll Stoneman said at the second gate the line is gravity fed and asked if the line is moved to the edge of Monument Road if it will be a problem.

Water/Roadways Superintendent said as long as there is an air relief valve there shouldn't be a problem.

He explained the water line went from a 2 inch line to a 1 inch because a former resident, John Miranda destroyed a section of the 2 inch line when he hauled in a trailer house so the City had to install a new 1 inch poly pipe line around 2005.

Charll Stoneman asked if Mr. Miranda was required to pay for any of the repairs. Staff commented that they do not believe the City was reimbursed for any of the cost

Water/Roadways Superintendent Jensen said the 3rd meter is at the tank shared by the association and is fed with a 1 inch poly pipe with a 1 inch tee recently installed by the City. He said David Hagemann's meter is the 4th meter and is the furthest point from the distribution system. He noted that during the time from 1996 until around 2003, City workers could access Old Ranch Road by vehicle without a problem; since then the road has not been passable except on foot.

John Coleman commented that the pictures indicate that most of the water line comes from the original system purchased by the City in 1969 so the life span of that infrastructure is gone. Also, he said the line was never properly installed and the primary reason for it failing. He said if it had been put in the middle of the road like it was it was supposed to be rather than above the ground, there would be no problem. He said there have not been any upgrades to the system since the City took over.

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Jennifer Mackey stated that the City is claiming that too much time and money is being spent to maintain this line but should be embarrassed by the fact that no upgrades have been done. She questioned the amount of revenue the City has received from the Old Ranch Road water line customers. She commented that she depends on this water and is very concerned about what is going to happen with regard to her service. She recognized that the slide area is difficult to access but with the amount of revenue the City collects from these residents, does the City really want to walk away from maintaining the system. She questioned whether there are more suitable pipe materials today than the 1" poly pipe and said you would think with the high tech things going on in the world there would be something durable enough to even free hang and handle exposure of the pipe above ground.

Water/Roadways Superintendent Jensen responded that HDPE is the pipe used throughout the City and is very durable but it is also more expensive.

Kaye Peake reported that according to her calculations, \$44,000 was paid to the City for water services served by the Old Ranch Road line since 1979 and felt if the line was installed properly, there would be enough revenue to maintain it. She noted that the new type of pipe is more durable and that it seems the current residents are still being burdened by John Miranda's past actions. She asked if it is standard procedure to only repair lines with clamps and if the same procedures are used on water lines inside City limits.

Water/Roadways Superintendent Jensen said that the repairs to the line are only part of the problem.

City Manager Stretch explained that the City is not responsible for repairs to a lateral which is what the City is trying to get away from with regard to the Old Ranch Road system.

City Engineer Perry pointed out that the majority of the City's water lines are underground and require minimal maintenance.

City Manager Stretch said with regard to water rates for those residents sharing 1 meter, he had staff do a comparison and based on 44 units of water for 4 residences, the charges are being computed correctly and they are not paying at the highest tiered rate as suggested. Also, staff put together the estimated annual cost to maintain the line which is \$12,000. He said the point is that the City is not generating sufficient revenue to properly maintain that system.

Mike Lommori pointed out that if the City spends \$12,000 a year to maintain the line and it only is estimated to cost \$10,000 to upgrade the line, why hasn't it been done.

Water/Roadways Superintendent Jensen pointed out that most of the \$12,000 is related to labor costs.

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City Engineer Perry also noted that the line in question is considered a service lateral and not the City's responsibility to maintain.

City Manager Stretch reiterated that as a general rule the City does not maintain service laterals.

John Coleman argued that under the Haberstock Agreement the City's responsibility is to maintain the line to the tank which everyone knows. He asked if the water rates are tiered to increase according to usage.

City Manager Stretch said the agreement says the City shall provide water; not that the City will supply water to the holding tank.

Both John and Elizabeth Coleman argued that the Haberstock Agreement says exactly that the City will provide water to the tank.

City Manager Stretch stated that the agreement he has seen does not specifically say that in which John Coleman offered to show him that part of the agreement. (A check of the agreement indicates that the City Manager is correct).

At this point, Mayor Thompson called for order and asked Mr. Coleman to take his seat and calm down in which he refused. Mayor Thompson threatened to shut the meeting down or have Mr. Coleman removed because of his aggressive behavior. Mr. Coleman accused the Mayor of harassment and said he would be leaving soon anyway for another engagement.

City Manager Stretch explained the rate structure is tiered however; with 4 residences on 1 meter the billing system recognizes it as such and allows 4 units for the minimum base charge rather than 1 unit so they are not being over-charged.

Mike Lommori asked staff to define laterals versus main lines.

Water/Roadways Superintendent Jensen explained the water main is the line that extends to the edge of the property line; the service lateral is the line from the edge of the property to the residence.

Mr. Lommori agreed this is a unique situation and expressed concern that if the meters are moved to the intersection of Monument and Old Ranch Road, there will be problems associated with easements since it is his understanding that the City cannot convey its easement to private parties.

Mayor Thompson said perhaps what needs to happen is the formation of a private water district since each person seems to have a different idea of what needs to happen; then there could be one designated spokesperson to represent the association.

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George Williamson from LAFCo stated the preferable option from LAFCo's perspective is that a municipality provides water to its residents but this area is out of the City's legal boundaries. He said one option is to provide services if it is feasible to do so. He said Old Ranch Road is not only out of City boundaries but also out of the City's sphere of influence so although this is an option it doesn't seem feasible. He said a second option would be for the residents to petition the City to work with LAFCo and expand the sphere of influence so they could then petition for extension of services. He said the problem with this is that they would have to demonstrate their current water is contaminated or poses another health and safety issue which is not the case since they are already being served by suitable City water. He said there are provisions where they could form a water district such as the Palmer Creek Water District and buy water from the City however; the formation is expensive and subject to LAFCo approval. He said the fourth option is to form a Municipal Water Company which is not subject to LAFCo approval.

John Coleman asked what designates the sphere of influence for the City of Rio Dell. George Williamson explained the sphere of influence is set under the authority of LAFCo and provided a *City of Rio Dell and Sphere* map compiled by Planwest Partners dated September 23, 2008 representing the current sphere boundaries.

David Hagemann stated that according to the County zoning map his two parcels are located within the City's sphere of influence so the Old Ranch Road water system is also within the sphere of influence. (This assumption was incorrect).

Charll Stoneman said it is his understanding if a property is out of the sphere of influence it is not designated as a SRA (State Responsibility Area) with regard to fire protection and they are not considered within the Rio Dell Fire Protection District.

George Williamson commented that there is a different sphere of influence related to fire protection and the current map shows he is clearly out of the City's sphere of influence.

Kaye Peake said the City owns the springs and has served the Hagemann's and the parcels created from the Haberstock Subdivision since 1979 and those parcels have always been considered to be within the City's sphere of influence because the City provides services.

City Manager Stretch said supposing the said parcels are within the sphere of influence, it still doesn't change anything with regard to how water is supplied.

George Williamson explained there are certain provisions under sphere of influence regulations where a City "may" provide water if it is deemed to be a matter of health and safety however; it is not relevant in this situation because these parcels are already being served with potable water.

John Coleman asked if the Haberstock Agreement is legitimate and said he will provide the City Manager a copy as the City's copy is obviously tainted.

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City Manager Stretch responded that the agreement has obviously not been tainted.

Mike Lommori went back to his original concern which is if the meters are moved out to Monument and Old Ranch Road he does not have legal right to access water from those meters and neither does anyone else here and said he would like to know how that will be addressed. He said essentially, their water services could be discontinued.

City Manager Stretch said the City's proposal is not to leave residents without water but to simply make it easier on the City to provide service so if there is a glitch with regard to that, it will need to be addressed.

Mayor Thompson stated that the residents need to get together and come to an agreement as the solution to this problem is essentially in their hands.

Mike Lommori asked what part of the City budget covers water system maintenance and if maintenance is built into the rate structure. He said they pay into the water fund just like other residents of the City.

City Manager Stretch stated that maintenance comes out of the water fund which is not capitalized or generating enough money to be a viable system and in the near future the City will be looking at making those adjustments.

Mayor Thompson reiterated that the City's only responsibility is to maintain the water main to the property line; the service lateral is the responsibility of the property owner.

Jennifer Mackey stated that she does not want her water meter moved and said her livelihood depends on having water. She said everything she owns is tied up into the 5 acres she has and that she has been to hell and back working to keep it. She said thanks to the support of her neighbors they are able to keep that line working and that a lot of repairs have been done with minimal access. The fact that she bought into something with the knowledge that what she was paying for as a customer gave her all the same rights as other customers in the City should be true. She added that if the City messed up on capitalizing the system she is sorry for that and is willing to pay more for it but she thinks there is the interest to keep the meters where they are and go on and make the adjustments monetarily to recover the initial cost. She said the conversation in November had to do with how to finance the new line and they were in agreement. Now the City is asking them to install ½ mile of line stating that she personally can't do it as she is too old. She said she can't afford to lose everything she has because she can't resale her property. She commented that maybe they can form a water district but the burden is being put on people who have been very faithful water rate payers for over 30 years. She asked that the City not drop them to simply make it easier for the City and asked what it would cost to make it work.

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Elizabeth Coleman commented that the City entered into a contract with Haberstock and for the City to breach that contract seems a little outside the law.

City Attorney Gans pointed out that they are no different from a rate structure standpoint than the rest of the City of Rio Dell but the City has the ability to appropriately capture and create a rate subset if the cost to provide the service is substantially more to the subset users. He said the City is trying to come up with a cooperative economical solution to a very difficult situation in a remote location and if you do the math and rate assessment, he is not certain that creating a subset rate structure is in their best interests versus controlling their own infrastructure. He said the group should not be of the mindset that they should pay the same rates as someone downtown right off the service line and if the City does the collective assessment and capitalization cost study to build an appropriate rate study for that service area it might not turn out to be a good deal in the long run.

He noted that with municipalities and the way to collect revenue it is such a structured process that what the City is trying to do now is find a simple common sense solution economically, short of doing a comprehensive study and tiered rate structure including everything it would take to provide the service.

Charll Stoneman presented a written list of four questions/concerns with regard to the City's proposal to move the water meters and said he doesn't know why the plan went in another direction since the meeting with the property owners in November 2013.

City Manager Stretch agreed to provide the answers to the questions in writing.

Charll Stoneman said his house was built in 1986 and was served by the springs until such time the State shut the springs down and said the owner at that time installed an extensive filter system. He said he is fine with the City's proposal to relocate the meters if in fact the City can convey easements from the City Springs property to the property owners.

City Attorney Gans said collectively if all of the users in that area were agreeable to a location for the lines to run from the meters to then tee off to the respective parcels then it would be easy to put together an easement to accommodate them. If the property owners that are going to be burdened by it refute that there might be an issue. He said there are some issues related to whether or not the City's historic right to keep and maintain the water line along Old Ranch Road is subject to conveyance. His practical common sense response knowing how difficult rate structures can be, especially with a tiered rate structure and full assessment and compartmentalization of the cost to provide service in that area, it might be a lot cheaper to put the meters along the public road, create an easement so each property owner has a separate easement for their independent water line and run it along the same trench, tee off from there and maintain it rather than relying on the public entity to maintain.

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Hershal Smith asked why the meters stop at Old Ranch Road rather than going on up Monument Road to serve those customers and why can't the City install the new water line.

Water/Roadways Superintendent Jensen responded that there is not enough pressure to get up to that point and the reason the tanks are on the down side is because the water is gravity fed and pumped up to those residents. He further responded that the reason the City is opposed to installing a new line is because of all of the problems related to access to read meters and maintain the line. He said they have been threatened by property owners and have been required to call ahead to even read meters. He referred to the "Beware – Firearms in Use" sign posted on one of the gates and said the answer to that question simply stated is "inconsistent access and difficulty to maintain."

Councilmember Johnson reminded everyone that the conservation needs to head toward a solution and said everyone is getting way too side-tracked which is not beneficial.

Donna Stoneman said this is something that if the right-of-way is moved and the easement is modified, they would definitely need some assistance and one of her concerns is that they have a neighbor (Richard Phillips) who is not on the water system but has been very difficult to deal with and has been very destructive. As a result, she wants a clear legal opinion so that they don't get into trouble.

Jennifer Mackey asked if it would be possible in order to keep their costs down, to bring the meters as far as the first big slide area.

David Hagemann commented that the City doesn't really want the lateral so access is really not an issue for the City if they were to grant access from the west so it's a moot point. He said that he still believes that they are part of the City's sphere of influence.

George Williamson said the 2008 map is an official County Sphere of Influence map which shows the sphere of influence stops at Monument Road.

City Manager Stretch stated that whether they are or are not located in the City's sphere of influence is not relevant to this issue.

David Hagemann said he felt he was holding up the process by not granting the City access through his property but he is now willing to do so although it may now also be a moot point. He pointed out that he paid a water bill to the City for years without even having service.

City Manager Stretch said when staff met with residents back in November the approach was to have access from both sides of the slide. It was estimated that the cost to put in a new line would be \$10,000 and it was agreed that the City would do the work and the residents would reimburse the City that amount. He said the City attempted to get access from the west but the property

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owner was not willing to grant the access. The City was hindered from crossing the slide and given those facts; staff had to go to the next step which is to relocate the meters. He said for \$10,000 the residents could install a new line and simply eliminate all of the problems so he felt it was a good option. In terms of the City continuing to provide water, maintain the line and pay for it, he pointed out that it is a lateral and the best and most cost effective solution is to relocate the meters. He said staff's recommendation is to relocate the meters to the intersection of Monument Road and Old Ranch Road, with the residents installing the new water line and the City will help with engineering to make sure the line is the correct type and size. He said he feels confident there is a way to get the easement issues resolved.

He said what he is hearing tonight is that the residents want the City to have access from both sides of the slide area to install the new line and maintain the water meters at their current location. He said frankly, he feels the recommendation made on March 18th is a much better one.

Mayor Thompson said upon walking the line on Old Ranch Road he determined that it would be irresponsible on the City's part to send City employees out to work within the slide area deemed to be hazardous due to potential injuries. He noted that the contour of the mountain has changed dramatically since 2009 and he is not comfortable with the situation stating that a tree could fall or the slide could move and cause serious injuries or worse and create serious financial consequences to the City.

Mike Lommori pointed out that as a forester he is familiar with slide areas and public works employees would have a greater chance of being injured in a car accident than working within this particular slide area. He said he would like to leave the meters where they are but felt that not everyone fully understood what was being asked of them in November. He pointed out that there are different types of easements and said he is willing to work with the City on a collaborative solution.

Hershal Smith asked how moving the meters will affect water pressure.

Councilmember Johnson pointed out that water tends to seek its own level.

City Engineer Perry said the pressure will not change since water will be pumped to the same holding tank.

David Hagemann commented that he could perhaps move his own meter closer to the holding tank.

City Manager Stretch clarified that there does not need to be separate lines for each meter and the services can be fed with a 1 inch line. He also commented that if the City Engineer says the pressure will be the same, it will be the same.

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Susan Hagemann stated that an easement would also need to be obtained by HRC (Humboldt Redwood Co.) and expressed concern that the City Council will make a decision on the issue in May without clear answers and assurances to the property owners.

Elizabeth Coleman stated that the City made the argument for them that they had presented and worried about staff possibly getting hurt if they had tried to take heavy equipment into the slide area without first looking at the slide area with an actual engineer. Their only question was that they wanted it looked at in that manner so everything the City asked for has been right at their feet yet there is still blockage from the City and said she is curious as to why.

Mayor Thompson said staff has had problems accessing the area to read meters or repair the line and have to walk in and felt they should not have to go through numerous steps to do routine maintenance to the line.

City Manager Stretch stated that we seem to have hearts beating as one but with regard to granting the City access, if the City were to agree to limit access for the sole purpose of maintenance of the line then we have a diminishment in the value of the land because it then becomes land locked. He said at the November 20th meeting, Michael O'Hearn and Attorney Gans were present who had done legal research and settled the issue that the City does have legal access to the parcel. He said asking the City to change right of access would devalue the property. He stated for clarification that the City never suggested taking in heavy equipment or a logging truck and in fact were going to move so very little soil that a County permit was not even required. He said he sent out a notice to the property owners which were not received well so he simply backed off and took another recommendation to the City Council. He said therein lies the genesis for his suggestion to the City Council to pull the meters back to Monument Road.

Elizabeth Coleman argued that the parcel is already landlocked.

Jennifer Mackey questioned how the City can legally sell a piece of property with a slide and with no physical access to the parcel.

City Manager Stretch responded that repairs can be done

City Engineer Perry pointed out that this is a technical issue in which a solution was not developed. He said there are challenges related to the sale of this property but you could look at Monument Road and say the same thing.

Charll Stoneman noted that no one is contesting that it is land locked and if the City has legal use, shut those down that are inhibiting it. He said that both he and Mike Lommori will help to get the road in. He said he feels the City has done due diligence and can shut them down.

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City Manager Stretch said rather than continue to push uphill, he would rather move the meters which will solve the problem.

Mike Lommori said he is willing to work with the City to allow access and suggested everyone sign an agreement allowing the City 100% access unfettered. He said he feels it is inappropriate for the City to leverage his water to get access to the springs.

City Attorney Gans asked if the property owners are requesting to make a proposal or if they want the City to come up with its proposal.

Kaye Peake said the property owners have been meeting at her house over the last couple of months regarding this issue and they came to the agreement to give the City \$10,000 to put in the new water line and allow access from both sides for maintenance. She said they came to the City tonight in good faith to say they are still in agreement with the plans as discussed in November and would like the City to allow them to assist with some of the labor.

Mayor Thompson pointed out that the \$10,000 is only an estimate and that it could be more or less.

Kaye Peake said as long as the quote is in writing they don't have a problem.

Elizabeth Coleman questioned whether the springs are for sale or not.

City Manager Stretch explained the property was declared surplus but the City has not moved forward because of the pending issues.

Susan Hagemann asked for clarification that what the City is asking is for an agreement signed by all parties that everyone is in agreement with regard to granting the City access from both sides of the slide area for maintenance of the water line. Now it seems the City wants a permanent easement to sell the property. Her understanding was that the access was only for maintenance purposes and asked why at this point this is being the swing vote and is being taken to the next level.

City Manager Stretch said on the November 20, 2013 agenda, the 3rd item had to do with the right of access so it has been there all along.

John Coleman said the City has insisted the issue related to the sale of the property be separate from the water line/water meter issue.

Charll Stoneman stated for clarification that if they get together as a group and talk to the property owners and make it clear that they may be inheriting access to springs and give out clear title for ingress and egress then the meters can be left at their current locations.

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Councilmember Johnson said that is not what he heard.

City Attorney Gans reminded the audience that 2 members of the City Council cannot make a decision collectively on behalf of the City Council.

Jennifer Mackey said she does not want to spend time putting together a proposal if the decision has already been made and would negate all of the hard work they will be doing.

Mayor Thompson assured her that is not the case.

City Manager Stretch said the basis for his recommendation to the City Council was to get to zero maintenance expense with the line on Old Ranch Road and continue to have access to the City's parcel.

Councilmember Johnson added that it was also to have the location of those meters consistent with the other 1,300 or so other users in the City.

City Attorney Gans stated that it is a very important for property owners collectively to understand that at some point in the near future the City is going to have to re-evaluate its water rate structure. He said to go through the public to reset its rates it has to look at its collective cost to provide the service and if they have a subset of users that are incredibly more expensive to service than other locations in the City they can evaluate a tiered rate structure.

He said basically there are two proposals: 1) the City moves the meters and the property owners maintain the line; or 2) the property owners provide unfettered access to the City along Old Ranch Road for the City to reinstall and maintain a new line in perpetuity. He said those costs are going to be captured over time so the property owners need to understand that rates are not cut in stone.

Mike Lommori said there is no assurance the rates won't change if the meters are moved either.

Attorney Gans responded that there is some assurance as there is an engineering assessment that goes into the cost of providing the service and the City must rely on that to set the rates under Prop 218. He said it would be much less costly with the meters relocated to Monument Road.

Elizabeth Coleman asked that the issue be deferred to the first Council meeting in June to allow time for them to meet with legal counsel regarding easement issues.

City Manager Stretch asked that they do the best they can and if not comfortable with the amount of information, it will not be taken to the City Council for action. He said information would need to be to the City no later than May 1, 2014 for inclusion in the May 6, 2014 Council packet.

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Councilmember Johnson said he would like to have an official answer from staff regarding where the sphere of influence ends; and requested the City Attorney look into the conveyance of the City's easement.

ADJOURNMENT

The meeting adjourned at 8:10 p.m.

Jack Thompson, Mayor

Attest:

Karen Dunham, City Clerk