

ARCATA CITY COUNCIL MEETING

COUNCIL CHAMBER

JUNE 15, 2011

SPECIAL MEETING

A special meeting of the City Council of the City of Arcata was held on the above date at 4:03 p.m. with Mayor Ornelas presiding. Notice of this meeting was posted on June 10, 2011. **PRESENT:** Ornelas, Winkler, Brinton, Stillman. **ABSENT:** Wheatley. **STAFF PRESENT:** City Manager Mendosa, City Attorney Diamond, Chief of Police Chapman.

PUBLIC COMMENT. Mayor Ornelas invited public comment. None was received. Mayor Ornelas closed the public comment period.

The City Council retired at 4:04 p.m. to the City Manager's Conference Room for closed session.

CLOSED SESSION—A. CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION, Pursuant to Government Code Section 54956.9(a): *Richard Salzman v. City of Arcata, et al.* (Humboldt County Superior Court Case No. DR110422).

B. CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION, Pursuant to Government Code Section 54956.9(a): *City of Arcata v. State Water Resources Control Board and California Regional Water Quality Control Board for the North Coast Region* (Alameda County Case No. RG08380882).

C. CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Government Code Section 54957.6 (Two Items): Arcata Police Association and International Union of Operating Engineers, Local Union No. 3. City Negotiators: Randy Mendosa and Danette Demello.

The City Council returned to the Council Chamber for open session at 6:12 p.m.

CLOSED SESSION REPORTS—A. CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION, Pursuant to Government Code Section 54956.9(a): *Richard Salzman v. City of Arcata, et al.* (Humboldt County Superior Court Case No. DR110422). Mayor Ornelas reported that the Council voted three to one with one absent to retain outside counsel and hire Bill Bragg, Esq.

B. CONFERENCE WITH LEGAL COUNSEL, EXISTING LITIGATION, Pursuant to Government Code Section 54956.9(a): *City of Arcata v. State Water Resources Control Board and California Regional Water Quality Control Board for the North Coast Region* (Alameda County Case No. RG08380882). Mayor Ornelas reported that the Council was briefed on this item and there was nothing to report out.

C. CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Government Code Section 54957.6 (Two Items): Arcata Police Association and International Union of Operating Engineers, Local Union No. 3. City Negotiators: Randy Mendosa and Danette Demello. Mayor Ornelas reported that the Council was briefed on this item and there was nothing to report out.

ADJOURN: The special meeting was adjourned at 6:17 p.m.

REGULAR MEETING

A regular meeting of the City Council of the City of Arcata was held on the above date at 6:16 p.m. with Mayor Ornelas presiding. Notice of this meeting was posted on June 10, 2011. **PRESENT:** Ornelas, Winkler, Brinton, Stillman. **ABSENT:** Wheatley. **STAFF PRESENT:** City Manager Mendosa, City Attorney Diamond, Director of Community Development Oetker, Director of Environmental Services André, Director of Public Works Class, Deputy Director of Environmental Services K. Diemer.

CEREMONIAL MATTERS—A. **Proclamation in Celebration of the *Fourth of July Jubilee 2011.*** Mayor Ornelas read the proclamation and presented it to Brenda Bishop from the Arcata Chamber of Commerce who said how proud the Chamber is to put on this event.

EARLY ORAL COMMUNICATIONS. Lisa Brown, a resident of Arcata, appeared before the Council and said the Gilardoni property is being considered for acquisition by Cypress Grove Chevre. She said that she envisions this property being an agricultural incubator and young, start-up farmers could lease portions of it. She asked the Council to consider making this property an agricultural incubator as soon as possible.

Frances Ferguson appeared before the Council and thanked the Council members who attended the Bloomfield Neighborhood Meeting. She said she supports Lisa Brown's request. She has learned a county designation of general agricultural land will not protect these lands from development. She suggested the City could purchase the land, restrict its use, and add it to the greenbelt around Arcata.

Carol McFarland appeared before the Council and said she supports Lisa Brown's idea.

Stan Larson, a resident of Arcata, appeared before the Council and suggested that the County's definition of agricultural land should be more explicit. He said he supports any effort the City could make toward protecting the land and enabling Arcata to use it.

Mayor Ornelas closed the public comment period.

Councilmember Brinton said he thinks the suggestions are worth the City's exploration and suggested this item be on a future City Council agenda.

Mayor Ornelas said that not all agricultural activities on that property would feel right to the neighbors. She said she thinks Lisa Brown's suggestion may be a good solution. She suggested the property could be owned by the U.C. Cooperative Extension or something similar. She said the property is almost too suburban to be agricultural.

Councilmember Stillman said it might be a good idea for citizens to get together and purchase the property.

City Manager Mendosa confirmed with the Council that they would like staff to research uses for the old Gilardoni property.

Councilmember Winkler agreed with Councilmember Stillman and said it might be better to put the property in a land trust or private non-profit ownership.

BY CONSENSUS THE COUNCIL AGREED TO HAVE CONSIDERATION OF THE GILARDONI PROPERTY ON A FUTURE AGENDA.

ADJOURN: The City Council meeting adjourned at 6:32 p.m. to a meeting of the Community Development Agency of the City of Arcata.

RECONVENE: The City Council reconvened its meeting at 6:45 p.m.

CONSENT CALENDAR

- A. Approve Minutes from the Regular City Council Meeting of May 18, 2011.**
- B. Bi-Weekly Report on General Warrants.**
- C. Adopt the City of Arcata Investment Policy for Fiscal Year 2011/2012.**
- D. Reject Claim for Money or Damages Against the City of Arcata from James Robinson and Refer to REMIF.**
- E. Reject Claim for Money or Damages Against the City of Arcata from Lorenzo Wicks as Insufficient.**
- F. Award of Bid for the Samoa Boulevard, Union to Buttermilk, Overlay Project.**
- G. Approve Submittal of an Application and Adopt Resolution No. 101-70 Approving Participation in the Institute for Local Government's "Beacon Award"; Local Leadership Toward Solving Climate Change, and Authorize the City Manager to Enter into all Necessary Agreements to Implement the Project.**
- H. Adopt Resolution No. 101-71 Authorizing the Application for Funds to the State of California Department of Parks and Recreation Statewide Park Development and Community Revitalization Program to Complete the Development of Valley West Park Properties.**

Councilmember Stillman removed item A from the Consent Calendar.

ON MOTION BY BRINTON, SECONDED BY WINKLER, AND WITH A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE, THE COUNCIL ADOPTED THE CONSENT CALENDAR FOR JUNE 15, 2011, WITH THE EXCEPTION OF ITEM A. APPROVE MINUTES FROM THE REGULAR CITY COUNCIL MEETING OF MAY 18, 2011. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

ITEMS REMOVED FROM CONSENT CALENDAR—A. Approve Minutes from the Regular City Council Meeting of May 18, 2011. ON MOTION BY BRINTON, SECONDED BY WINKLER, AND WITH A THREE-TO-ZERO VOICE VOTE WITH ONE ABSTENTION

AND ONE ABSENCE, THE COUNCIL APPROVED THE MINUTES OF MAY 18, 2011. AYES: ORNELAS, WINKLER, BRINTON. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: STILLMAN.

OLD BUSINESS—A. Continued Public Hearing on the Proposed City of Arcata Budget for Fiscal Year 2011/2012, and Consider Adopting Resolutions No. 112-01, 112-02, and 112-03 Updating Various Fees and Service Charges and Approving a Loan from the City of Arcata to the Arcata Community Development Agency. City Manager Mendosa stated the annual budget for fiscal year 2011/2012 has been presented, reviewed, and studied by the City Council. He recommended the Council take public comment, and adopt Resolutions No. 112-01 adopting the annual budget, 112-02 updating the fee schedule, and 112-03 approving the annual loan from the City to the Arcata Community Development Agency.

Mayor Ornelas opened the continued public hearing. No comments were received. Mayor Ornelas closed the public hearing.

Mayor Ornelas said she has an issue with this proposed budget because the water and wastewater fees have not yet been adopted, but the budget includes those fee increases.

WINKLER MOVED AND BRINTON SECONDED TO CHANGE THE ORDER OF THIS EVENING'S AGENDA TO FIRST CONSIDER ITEM *NEW BUSINESS*—B. *PUBLIC HEARING ON THE PROPOSED INCREASE TO WATER AND WASTEWATER CHARGES FOR FISCAL YEAR 2011/2012.*

THE MOTION PASSED ON A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

NEW BUSINESS—B. Public Hearing on the Proposed Increase to Water and Wastewater Charges for Fiscal Year 2011/2012. Director of Environmental Services André recommended the Council conduct a public hearing to receive comments regarding the proposed increase to water and wastewater service charges and direct staff to include these proposed fee increases in the fiscal year 2011/2012 resolution which establishes fees for water and wastewater. He reported that pursuant to Proposition 218, staff mailed a notice to every affected property owner in the City limits and to date has received 23 letters of protest affecting 29 parcels. He said that eComments were also received, but protest letters must be in writing and reflect an address in the city. He stated that the total number of notices mailed was over 5,000. In putting together the budget, expenditures must match revenues. He said that staff is proposing an 8.5 percent increase over current water rates and a 7.5 percent increase over current wastewater rates. He explained that the increase in water rates is due to the increase in wholesale water rates the City must pay to Humboldt Bay Municipal Water District (HBMWD). He noted that HBMWD will be completing some capital improvement projects which are critical. Other items have to do with the cost of insurance to the City and funds necessary to maintain a reserve. He stressed the importance of the City's Capital Improvement Plan and explained that those projects may require bond financing or financing through the state revolving loan fund, and in order to qualify for these funds, the City's water fund must have a reserve. He said the average household bill will increase by \$1.68 a month and this will generate an additional \$230,000 with \$96,000 going

toward the wholesale water increase, \$51,000 to the increase in insurance costs, and \$83,000 toward the Consumer Price Index and operating materials cost increases. He reported that staff has done a lot of research regarding low-income senior discounts and has spoken with the Finance Director about a round-up program. He said that in order for this to work, the City would have to implement a round-up program, build up a fund, and then apply the discount on perhaps a first-come, first-served basis. He said these proposed rate increases are not built around a low-income senior discount program because a fund has not been built up. He stated that approximately \$25,000 would be needed to fund a 10-percent low-income senior discount.

Regarding the wastewater fund, Director André said the City had a major capital improvement project last year at the Samoa Boulevard Lift Station. There were some overages on that project and \$250,000 had to be taken out of reserves to complete the project. The rates proposed are an attempt to replace that money taken out of reserves, pass through the 1.64 percent CPI, and cover the increase in insurance costs. He said the 2011/2012 budget includes major capital improvement projects and for this the wastewater fund must have adequate reserves.

Director of Public Works Class said the Sunny Brae Inflow/Infiltration Project is a key project and it will require more money in the future. He said the City needs to maintain an adequate reserve and show security in how it is managing the system in order to qualify for state revolving loan funds or bond financing. He said that the ratio between fees charged per household for wastewater and the median household income puts the City right on the cusp of being able to qualify for the best funding mechanisms.

Mayor Ornelas opened the public hearing.

Tom Hoffman, Buttermilk Lane, appeared before the Council and said he sent his protest in writing. He asked when the last time was that the City did not increase either water or wastewater rates. He asked if the summer sewer discount is still in effect. He asked for an explanation of the increased insurance costs.

Jeff Landam, J Street, appeared before the Council and said he came to get an explanation for the fee increase and now understands the need for maintaining infrastructure and capital improvements.

Aldaron Laird, Arcata's representative to Humboldt Bay Municipal Water District, appeared before the Council and said HBMWD has recently adopted its Capital Improvement Program and is starting two projects. He explained that the first project involves replacing parts on the Ranney collectors in the Mad River which have been pumping water for 50 years. The other project involves replacing some distribution transmission lines.

On inquiry by Councilmember Brinton, Mr. Laird said that previously the mills paid 45 percent of the fixed operating costs of the District and now the seven municipalities must pay 100 percent of those costs. He pointed out that the industrial water system is a surface water system.

Mayor Ornelas asked that HBMWD give a report to the Council on options for using the industrial water.

Mr. Laird reported that the surface water system will need new industrial customers. The HBMWD Board is also looking at the possibility of exporting water on a limited basis as an alternative to desalinization facilities, and using industrial water to enhance aquatic values in the Mad River. He said these would help to maintain water rates. He said he would pass on the request for a presentation to the Council.

Mayor Ornelas closed the public hearing.

On inquiry by Councilmember Winkler, Director André said the water and wastewater funds are enterprise funds and the City can only charge to cover the cost of providing the service. The funds cannot be used to subsidize rates for low-income customers or seniors. The money cannot be transferred to the general fund or any other fund. He said the rates are derived to provide the service, which includes operation, maintenance and employee costs. He said the current balance in the water fund is \$1.7 million and even with the increase in rates, the City will be dipping into that reserve fund.

Councilmember Winkler said the City must spend the money to rebuild these systems and cannot afford to watch them deteriorate. He said he is sensitive to the impact of higher rates on customers, but these costs must be passed on.

Deputy Director K. Diemer explained that with the City's new accounting software, every customer will receive a discount on their wastewater bill in the summer months based on their actual water usage in the months of December, January, and February.

Director André explained that the majority of the increase in insurance costs is due to an increase in employee health insurance premiums which will rise 11 percent next year. He confirmed that staff has adequate direction from the Council to pursue investigating how to institute a round-up program.

Deputy Director K. Diemer reported that the City will be dipping into the water reserves by \$49,502 for operations, not capital projects, and this is the first time that has happened. She said that HBMWD is finalizing its rates for the City and staff is expecting a \$20,000–\$25,000 decrease in the City's wholesale water costs. That will offset some of what must be taken out of reserves. She said staff is exploring other reductions to avoid taking funds from reserves.

On inquiry by Councilmember Brinton, Director André said the increases in health care costs will result in a cost to the water fund of \$32,000 and a cost to the wastewater fund of \$36,000.

BY CONSENSUS, THE COUNCIL DIRECTED STAFF TO INVESTIGATE A ROUND-UP PROGRAM TO SUBSIDIZE LOW-INCOME SENIOR WATER AND WASTEWATER RATES.

Regarding the proposed increase to wastewater fees, Mayor Ornelas said this bothers her the most. She feels this is a lot of burden on people. She understands the reasons for it, but doesn't want to do it. She suggested the Council institute a CPI increase on wastewater rates and not any other increase. She said she understands the need to build up reserves, but would like to approach it more slowly. She said she won't be able to vote for the wastewater fee increase as proposed.

Councilmember Brinton said he understands the potential for system failure for which the reserves would be needed to fund repairs.

Director of Public Works Class stressed that the reserve funds are critical in the event of a major system failure.

The proposed fee increases are as follows:

WATER SERVICE CHARGES						
Meter Size	Current Monthly Inside City	Proposed Monthly Inside Rate	Current Monthly Outside City	Proposed Monthly Outside City	Current Deposit	Proposed Deposit
5/8"	\$6.24	\$6.77	\$12.01	\$ 13.03	\$150	\$150
3/4"	\$6.24	\$6.77	\$12.01	\$ 13.03	\$150	\$150
1"	\$13.65	\$14.81	\$21.11	\$ 22.90	\$292	\$300
1 1/2"	\$18.79	\$20.39	\$26.95	\$ 29.24	\$578	\$600
2"	\$23.45	\$25.44	\$35.46	\$ 38.47	\$1,139	\$1,150
3"	\$135.30	\$146.80	\$201.55	\$ 218.68	\$2,792	\$3,000
4"	\$170.88	\$185.40	\$240.57	\$ 261.02	\$2,792	\$3,000
6"	\$240.57	\$261.02	\$373.83	\$ 405.61	\$2,792	\$3,000
8"	\$336.15	\$364.72	\$500.04	\$ 542.54	\$2,792	\$3,000
10"	\$403.22	\$437.49	\$625.54	\$ 678.71	\$2,792	\$3,000

WATER SERVICE CONSUMPTION CHARGES				
Single Family Residential Dwelling Units				
<u>Quantity</u>	<u>Current Inside City</u>	<u>Proposed City</u>	<u>Current Non-City</u>	<u>Proposed Non-City</u>
0-300 cubic feet	\$1.60/100cubic feet	\$1.74/100cubic feet	\$1.77/100 cubic feet	\$1.92/100 cubic feet
301-400 cubic feet	\$1.72/100cubic feet	\$1.87/100 cubic feet	\$1.91/100 cubic feet	\$2.07/100 cubic feet
401 & up: cubic feet	\$3.36/100cubic feet	\$3.65/100 cubic feet	\$4.61/100 cubic feet	\$5.00/100 cubic feet
All Customers except Single Residential Dwelling Units				
<u>Quantity</u>	<u>Inside City Rate</u>		<u>Non-City Rate</u>	
All	\$3.36/100 cubic feet	\$3.65/100 cubic feet	\$4.61/100 cubic feet	\$5.00/100 cubic feet

Sewer Rates

The average household monthly rate will increase approximately \$1.87/month (based on 550cu.ft) or 7.5% overall for the utility. The rate increase is expected to generate \$220,000 in additional revenue to support the City's \$53,600 insurance increase and \$166,400 in CPI and operation materials cost increases

WASTEWATER SERVICE CHARGES					
<u>Customer Type</u>	<u>Base Type</u>		<u>Allowance</u>	<u>Charge per 100 cubic feet over allowance</u>	
	<u>Current</u>	<u>Proposed</u>		<u>Current</u>	<u>Proposed</u>
Residential	\$25.52	\$27.43	450 cubic ft.	\$3.89	\$4.18
Low Strength Commercial	\$26.29	\$28.26	550 cubic ft.	\$3.63	\$3.90
Med. Strength Commercial	\$26.29	\$28.26	400 cubic ft.	\$4.24	\$4.56
High Strength Commercial	\$26.29	\$28.26	250 cubic ft.	\$7.02	\$7.55
Universities & Schools	\$13.65	\$14.67	0 cubic ft.	\$3.51	\$3.77
Pretreatment Permit Charges, per application				\$291.49	\$313.35
Service charge for change of account for sewer-only service				\$9.06	\$9.74
Discharge of Holding Tanks: per 1,000 gallons			(Minimum \$225)	\$618.00	\$664.35

ON MOTION BY STILLMAN, SECONDED BY WINKLER, AND WITH A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE, THE COUNCIL DIRECTED STAFF TO INCLUDE THE PROPOSED FEE INCREASES FOR WATER IN THE FISCAL YEAR 2011/2012 RESOLUTION WHICH ESTABLISHES CITY-WIDE FEES, SERVICES CHARGES AND TAXES. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

ON MOTION BY STILLMAN, SECONDED BY WINKLER, AND WITH A THREE-TO-ONE VOICE VOTE WITH ONE ABSENCE, THE COUNCIL DIRECTED STAFF TO INCLUDE THE PROPOSED FEE INCREASES FOR WASTEWATER IN THE FISCAL YEAR 2011/2012 RESOLUTION WHICH ESTABLISHES CITY-WIDE FEES, SERVICES CHARGES AND TAXES. AYES: WINKLER, BRINTON, STILLMAN. NOES: ORNELAS. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

OLD BUSINESS—A. Continued Public Hearing on the Proposed City of Arcata Budget for Fiscal Year 2011/2012, and Consider Adopting Resolutions No. 112-01, 112-02, and 112-03 Updating Various Fees and Service Charges and Approving a Loan from the City of Arcata to the Arcata Community Development Agency. ON MOTION BY STILLMAN, SECONDED BY BRINTON, AND WITH A THREE-TO-ONE VOICE VOTE WITH ONE ABSENCE, THE COUNCIL ADOPTED *RESOLUTION NO. 112-01 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2011* ADOPTING THE CITY OF ARCATA'S ANNUAL BUDGET FOR FISCAL YEAR BEGINNING JULY 1, 2011; ADOPTED *RESOLUTION NO. 112-02 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA UPDATING THE MASTER FEE SCHEDULE FOR VARIOUS FEES AND SERVICES CHARGES* UPDATING THE MASTER FEE SCHEDULE FOR VARIOUS FEES AND SERVICE CHARGES WITHIN THE CITY OF ARCATA FOR THE FISCAL YEAR 2011/12; AND ADOPTED *RESOLUTION NO. 112-03 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF APPROPRIATING \$600,000 TO THE ARCATA COMMUNITY DEVELOPMENT AGENCY ADMINISTRATIVE FUND AND AUTHORIZING EXECUTION OF A REPAYMENT CONTRACT WITH THE ARCATA COMMUNITY DEVELOPMENT AGENCY* APPROVING THE ANNUAL LOAN FROM THE CITY OF ARCATA TO THE ARCATA COMMUNITY DEVELOPMENT AGENCY. AYES: WINKLER, BRINTON, STILLMAN. NOES: ORNELAS. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

B. Review the Temporary 15-minute Early Oral Communications Period and Consider Adopting Resolution No. 101-69 Amending the Format and Procedure for the City Council Meeting Agenda. Mayor Ornelas invited public comment. None was received. Mayor Ornelas closed the public comment period.

ON MOTION BY BRINTON, SECONDED BY STILLMAN, AND WITH A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE, THE CITY COUNCIL ADOPTED *RESOLUTION NO. 101-69 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARCATA ESTABLISHING FORMAT AND PROCEDURES FOR THE CITY COUNCIL MEETING AGENDA* AMENDING THE FORMAT AND PROCEDURE FOR THE CITY COUNCIL

MEETING. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

NEW BUSINESS—A. Review and Provide Direction to Staff Regarding Solid Waste and Recycling Service Fee Reductions and/or Service Enhancements for Fiscal Year 2011/2012.

Deputy Director of Environmental Services K. Diemer said that if the City assigns all the rate changes built into its contractual arrangements, there will be a decrease in rates to customers for recyclables and collectible solid waste. She noted that the City must pay a Consumer Price Index increase to the hauling contractor of 1.6 percent, but the tipping fee paid to Humboldt Waste Management Authority is decreasing by \$3.18/ton to \$120.23/ton. She further noted that the recycling tipping fee is being reduced to \$0.00. This results in a net fee reduction for a 30-gallon can customer of \$2.56. She said that in the last year, the City was not able to initiate curbside collection of either bulky items or green waste, and the curbside collection of cardboard has been inadequate. She said that staff is considering what other components of the waste stream could be diverted. Further, staff wants to know if the Council wishes to utilize the potential savings from rate decreases for additional diversion programs, such as organics and food waste diversion, construction/demolition recycling, composting bins, etc. If so, staff will research those programs and return to the Council with a proposal.

Director André said staff has found that there is not much green waste being thrown away in the garbage, but people would like more convenience in getting it to the processor. There is, however, a lot of paper waste in the garbage and the City could consider some program to divert more of that. Regarding bulky waste pick-up, so far the City has not been able to offer that as part of the service, and staff sees a need for it.

Councilmember Winkler said he would like to see curbside green waste and bulky item pick-up offered, but would like to see cost estimates for them as standard services or optional services.

Director André said staff can research curbside or seasonal green waste pick-up to determine what could be offered at a reasonable cost.

Councilmember Brinton said he would like to see cost estimates for those services, but it is important to him to pass on the decreases to the customers. He suggested Arcata might want to consider getting into the bio-diesel business as a service to the community. He said he would like to prioritize bulky item pick-up and pass on at least a \$1 rate savings to the customers. He believes there is a need to see stability in Arcata Community Recycling Center's tipping fee before any new services are instituted.

STILLMAN MOVED TO MAINTAIN SERVICES AS THEY ARE AND ADOPT LOWER RATES FOR SOLID WASTE AND RECYCLING SERVICES.

THE MOTION DIED FOR LACK OF A SECOND.

Mayor Ornelas said she supports exploring other services.

Mayor Ornelas opened the public comment period.

Tom Hoffman, Buttermilk Lane, appeared before the Council and asked how the California Redemption Value works into all this. He said his tenants have complained that there are fights in the street over the recyclables.

Mayor Ornelas closed the public comment period.

Director André responded that the City knows that theft of the curbside materials is a problem. He said the more recyclables that go to ACRC, the cheaper the processing costs are which are passed on to the rate payers. He said it is more efficient to leave the recyclables at the curb than to take them to a drop-off center. The byproduct is litter at the curbside, and a cost due to stolen recyclables.

STILLMAN MOVED TO DIRECT STAFF TO PROCEED WITH THE NEW RATE STRUCTURE AS PROPOSED AND NOT PURSUE ADDITIONAL SERVICE ENHANCEMENTS AT THIS TIME.

THE MOTION DIED FOR LACK OF A SECOND.

On inquiry by Mayor Ornelas, Deputy Director K. Diemer said that if the Council adopts the entire rate reduction now and then wants to add programs in the future with a rate increase, that would trigger the Proposition 218 process. She suggested staff could, within the next month, give the Council ballpark cost figures for additional services.

STILLMAN MOVED AND BRINTON SECONDED TO DIRECT STAFF TO PROCEED WITH RESEARCH FOR ADDITIONAL SERVICE ENHANCEMENTS AND BRING IT BACK TO THE COUNCIL AT A FUTURE DATE.

BY CONSENSUS, THE COUNCIL PRIORITIZED BULKY WASTE PICK-UP AND EDUCATION BEFORE GREEN WASTE PICK-UP.

THE MOTION PASSED ON A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

RECESS: The Council recessed from 8:45 to 8:52 p.m.

C. Public Hearing to Review the Business Incubator Feasibility Study Funded by the City's 2008 Planning and Technical Assistance (PTA) Community Development Block Grant (CDBG). Director of Community Development Oetker said the purpose of this item is to review the study titled *Developing the Seedbed for Arcata's Emerging Entrepreneurs: A Report of the City of Arcata Business Incubator Feasibility Study*. He said the study focused on the question of how the City can set the stage to make small businesses in Arcata grow into moderate businesses. Director Oetker said that the study was funded through a Community Development Block Grant which requires the Council to hold a public hearing and accept the report. If the Council accepts the report, it will be forwarded to the state for compliance with the grant requirements. He informed the Council that the Economic Development Committee recommends the Council accept the report.

Mayor Ornelas opened the public hearing. No one came forward to speak. Mayor Ornelas close the public hearing.

Councilmember Brinton asked about the provision of business space for the incubator program.

Director Oetker described space that will be available at Foodworks, and possibly in the Aldergrove Industrial Park, Happy Valley, and Little Lake.

On further inquiry by Councilmember Brinton, David Narum, from Greenway Partners, explained that the model is initially private sector driven. The vision is that existing businesses will co-locate at sites and bring in emerging entrepreneurs.

Mayor Ornelas said she would like to see the study include an examination of the models, showing which ones work and which ones don't.

ON MOTION BY STILLMAN, SECONDED BY BRINTON, AND WITH A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE THE COUNCIL ACCEPTED THE DOCUMENT TITLED *DEVELOPING THE SEEDBED FOR ARCATA'S EMERGING ENTREPRENEURS: A REPORT OF THE CITY OF ARCATA BUSINESS INCUBATOR FEASIBILITY STUDY FOR SUBMISSION TO THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AND DIRECTED STAFF TO WORK WITH THE CONSULTANT TO COMPLETE THE INCOMPLETE TASKS. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.*

D. Consider Adopting Council Goals and Policy Objectives for Fiscal Year 2011/2012. ON MOTION BY STILLMAN, SECONDED BY WINKLER, AND WITH A FOUR-TO-ZERO VOICE VOTE WITH ONE ABSENCE, THE COUNCIL DIRECTED STAFF TO INCLUDE THE COUNCIL GOALS AND POLICY OBJECTIVES IN THE 2011/2012 CITY BUDGET. AYES: ORNELAS, WINKLER, BRINTON, STILLMAN. NOES: NONE. ABSENT: WHEETLEY. ABSTENTIONS: NONE.

BY CONSENSUS, THE COUNCIL AUTHORIZED MAYOR ORNELAS AND COUNCILMEMBER STILLMAN TO WORK ON A FEATURE FOR THE COUNCIL'S PAGE ON THE CITY'S WEBSITE LISTING CURRENT PROJECTS OF WHICH THE COUNCILMEMBERS ARE PROUD, ALONG WITH A SHORT DESCRIPTION AND LINKS TO THOSE PROJECTS.

ORAL AND WRITTEN COMMUNICATIONS

There were no oral or written communications.

COUNCIL AND STAFF REPORTS

Director of Community Development Oetker reported that of the four medical marijuana collectives/cooperatives in Arcata, two of them are on the verge of having their applications for a Conditional Use Permit become inactive because the applications are not complete. He said staff's intent is to send each of them an individual report as to what the City needs to finish processing their applications, and give them 60 days to submit the required information. He said that if the required

information is not received, he will be scheduling hearings before the Planning Commission and recommending denial of those Conditional Use Permits.

Councilmember Stillman announced that there will be a meeting at the D Street Center at 4:00 p.m. on Thursday, June 16, 2011, regarding the Samoa Gateway Project. She reported she attended a meeting of the Humboldt Waste Management Authority Board of Directors.

Councilmember Brinton reported he attended the Young Elected Officials Network Conference in Washington, DC; the Cypress Grove community neighborhood meeting; a meeting of the Arcata/Camoapa Sister City project; a meeting of the Humboldt Waste Management Authority as a member of the public; and a Harvey Milk Day celebration. He stated he has received positive comments about the upgrades to the City's GIS system. He reported he has been working on a non-smoking ordinance. He also reported that the Chamber of Commerce is analyzing whether or not to continue with the California Welcome Center. He announced he will be attending a reception at the White House.

Councilmember Winkler reported he attended meetings of the Boards of Directors of the Humboldt Transit Authority, the North Coast Resource Center, and the Humboldt Waste Management Authority; and a meeting of the Graffiti Working Group. He requested that a presentation from John Shelter, North Coast Resource Center, be on a future City Council agenda.

Mayor Ornelas announced various activities scheduled as part of the Oyster Festival beginning in the evening on June 17 and continuing with the festival on June 18, 2011. She reported she gave a speech to the graduates of Fuente Nueva Charter School.

DATES OF FUTURE MEETINGS—A. Annual Study Session with the Planning Commission and the Historic & Design Review Commission, Tuesday, July 12, 2011, at 6:00 p.m., in the Council Chamber. BY CONSENSUS, THE COUNCIL CONFIRMED IT WILL HOLD ITS ANNUAL STUDY SESSION WITH THE PLANNING COMMISSION AND HISTORIC & DESIGN REVIEW COMMISSION ON TUESDAY, JULY 12, 2011, AT 6:00 P.M., IN THE COUNCIL CHAMBER.

ADJOURN: The meeting was adjourned at 10:28 p.m.

Respectfully submitted,

Bridget Dory
Deputy City Clerk