



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

May 18, 2015

Steven L. Wolff & Sharon L. Wolff
3 Painter Street
Rio Dell, CA 95562

Dear Mr. & Mrs. Wolff,

Thank you for your information request of May 9, 2015. I appreciate the opportunity to clarify this issue with you.

On June 3, 2014 the City Council authorized the City Manager to enter into an agreement with Bartle Wells Associates. On June 24, 2014 the City Manager then signed an engagement letter authorizing Bartle Wells to perform the work described. Also on June 24, 2014 the City Manager sent the signed engagement letter via email and in the same email also delayed the starting date to an unspecified point in the future. To date, the City Manager has not asked Bartle Wells to proceed with any work on behalf of the city, nor received an invoice related to the topic of your letter.

Attached are the documents you requested in your letter. Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Knopp". The signature is fluid and cursive, extending across the width of the page.

Kyle Knopp, City Manager
City of Rio Dell

**RIO DELL CITY COUNCIL
REGULAR MEETING
JUNE 3, 2014
MINUTES**

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

ROLL CALL: Present: Mayor Thompson, Councilmembers Johnson, Marks, Wilson, and Woodall

Others Present: City Manager Stretch, Chief of Police Hill, Finance Director Woodcox and City Clerk Dunham

Absent: Community Development Director Caldwell, Water/Roadways Superintendent Jensen and Wastewater Superintendent Chicora (excused)

PUBLIC PRESENTATIONS

Ayala Talpai addressed the Council on two (2) issues. The first was to request in lieu of a sidewalk along Belleview Ave., that a white line be painted on the side of Belleview Ave. with a stencil of bicycles and people walking to indicate the area as a safe roadway or designated space for foot and bicycle traffic. The second issue was concerning the intersection coming into Rio Dell from the north (exit 681). She stated that on numerous times she has sat in Dr. Shin's dentist chair and they have remarked on the number of "floaters" going through the stop sign. She said she talked to the police about this and suggested rather than ticket people, approach it as a safety issue and perhaps change the "stop" sign to a "yield for right turn" sign.

Mayor Thompson commented that this matter was under Cal-Trans jurisdiction. Ms. Talpai indicated that she would be on the phone to them in the morning.

Jim Rich addressed the Council regarding the proposed wastewater rate structure and expressed concern about the impact increased rates will have on businesses. He indicated that his sewer rates are likely to double and be in the \$400-\$500 range. He said local businesses are either pinched by tight margins barely able to survive, or are new businesses that have assessed their overhead at specific rates and will have difficulty developing their businesses in town due to changing fee structures and an unstable regulatory environment. He said for successful business development in Rio Dell the City needs to provide a welcoming, stable environment with known regulation and relatively low overhead costs. He urged the City Council to coordinate and work with existing community organizations to develop a common mission, then develop incentives to entice both retail and manufacturing companies to move here as a way to capitalize the City's infrastructure by creating a broader tax base. He said with the Dollar General locating here, the City has a unique opportunity to attract other businesses that share the same market parameters which would expand the City's tax base. He said rather than creating a scenario where businesses struggle to stay open because of increased rates, wait until there is more economic

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growth so the market can bear the increases for upgrades and capitalization of the City's infrastructure for the long term.

Councilmember Marks asked Mr. Rich where he got the projected numbers regarding the rates.

Mayor Thompson stated that he was at the Pizza Factory with the Executive Director of HWMA and the subject of sewer rates came up. The following day he went back with the Prop 218 Wastewater Rate Study so Mr. Rich could see the calculations.

Councilmember Marks asked if he took into consideration that the Pizza Factory also includes a residence which constitutes 2 services on 1 meter. She said the Council talked about the need to address special situations like this during the Prop 218 Wastewater Rate Hearing at the last meeting.

CONSENT CALENDAR

Councilmember Marks asked that Item No. 7 be removed from the Consent Calendar for separate discussion.

Motion was made by Woodall/Johnson to approve the consent calendar including the approval of minutes of the May 6, 2014 regular meeting; approval of minutes of the May 13, 2014 special meeting; approval of annual rate adjustment to Eel River Disposal Garbage Rates and accept as an amendment to the City's Solid Waste and Recycling Franchise Agreement effective July 1, 2014; approval in concept of a Green Waste Recycling Pilot Program with Eel River Disposal and Resource Recovery; approval of Resolution No. 1223-2014 appointing representative and alternate to the SCORE Board of Directors; and authorizing the City Manager to engage the auditing services of R. J. Ricciardi to complete the 2013-2014 Fiscal Year Audit. Motion carried 5-0.

SPECIAL CALL ITEMS

(From Consent Calendar)

Approve 2014 Integrated Regional Water Management Drought Solicitation Project Application for City of Rio Dell and Scotia CSD Emergency Water Intertie in the amount of \$913,449

Councilmember Marks asked for an overview from the City Manager to show citizens the importance of the emergency water intertie.

City Manager Stretch explained special drought funds were recently made available which are funded by Prop 84 and with the application deadline of May 26, 2014, the City had its engineering firm, GHD Engineering put together a pre-application in the amount of \$913,449 for a water system intertie between Rio Dell and Scotia CSD for emergency purposes. He stated that either of the communities could have an emergency that leaves citizens without water and this

improves the ability of both agencies to supply each other with water and ensures water reliability for both Rio Dell and Scotia. He said the grant would fund the entire intertie project, including design and surveying, environmental permitting, administration, construction engineering and construction. He noted that the pipe would be directionally drilled under the Eel River and would connect from the south end of Edwards Dr. to Scotia.

Motion was made by Marks/Wilson to approve the 2014 Integrated Regional Water Management Drought Solicitation Project application for the City of Rio Dell and Scotia CSD Emergency Water Intertie in the amount of \$913,449. Motion carried 5-0.

SPECIAL CALL ITEMS

Consideration of Christian Prayers at Council Meetings – Councilmember Johnson

City Manager Stretch stated that this item was placed on the agenda at the request of Councilmember Johnson at the May 20th council meeting. He said as a result, he contacted the City Attorney and asked whether he had read the Supreme Court decision in favor of Christian prayers at the start of council meetings and if he agreed with the conclusion as printed in the newspaper article. He shared the written response from the City Attorney and said his advice was to consider taking the most conservative approach and avoid choosing prayer givers and monitoring the content of their prayers. He suggested that a moment of silence at the beginning of each meeting may be the best approach. In the response he described the problem as he sees it, is that the Supreme Court did not establish clear enough “guidelines” regarding what is permissible prayer and what is not. Also, Justice Kennedy lays out specific ground rules for legislative prayers to say that no proselytizing and no denigrating other faiths and that the government must have a non-discrimination policy when selecting people to pray. He said the problem he sees with prayers is that it could lead to even greater government censorship of religious speech and it would be hard to figure out when prayers cross the proselytizing line or come across as disparaging of other religions.

Councilmember Johnson stated that he thinks the Supreme Court has really opened the door for communities like Rio Dell to return to the Christian roots that established this nation and if we proceed with this, the direction would be for staff to follow the guidelines that Eureka has that are apparently working well for them since they start their city council meetings with an invocation.

Councilmember Wilson stated that this is an interesting area to address and asked how you would choose the prayer and the person who does it.

Councilmember Johnson said the guidelines you establish would define that there would be no proselytizing or downgrading of other faiths. He added that our nation was established upon the principal of basic freedom and he would hope that there would be no attempt to beat up any particular religion. He reiterated that we are a Christian nation.

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Councilmember Wilson asked if prayers would be open to other religions provided they follow the guidelines.

Councilmember Johnson said he doesn't think they could offer up a Christian prayer and that's what the Supreme Court has allowed on the ruling of Greece, New York.

City Manager Stretch stated that the City Attorney mentioned those points about denigration in his response, and went on to say that the government must have a non-discrimination policy when soliciting people to pray so it did go beyond the Christian prayer.

Mayor Thompson called for public comment on the subject.

Ayala Talpai asked about the distinction between the separation of church and state.

Mayor Thompson commented that our country began with very different ideas than what we have today with regard to the separation between church and state.

Councilmember Wilson said one of the issues in the early development of our country which was pretty fully Christian, wasn't between say Muslim and a Christian but rather between the different Christian denominations. He said now things have evolved to something completely different with regard to the separation between church and state which he doesn't believe what was intended by our founding fathers.

Larry Arsenol maintained that this nation was founded to all religions, not just to Christians and said that he is fine with open prayer as long as it is not restricted to just Christian prayer.

Gary Chapman said with regard to the selection of someone to provide prayer, he suggested referring to the telephone book directory to identify institutions in the community and ask for individuals to volunteer. He said he believes the community is predominately Christian and since he is Christian himself he would not be offended with Christian prayer. He said historically, what started prayer in any governmental agency was controversy between individuals not being able to come to terms and quoted Benjamin Franklin as staying "before our next meeting, let's pray."

Alice Millington made the point that she had a friend who had brought a law suit against the City of Eureka and had attended their City Council meetings for a couple of years and during that time were not beginning their meetings with prayer. She said they might be doing it now; but had not been successful with it in the past.

Jeff Miller, Pastor of *The Journey* expressed his support for Councilmember Johnson's proposal and said it seems ridiculous to be fighting over a 15 second prayer when you are simply asking

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God to give wisdom and guidance to our Council. He said he has also been to Philadelphia and walked through Independence Hall and saw how they fought for federalism and how the State's rights came together believing that God helped to form this nation. He said all we are asking for is that God help guide us like he did for our founding fathers. He added that we are not promoting or establishing religion but that one little principal. He suggested talking to various groups so that not just one church offers the prayer.

Alice Millington stated "why create conflict where there is none" and said it seems the City has been doing fine the way they have been doing it. She added that it's not her battle and she personally doesn't care either way but doesn't see the sense in creating a conflict.

Councilmember Woodall agreed and said she is not personally bothered by Christian prayer but doesn't want to open the City up to potential lawsuits. She stated she would not vote to approve Christian prayer at council meetings.

Councilmember Marks stated she would not object to someone who wanted to come up during public presentations and say a few words and asked how it is done in Eureka.

Councilmember Johnson stated that he believes that the City of Eureka has a Chaplin who offers the prayer but is not certain. He pointed out that Congress begins every session with a prayer as well as a lot of State Legislatures and cities. Also, when a President is inaugurated there is a prayer; all of which are Christian prayers. He said we have a long standing tradition of prayer in our country and he seeks to follow that tradition here in Rio Dell.

Mayor Thompson stated that he is not sure the City can restrict people from prayer but should proceed very carefully. He said more information is needed such as what the guidelines are in other cities.

Consensus of the Council was that staff contacts the township of Greece, New York, the City of Eureka and other cities to see what their guidelines are and report back to the Council.

City Manager Stretch pointed out that this item was presented as allowing "Christian" prayers at council meetings but as the City Attorney noted local governments cannot discriminate in the selection of prayer givers. He indicated the matter would likely not be brought back to the Council until sometime in July.

Authorize the City Manager to execute an agreement with Bartle Wells Associates to conduct a Water Rate and Water Capacity Fee Study for the Water Fund, not to exceed \$25,000

City Manager Stretch provided a staff report and said as the Council is aware, the water system has never been adequately capitalized. He said \$77,000/year is being collected and deposited into the water capital fund to replace a system that is 60 or 70 year old which is not nearly enough. He said the City Engineer estimates that a minimum of \$430,000 is required to adequately capitalize the system. He said there are many repairs that can't be made because

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there is not only not enough money in the water capital fund but also not enough in the water operations fund. He commented that the water fees have never been properly set to fund water activities. As such, he said he has been in contact with Bartle Wells Associates who are the financial experts in this area, to put together a proposal for a Water Rate and Capacity Fee Study as previously done for wastewater. He said a rate adjustment is vital to keep operations going and to fully fund the City's capital improvement projects and equitably recover costs from outside City customers.

City Manager Stretch explained the cost to conduct the study as set forth in the proposal is not to exceed \$25,000; \$5,000 of which is to conduct the Water Capacity Fee Study. He noted that this fee was last increased to \$2,700 in 2002, and given that it has been 12 years, this fee should be analyzed and adjusted appropriately.

Councilmember Johnson commented that assuming Bartle Wells Associates are experts in the Prop 218 process, wondered if they could provide a proposal on subset rates for Old Ranch Road customers.

City Manager Stretch noted that data will be included in the study and also he has asked the City Engineer to put together an engineering evaluation and since a lot of the information has already been compiled he plans on negotiating a "not to exceed" proposal.

Councilmember Marks asked if there was a Water Capital Fund balance brought forward in this year's budget.

City Manager Stretch explained that it has been established that \$4.50 from each water bill be set aside for capital improvements which generates approximately \$77,000/year and that amount was carried over from the current budget to next year's budget.

Councilmember Wilson said it is a great idea to have Bartle Wells Associates do the study so there are solid numbers and said in the proposal they referred to theft of water and asked where the theft occurred and if anything was done about it.

City Manager Stretch explained there was water taken from the fire hydrant at the industrial park but it is unknown as to who took the water. He further explained that bulk water sales are allowed but only from a metered hydrant at the corporation yard and that the water must stay in Rio Dell or supplied to current out-of-city customers.

Larry Arsenol asked what the ongoing costs are to maintain the water activities.

City Manager Stretch reported the Water Operations Reserve had a beginning balance of \$114,500 from the prior year budget; with projected revenue of \$542,000 and projected expenditures of \$652,000, funds will have to be pulled from Reserves to maintain normal operations.

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Motion was made by Wilson/Johnson to authorize the City Manager to execute an agreement with Bartle Wells Associates to conduct a Water and Water Capacity Fee Study for the Water Fund, not to exceed \$25,000. Motion carried 5-0.

Set Date for Study Session on FY 2014-2015 Budget

City Manager Stretch recommended a Special meeting be set for June 10, 2014 at 6:30 p.m. for a 2014-2015 Budget Study Session and to provide staff direction as to the development of a local revenue measure to be placed on the November 4, 2014 ballot.

He provided a staff report and said the 2014-2015 recommended Budget is nearing completion and the General Fund cannot be balanced without affecting public services or using its Reserve to fund expenditures. He said the imbalance between the revenue and expenditures is estimated to be around \$100,000 so staff is requesting a study session with the Council prior to bringing the budget forward for approval. He noted that the recommended Budget is fiscally tight and contains no cost-of-living increases for City employees, even though a recent total compensation study of comparable cities in the area indicates that Rio Dell is lagging behind them on an average of 16.25%. He said the issue is not an expenditure problem as much as it is a revenue problem and long term funding issue that need to be addressed as soon as possible. He said either a utility user's tax or a local sales tax needs to be considered as a revenue tax measure on the November ballot.

Mayor Thompson asked how much of the General Fund subsidizes the Police Department.

City Manager Stretch reported that approximately 55% of the General Fund budget goes to fund Police activities or \$481,000.

He noted that a 1% local sales tax would generate approximately \$173,000 however; would not be implemented until April 1, 2015 if passed in November whereas a utility user's tax would become effective immediately after passage.

Motion was made by Marks/Woodall to set the date of June 10, 2014 at 6:30 p.m. for a Special meeting to discuss the FY 2014-15 Budget, and provide direction to staff as to the development of a local revenue measure to be placed on the November 4, 2014 ballot. Motion carried 5-0.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Conduct second reading (by title only) and adopt Ordinance No. 318-2014 Establishing Density Bonus Regulations, Section 17.30.073 of the Rio Dell Municipal Code

City Manager Stretch provided a brief staff report on behalf of the Community Development Director and said the Ordinance was introduced at the May 20, 2014 regular meeting and was continued to this meeting for its second reading (by title only) and adoption. He said basically, Cities and Counties are required to adopt local regulations to provide density bonuses and other

incentives to developers who commit to providing affordable housing units. He further explained the law establishes density bonus incentives to allow more dwelling units than otherwise allowed within the zone; modification to parking standards; reduction in site development standards or modification of zoning code or architectural requirements; waiver of development standards that would otherwise make the increased density physically impossible to construct; and an additional density bonus if a childcare facility is provided.

A public hearing was opened to receive public comment on the proposed ordinance. There being no public comment, the public hearing closed.

Motion was made by Johnson/Marks to conduct the second reading (by title only) and adopt Ordinance 318-2014 establishing Density Bonus Regulations Section 17.30.073 of the Rio Dell Municipal Code. Motion carried 5-0.

REPORTS/STAFF COMMUNICATIONS

City Manager Stretch stated he had nothing to report at this time but wanted to read a note he received from a local citizen, Gigi Miller who complimented the City on how nice the main street looks. Having lived here for many years she said it is truly appreciated that Rio Dell is looking so much nicer than it used to and every department is doing the best it possibly can on a limited budget. She ended by stating that she was looking forward to future improvements.

Councilmember Wilson said it is nice to see local citizens taking pride in the community by picking up litter and helping to make our city a nicer place to live.

Councilmember Johnson asked staff what the status is regarding the Ogle/Belleview Drainage Study proposals. City Manager reported the approval for award of the bid will be on the next agenda for consideration.

Councilmember Marks asked for an update on the concept of combining green waste with the bio-solids. City Manager Stretch said he discussed the idea briefly with ERD but Wastewater Superintendent Chicora said that it wouldn't be a good blend. He said under the green waste program, ERD will pick up green waste every two weeks for an extra \$3.00/month on garbage bills and will be taking it to the City of Fortuna's corporation yard.

She also asked if the estimated \$430,000 needed for Water Capital is a solid number. City Manager Stretch explained that was the number the City Engineer brought forth when he updated the study but the City Council's direction was to add to the list a 10-year capitalization and add rolling stock. As such, he said Bartle Wells Associates will be bringing back a revised report after the Council comes to a consensus on what they want on the Capital Improvement Plan (CIP).

Chief of Police Hill reported on recent activities in the police department and said Officer Harralson will be returning to work tomorrow which will free up his schedule; related to the river bar issue and a round table discussion he said he is leaning toward a forum with those agencies that have jurisdiction over the river bar; reported he hadn't gotten any further with regard to parking enforcement; and announced they would be hosting an animal shot clinic on June 28, 2014 in City Hall parking lot and will be available to sell dog licenses at the same time.

Councilmember Johnson commented that he was jogging on the river bar and noticed where green waste had been dumped. He said maybe that will stop happening when the green waste program through ERD gets started.

Finance Director Woodcox reported on recent activities in the finance department and said staff will be training for GovTeller and the system should be up and running and accepting credit/debit cards by noon or so. She also reported that staff was working on sending out Business License renewals and the closing out process for the month of May.

Councilmember Johnson asked if staff had gotten the word out to citizens about the ability for the City to accept credit/debit cards. Staff replied that the information would go out in the next City newsletter.

COUNCIL REPORTS/COMMUNICATIONS

Councilmember Marks stated that she had met with the former Building Inspector, Arnie Kemp and reported that he is now up to date on all of his building inspection and plan check certifications until June 2017.

Mayor Thompson reported as representative on HWMA that the 10-year contract with Willits is final and with transportation costs at 63% they will be looking at a long term solution to get away from transportation. He said the Ash Dump contract came in at \$1.9 million as opposed to \$2.4 million as expected but because the area is an historical site, they are required to document any old items such as bottles that have been thrown away.

Councilmember Wilson commented that the \$111.00/ton for garbage disposal went to \$112.00/ton because of transportation costs and asked for clarification. Mayor Thompson explained those are Eel River Disposal's costs, not Humboldt Waste Management's.

Councilmember Johnson asked for an update on the law suit between HWMA and the River Watch. Mayor Thompson stated that it was a closed session matter so he can't report on anything discussed.

Councilmember Marks stated that approximately 5 years ago when sewer rates were increased the consensus of the Council as she remembers it was that the rates be brought back in 5 years

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for review. She said in researching the minutes there is no official record of that consensus and said rather than just a nod, any consensus of the Council needs to be more official so that it is reflected in the minutes.

ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 8:00 p.m. to the June 10, 2014 Special meeting.

Jack Thompson, Mayor

Attest:

Karen Dunham, City Clerk



Rio Dell City hall
675 Wildwood Avenue
Rio Dell, CA 95562
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June 3, 2014

TO: Rio Dell City Council
FROM:  Jim Stretch, City Manager
SUBJECT: Water Rate and Capacity Fee study by Study Bartle Wells Associates

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute an agreement with Bartle Wells Associates to conduct a water rate and water capacity fee study for the Water Fund, not to exceed \$25,000.

BACKGROUND AND DISCUSSION

As the City Council is aware, many sections of the City's Water system date back to the 1950's and the Public Works Crew are constantly dealing with breaks, leaks, stuck valves and nonfunctioning fire hydrants. The system has never been adequately capitalized to replace bad sections of undersized and corroded supply lines. Approximately \$77,000 is now being collected annually and deposited in the capital fund, but the City Engineer estimates that a minimum of \$430,000 is required. A Financial Analyst can assist the City in determining what the rate should be.

The Water Operations budget is projected to begin the 2014-15 fiscal year with a fund balance of \$114,479. Revenues are estimated at \$515,000 and total expenditures are approximately \$650,000. It appears that by the end of the fiscal year the Reserve balance may be zero. A rate study needs to be conducted to be able to balance revenues to expenditures.

The Water system Capacity Fee was last increased to \$2,700 in 2002, 12 years ago. As you know, the capacity fee is the charge that a person pays when they establish a new water service. It is the cost of buying into the existing water system. Bartle Wells Associates recently conducted a wastewater capacity fee study for the city which resulted in the adjustment of the fee from \$950 to \$5,220. Given the time that has passed, this fee should also be analyzed and adjusted if appropriate.

Attached to this report is a proposal from Bartle Wells Associates to study these fees and rates at the cost not to exceed \$25,000. It is proposed to have the study be completed by the end of the calendar year.

It is recommended that the City Council authorize the City Manager to enter into an agreement with Bartle Wells Associates to conduct the study as set forth in the proposal.



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

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May 23, 2014

Jim Stretch, City Manager
City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA 95562

Re: Proposal for a Water Rate Study

Bartle Wells Associates is pleased to submit this proposal to develop a Water Rate Study for the City of Rio Dell (City). We enjoyed working with the City on the Wastewater Rate and Capacity Fee Study and appreciate the opportunity to work with the City again. We understand that the City requires a water rate adjustment to fully fund the City's planned capital improvement projects and to equitably recover costs from outside-City customers. We also understand that the City is interested in rate design options that fund the capital projects via volume water rates as opposed to fixed charges.

Bartle Wells Associates

Founded in 1964, Bartle Wells Associates is an independent financial advisor to public agencies and is owned and managed by its principal consultants. We specialize in providing utility rate and financial advisory consulting services to California water and wastewater agencies. Our firm has a well-earned reputation for providing our clients with straightforward, practical advice and we have a strong record of building consensus for our final recommendations.

Rate Study Considerations and Approach

Our approach for this rate study is to work closely with the City to verify the number of accounts, customer type, and water use. During the course of working on the wastewater rate study, we discovered several accounts with significant water usage due to water leaks and water theft. A related issue is the utility billing of multifamily accounts, in particular, mobile homes. We understand that the City's mobile home parks are not sub-metered and that there may be equity issues between low and high use mobile homes within each mobile home park. We will also carefully review the cost of service, level of service, and rates for in-City customers versus outside-City customers.

After we have developed a cost of service and evaluated the utility billing information, we will work closely with the City to establish fixed and volume rates. Fixed rates are advantageous because they are a guaranteed revenue source that provides financial stability. However, volume rates are considered more equitable because high water users pay a higher bill and low water users pay a lower bill. We will consult with staff to develop fixed and volume rates that best meet the City's needs.

Having recently completed the Water System Asset Management Plan and Preliminary Capital Improvement Plan, BWA suggests that the City conduct a water capacity fee study as part of the water rate study. The function of the capacity fee is to insure that growth and new development pay their fair share of existing and future facilities. BWA has included a water capacity fee analysis as an optional task.

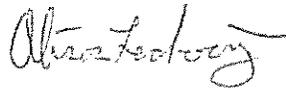
We would very much like to assist the City on this assignment. We propose to assign the same staff that worked on the Wastewater Rate and Capacity Fee Study to the Water Rate Study. Doug Dove will serve as project manager and Alison Lechowicz will serve as financial analyst. Please contact me at 510.653.3399 extension 110 or by email at ddove@bartlewells.com if you have any questions or would like any additional information.

Very truly yours,

BARTLE WELLS ASSOCIATES



Douglas R. Dove, PE, CIPFA
President



Alison Lechowicz, MPA
Financial Analyst

Scope of Work

Bartle Wells Associates will work closely with staff to provide an update of the water rates. This section presents a proposed scope of services that we believe forms a sound basis for completing this assignment.

1. Investigation and Data Collection

Assemble the information necessary to understand and describe the City's water rates and charges, confirm the City's existing infrastructure and proposed capital/facility's needs, and understand the City's existing and future customer base. Key steps in this phase of the project include:

- Review current user fees and billing system
- Review prior fee studies and history of operations
- Review current and historical customer billing information
- Review City financial information including audits, budgets and outstanding debt
- Identify current funding sources for operating and capital costs.
- Identify the types of customers that benefit from each group or type of facilities.

The assistance of City staff will be required during this phase in collecting and researching relevant information and helping to identify data sources when relevant. The objectives of investigation and data collection are to develop a sound understanding of the characteristics of the water system, its facilities and infrastructure, its finances and annual revenue requirements, short-term and long-term capital needs, and to develop the basic assumptions to be used in the study.

2. Revenue Requirement

Develop revenue and expense projections for the water enterprise over the next five to ten years. Include costs of future capital improvements. Project customer growth and annual water revenue requirements over the study period. Evaluate the financial impact of various rate adjustment alternatives. Develop a phased implementation plan for achieving the recommended rate structure goals while minimizing rate impacts.

3. Develop Preliminary Volume Water Rate Structure Recommendations

Determine an equitable allocation of costs to applicable water usage parameters. Work with the project team to identify customer and usage profiles to use in the rate analysis. Model the impacts of combined base and volume rates on various customer classes. Based on the best consumption information available, develop a preliminary rate structure for the City. Evaluate methods of including annual cost escalators such as Consumer Price Index in the new rates.

4. Rate Alternatives

Evaluate the City's current water rate structure for adequacy and equitability. Discuss alternative water rate structures including a higher volume rate that may be appropriate for the City and the pros and cons of potential adjustments or modifications to the current rate structure.

Calculate the rate impacts of various rate structure alternatives to provide the project team with a sound understanding of the implications of their decisions on the City's customer base. Work with the project team to identify customer and usage profiles to use for calculating the rate impacts. Discuss additional rate adjustments that may reduce the impact on certain customers if warranted and/or requested by the project team. We will evaluate rate impacts to the low, medium, and high user in each customer group.

We will also evaluate the rates and charges of outside-City customers in comparison to the rates and charges of inside-City customers.

5. Survey Surrounding Agencies' Rates

Prepare a survey of surrounding water agencies' rates. Work with staff to identify agencies to be included in the survey. Summarize the findings of the survey in an easy-to-understand format.

6. Prepare Draft and Final Reports and Ordinances

Submit a draft report to the City that summarizes and clearly explains key findings and rate recommendations, as well as key alternatives evaluated. Receive additional input from the project team and finalize recommendations. The final report will incorporate feedback received from the project team and from City Council. We will also assist the City with the drafting of legal ordinances and/or resolutions.

7. Draft the Proposition 218 Mailer

BWA will assist the City with drafting the Proposition 218 rate notice. We recommend the notice go beyond the minimum legal requirements and provide clear and concise explanation of the reasons for any rate revisions. We have found that ratepayers are generally much more accepting of rate increases when they understand why they are needed.

8. Attend Meetings and Public Hearings on Rates

Rate and fee adjustments are often controversial. BWA has extensive experience developing clear presentations that facilitate public understanding of the need for rate increases. We understand the importance of building consensus and public acceptance for our

recommendations and can assist the City in developing public education materials. BWA will take the lead in presenting the rate recommendations at public meetings unless directed otherwise by staff. For this assignment, BWA suggests including three (3) trips to Rio Dell for presentations to City Council:

- 1) Presentation #1: Present draft recommendations to City Council
- 2) Presentation #2: Present final recommendations to City Council; City Council initiates the Proposition 218 process
- 3) Presentation #3: Attend the Proposition 218 rate hearing

9. OPTIONAL TASK: Water Capacity Fee

Concurrent with our review of the water utility's service area, rates and charges, and capital improvement projects, we recommend conducting a water capacity fee analysis. Our analysis will include:

- Review of the current capacity fee
- Survey of local water capacity fees
- Calculation of the current value and capacity of water assets
- Allocation of capital program costs to current and future users

Based on our analysis, we will develop draft and final capacity fee recommendations in consultation with the City. As needed, we will assist the City in preparing the water capacity fee ordinance or resolution.

Additional Services

BWA will remain available to attend additional meetings beyond those described above and provide additional financial consulting services beyond the scope of the services listed.

Additional services may include:

- Attendance at additional meetings and/or water rate workshops with the public
- Additional drafts or revisions of the report

AVAILABILITY AND PROPOSED FEE

1. Bartle Wells Associates is prepared to begin work upon the City's authorization to proceed.
2. During the project development period, we will be available at all reasonable times and on reasonable notice for meetings and for consultation with City staff, attorneys, consulting engineers, and others as necessary.
3. Bartle Wells Associates will perform all work related to the assignment. Doug Dove, a firm principal and president will be assigned as project manager on this assignment. He will serve as the lead contact person for BWA and will be involved with the project a day-to-day basis.
4. The fees for services outlined in this proposal will not exceed \$25,000 (including the optional water capacity fee task and direct expenses). The fees for services without the optional capacity fee task will not exceed \$20,000 including direct expenses. The fee is based on the following assumptions:
 - a. The project will be completed by December, 2014 or other mutually agreeable date preferred by the City. BWA will work to meet all City scheduling requirements and deadlines.
 - b. All necessary information will be provided by the City and/or its other consultants in a timely manner.
 - c. Development of a draft and a final version of tables and report. Time and expenses involved in revising tables and assumptions and additional report revisions may constitute additional services if not achievable within the budget.
 - d. The fee is based on a total of up to 3 meetings and/or presentations.
5. Progress payments and direct expenses are payable monthly on a time and materials basis as the work proceeds as provided in our Billing Rate Schedule 2014, which will remain in effect for the duration of this project.
6. In addition to the services provided under this proposal, the City may authorize Bartle Wells Associates to perform additional services, which may include, but are not limited to:
 - Changes in project scope
 - Delays in project schedule resulting in additional revisions
 - Additional meetings and presentations
 - Any other services not specified
7. Bartle Wells Associates will maintain in force, during the full term of the assignment, insurance as provided in the Certificate of Insurance attached.
8. If the project is terminated for any reason, Bartle Wells Associates is to be reimbursed for professional services and direct expenses incurred up to the time notification of such termination is received.
9. This proposal may be withdrawn or amended if not accepted within 90 days.

BARTLE WELLS ASSOCIATES
BILLING RATE SCHEDULE 2014
Rates Effective 1/1/2014

Professional Services

Financial Analyst I	\$95 per hour
Financial Analyst II	\$135 per hour
Senior Financial Analyst.....	\$165 per hour
Senior Consultant	\$195 per hour
Principal Consultant.....	\$235 per hour

The professional time rates include all overhead and indirect costs. Bartle Wells Associates does not charge for secretarial support services and internal computer time. Expert witness, legal testimony or other special limited assignment will be billed at one and one-half times the consultant's hourly rate.

The above rates will be in effect through December 31, 2014 at which time they will be subject to change.

Direct Expenses

Subconsultants will be billed at cost plus ten percent. Word processing and computer-assisted services related to official statement production are charged as direct expenses at \$60 per hour. Other reimbursable direct expenses incurred on behalf of the agency will be billed at cost plus ten percent. These reimbursable costs include, but are not limited to:

- Travel, meals, lodging
- Long distance telephone and fax
- Printing and report binding
- Special statistical analysis
- Outside computer services
- Bond ratings
- Automobile mileage
- Messenger services and mailing costs
- Photocopying
- Graphic design and photography
- Special legal services
- Legal advertisements

Insurance

Bartle Wells Associates maintains insurance in the amounts and coverage as provided in the attached schedule of insurance. Additional or special insurance, licensing, or permit requirements beyond what is shown on the schedule of insurance are billed in addition to the contract amount.

Payment

Fees will be billed monthly for the preceding month, and will be payable within 30 days of the date of the invoice. A late charge of 1.0 percent per month may be applied to balances unpaid after 60 days.

SCHEDULE OF INSURANCE

Insured: **EARTLE WELLS ASSOCIATES**

Eartle Wells Associates will maintain in force, during the full term of the assignment, insurance in the amounts and coverages as provided in this schedule. If additional insurances are required and the insurer increases the premium as a result, then the amount of the increase will be added to the contract price.

TYPE OF INSURANCE	COMPANY POLICY NUMBER	COVERAGES AND LIMITS	EXP. DATE
Commercial General Liability	Hartford Insurance Company Policy #35-SBA PA6837	<ul style="list-style-type: none"> ▪ \$2,000,000 General Aggregate ▪ \$2,000,000 Products Comp Op Aggregate ▪ \$1,000,000 Personal & Advertising Injury ▪ \$1,000,000 Each Occurrence 	6/1/15
Excess Umbrella Liability	Hartford Insurance Company Policy #35-SBA PA6837	<ul style="list-style-type: none"> ▪ \$1,000,000 Aggregate ▪ \$1,000,000 Each Occurrence 	6/1/15
Automobile Liability	Hartford Insurance Company Policy #35-UEC VU3642	<ul style="list-style-type: none"> ▪ \$1,000,000 Combined Single Limit 	6/1/15
Workers Compensation & Employers' Liability	Hartford Underwriters Insurance Company Policy #35-WEC FG7838	<p>Workers' Compensation: Statutory Limits for the State of California. Employers' Liability:</p> <ul style="list-style-type: none"> ▪ Bodily Injury by Accident - \$1,000,000 each accident ▪ Bodily Injury by Disease - \$1,000,000 each employee ▪ Bodily Injury by Disease - \$1,000,000 policy limit 	6/1/15
Professional Liability	Chubb & Son, Inc. BEN0094043	<p>Soldy in the performance of services as municipal financing consultants for others for a fee.</p> <p>Limit: \$2,000,000 Per Occurrence & Aggregate (including defense costs, charges, and expenses)</p>	6/1/15



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1880 Alcatraz Avenue
Berkeley, CA 94703
T: 510-653-3399
www.bartlewells.com

June 17, 2014

Jim Stretch, City Manager
City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA 95562

Re: Proposal for a Water Rate Study

BWA would very much like to work with the City on this engagement and hopes that our proposal dated May 23 will constitute a suitable basis for serving the City. If this letter is acceptable to you, please countersign a copy of the engagement letter and return it to us.

Very truly yours,

BARTLE WELLS ASSOCIATES

Douglas Dove, CIPFA
Principal

Bartle Wells Associates is authorized to provide the services outlined in the May 23 proposal, at the fee stated.

By:

Jim Stretch, City Manager
City of Rio Dell

Date: 6.24.2014
*approved by Council
on 6.3.2014*

Kyle Knopp

From: Doug Dove <ddove@bartlewells.com>
Sent: Tuesday, June 24, 2014 11:07 AM
To: 'Jim Stretch'
Cc: 'Randy Jensen'; 'Brooke Woodcox#2'; Alison Lechowicz
Subject: RE: Rio Dell agreement for water study

Jim,

Thanks for forwarding the signed agreement. We are flexible about the project timeline and will not schedule any public hearings before election day. Good luck with the sales tax measure.

-Doug

From: Jim Stretch [<mailto:cm@riodellicity.com>]
Sent: Tuesday, June 24, 2014 10:40 AM
To: Doug Dove
Cc: Randy Jensen; Brooke Woodcox#2
Subject: Rio Dell agreement for water study

Hello Doug:

Attached is the signature page for the water rate and capacity rate study for the City of Rio Dell, based on the May 23, 2014 proposal. Please note that the public hearing/Prop 218 phase of this study must not occur until after the City's General Revenue Sales Tax Measure is determined on the November 4, 2014 ballot. That being said, your start date can be pushed out a bit and the December 2014 end date needs to be a soft date. Are you okay with this? Please advise.
Thanks,

Jim

Kyle Knopp

From: Brooke Woodcox <bwoodcox@riodellcity.com>
Sent: Tuesday, March 24, 2015 2:39 PM
To: Kyle Knopp
Subject: RCAC

I sent an email to Rural Community Assistance Corporation regarding a water rate study asking if water rate studies are something they offer. I'll let you know when I hear back, and will direct them to you if they do, in fact, offer that service.

Brooke Woodcox
Finance Director
675 Wildwood Ave.
Rio Dell, CA 95562
(707) 764-3532



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BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
510 653 3399 fax: 510 653 3769
e-mail: bwa@bartlewells.com

CITY OF RIO DELL

February 25, 2014

FEB 28 2014

Invoice #BWA518A- 1012

RECEIVED

City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA 95562



Attn: Stephanie Beauchaine
Finance Director

For professional services rendered from December 30, 2013 through January 31, 2014.

In connection with independent financial advisory services for a wastewater rate study, in accordance with our proposal dated September 14, 2012 and wastewater connection fee update, in accordance with our proposal dated December 26, 2012, payable as the work proceeds.

Professional time:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Alison Lechowicz	7.00	\$125.00/hr	875.00
Douglas Dove	7.60	\$225.00/hr	1,710.00
Total professional time			\$2,585.00
Total due this billing			\$2,585.00

5115- 14- 052- 0000- 0177



BARTLE WELLS ASSOCIATES
INDEPENDENT PUBLIC FINANCE ADVISORS

1889 Alcatraz Avenue
Berkeley, CA 94703
510 653 3399 fax: 510 653 3769
e-mail: bwa@bartlewells.com

d

January 13, 2014

CITY OF RIO DELL

Invoice #BWA518A- 1011

City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA 95562

JAN 16 2014

RECEIVED



Attn: Stephanie Beauchaine
Finance Director

For professional services rendered from November 4, 2013 through December 27, 2013.

In connection with independent financial advisory services for a wastewater rate study, in accordance with our proposal dated September 14, 2012 and wastewater connection fee update, in accordance with our proposal dated December 26, 2012, payable as the work proceeds.

Professional time:

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Alison Lechowicz	2.00	\$125.00/hr	250.00
Douglas Dove	2.00	\$225.00/hr	450.00
Total professional time			\$700.00
Total due this billing			\$700.00

5115-14-052-0000-0177