

## **2018 State of the City Address**

*By*

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Mayor of Riverbank

Good evening. It is my great honor to present the Riverbank State of the City Address. There has been many notable activities, all with successes but some with controversy.

Thanks to all who participate in many different aspects for our city. From Authority Members, Planning Commissioners, to Fire Boards directors, and the many other organizations that help develop policies that protect Riverbank's interests.

I commend our Stanislaus County Fire Department, who, in the past, were the center of activity for this city and today provide great service for this region. We look forward to the renewal of the planning process for our combined future.

Our Legal Team led by Doug White of Churchwell White and All of our contractors are well respected throughout the region and they are integral to the city's wellbeing.

We have a fantastic group of non-profit and faith based community religious leaders, our Riverbank Unified School District and Community Service organizations augment many of the City functions.

I especially wish to thank the dedicated City employees for their excellent work in providing the best in municipal services while maintaining a superb level of customer service.

We all have one cause – the betterment of our great city. I applaud and thank you all.

### **Historic Drought**

The drought is over but I would not get too comfortable. It continues during this current year. I cannot predict what the drier months will bring but we are currently less than 25% of normal rainfall for this year.

Since the end of 2012 our efforts to conserve water continued to be successful – the state set Riverbank's goal to reduce average water consumption by 20% from our 2010 UWMP (Urban Water Management Plan). In 2016 we exceeded the state mandated goal and were at 28% conservancy. We are still below our 2010 Plan but we increased consumption by 18% last year over our previous year. Last year, you may remember, we had a tremendous rainfall year. Our Public Works

Director Michael Riddell is pushing hard in the conservation and the delivery of water. The City's goal to be at 38% below our 2010 Plan by 2020.

To meet our goals of water reductions I ask that home and property owners look at Drip irrigation and other water conservation methods.

We have installed Smart Water Meters throughout the city and residences will be able to view their usage very soon. We are restoring sections of neglect to fully operational systems.

#### **MS 4**

The Federal Government, specifically the US EPA (Environmental Protection Agency) has instituted MS4 which is the elimination of pollutants from waterways by storm water runoff. All storm water must be captured and treated prior to discharge in our waterways. As new development matures we are building a regional storm water storage system which will take most of the storm water runoff and recharge our Aquifer. Our vision is to have a total system that can transfer water from one area to another while using additional lateral drainage systems to augment our basins capacities.

The bottom line is that we will continue to conserve our water resources. As we continue to develop the required housing we need we will find the way to capture all waste water and treat it to be reintroduced to the aquifer or transfer for agriculture use. With all the reuse of water, storm water capture – we will be replenishing the aquifer with more water than we use. Director Riddell is applying for grants from both federal and state agencies and is in constant communication with the SWB.

#### **Development**

After years of work we are finally at the precipice of project consideration of Crossroads West. This includes EIR (Environmental Impact Report) circulation, public hearings in Riverbank and if approved, a request to LAFCO (Local Agency formation commission of Stanislaus County) for annexation. Crossroads West will essentially double our retail in the shopping center offering complementary, not competitive shopping to the existing retail businesses. We also plan for homes/condominiums. Our Plans Manager Donna Kinney and our Contract Planner John Anderson are solving issues and are actively involved with our future annexation strategy, transportation issues and complete streets. They have put in years of work on this project and are moving this and many more projects forward. The apartments on Claus Road are completed and they are fully rented. There is a large waiting list for affordable housing that needs to be met. We, as a Council, must address this need and provide an acceptable solution.

During our planning for the future, Riverbank and Modesto had a Combined Council Meeting here at this Community Center. The discussion was to plan

together in cooperation and support each other in meeting each city's needs. Transportation needs and Business Development were discussed and future discussion will prepare both cities for the next phase. I commend Mayor Brandvold and the Modesto City Council for a first in city cooperation and participation.

The eastside of Riverbank is being developed with new housing for first time buyers. This is the first single family residential development in many years on the east side of town. The housing is of high quality and will meet some of our housing demands. The builder is selling the homes faster than he can build. Clearly, housing needs are here.

Our roads are better than in most communities mainly because our Community Development Manager, Kathleen Cleek has been tenacious in attaining grants and OPM (other people's money) for projects. She and our City Engineer Bill Kull, and Traffic Management expert Ken Anderson works closely with CalTrans Director Mr. Dennis Agar on safety concerns along SR 108 and NCC. Mr. Agar and his staff continue to be accessible in all aspect of our transportation concerns.

Ms. Cleek has been instrumental in securing plans and agreement to construct a new crossing on SR 108 near Saint Frances of Rome. She is in the engineering phase now with construction to follow shortly.

During this last year she has preserved 43 roads, received grants for Bike/Ped paths, built bike paths, forming partnerships with our schools, religious leaders, business leaders and receiving free technical assistance to apply for grants for additional safe routes to schools. I commend her on her tenacity and endurance.

### **Riverbank Industrial Complex (RIC)**

After years of frustration in the on again off again transfer of property from the Army Corps of Engineers to the City of Riverbank, I personally asked Congressman Jeff Denham to intercede. Congressman Denham agreed and in less than two weeks of my request, he met with the decisions makers from the Office of the Secretary of the Army. On October 17<sup>th</sup>, 2017 the US Army and the City of Riverbank signed the deeds for the first transfer of property from the military to local control. The City received the property at no-cost with the proviso that all revenue gained from the property will be reinvested into the Industrial Complex for economic development. This is a big deal and I am pleased to move forward in this process.

The Deed Signing celebration was a community highlight and was attended by dignitaries from the Office of the Secretary of the Army, the Army Corps of Engineers and Congressman Jeff Denham.

On a personal note, I want to thank Congressman Denham who was the catalyst between the City of Riverbank and the US Army in information exchange, setting milestones and establishing the end date that has brought us to our first transfer.

Secretary Cramer provided the initiative and incentive to move this project forward. I can say unconditionally that we would not be here without the support, direction and leadership from Congressman Denham and Sec Cramer.

Secretary Cramer stated: “The Riverbank project is exemplary and one of the most successful examples of how to accomplish economic recovery with base reuse.”

The timing of the remaining property to be transferred will be difficult to gauge, all the necessary legal paperwork is expected to be completed by mid-spring. The transfer of the final parcel of property will require concurrence and the signature of Governor Brown. We expect this to be closed by this June.

The City will take possession of the property after the deed is signed. At that time all operations and debts will be the City’s responsibility. The City released a Request for Proposal (“RFP”) for a Master Developer and is in the process of selecting the right community partner to take the Riverbank Industrial Complex to the next level. The selection of Master Developer will be teamed with at least one and likely many more large companies interested in building plants and industrial facilities at the Riverbank Industrial Complex that will employ many of our residents. It is imperative we take possession of the RIC soon.

The transfer of property is being orchestrated by the LRA Director Debbie Olson who has successfully managed the RIC for the last eight years and has built an annual budget of \$21M and a reserve for capital improvements.

### **Police Services**

In 2017 Riverbank enjoyed reduced crime numbers overall, with the most significant reduction being in auto theft. This reduction came after a targeted enforcement effort to reduce auto theft numbers in the city. The only crime category that is up from 2016 is robbery. Although our robbery frequency is up slightly, robberies, when they do occur are dealt with swiftly. Our Police have a high clearance/arrest rate of 52%. The national average clearance rate for robbery is 29.6%. If you do a robbery in Riverbank, odds are, you’ll get caught.

The Riverbank Police Services increased arrests by 38% in 2017 to 594 arrests. These increases in part are due to warrant arrests – Riverbank will not be a harbor for criminals whether they committed a crime in Riverbank or elsewhere.

## **Cannabis**

We have an industry in Riverbank that uses much of our Police Resources without contributing to our society. This industry has contributed greatly to a 7% increase in Police calls and nearly a 24% increase in arrests from 2016. Illegal drugs affect all areas of Riverbank and all social economic groups. 37% or 141 of the arrests in 2017 were drug related and marijuana is not included in these statistics.

Based on a 2015 NIH (National Institutes of Health) survey of this region shows there are between 3800 - 4700 Riverbank residents using Marijuana – some daily, others not as frequently. The passage of Proposition 64 complicated the landscape for law enforcement and made it difficult to formulate a strategy. At first, this City Council wanted to do the minimum to comply. The county proposed a cannabis sales tax sharing agreement that would share tax revenues between cities with dispensaries and the county based on population. For example: If Riverbank had a dispensary that generated 1m\$ in tax revenue Riverbank would receive approximately \$50,000. That did not seem fair, so we decided to go on our own and explored every aspect of the Proposition.

We held workshops, study sessions, public hearings, and came up with a strategy that would provide safety and security for the City. While we do not condone to use of marijuana, it is widely used and we looked for what is the best way to protect all of our citizens.

Under prop 64 every household can grow six marijuana plants at a time or approximately 24 plants per year. Since we cannot stop the private grows in a home, prop 64 allowed for reasonable regulations from local governments. We regulated the growth procedures that are stipulated under the Prop 64 and modified by law to ensure safety and security for the grower, property owners, and other occupants especially those under age. Still, any home can grow marijuana and they must be responsible for their harvest.

At the time we were exploring how to proceed, there were no authorized dispensaries in Stanislaus County – zero - yet 24 dispensaries were in operation and in plain sight. In September, the City Council approved an ordinance allowing Dispensaries and we have had interest from dozens of potential applicants – two

were given licenses to sell cannabis. Some area residents do not want dispensaries because it sends the wrong message to our community, our young people and our moral values. Many want this city council to do nothing. They fear dispensaries will sell to under aged. We get your concerns. Let's face facts – 2015 NIH Survey shows that 14 – 20% of Riverbank are using – it is in our homes, our schools, and on our streets and still do we do nothing? The dealers will sell to anyone - dispensaries will not. So why are we approving dispensaries? We want to manage this issue not be managed by it without resources.

Marijuana (even though it is now legal) is the bulk of the illegal drug industry along with other drugs being sold to lesser number of people. During our research, we visited many legitimate dispensaries and they knew where illegal operations were ongoing. The Council believes that by not having dispensaries - illegal distribution of marijuana will continue at its current level and may intensify. It will continue to infest our community. In fact, without legal competition, the distribution will become more aggressive and possibly deadly. Legal dispensaries will cut into the black market share; we don't know how the dealers will adjust but a recent cartel brutal killing of two growers outside of Riverbank on Claribel should give us warning.

Operators of legal dispensaries will protect their profits and will know if illegal dispensaries/operations are ongoing. RPS will respond to eliminate the illegal operations in our City. Plus, legal dispensaries must abide by California Laws. By the end of 2018, every product sold at legal dispensaries will be traceable to the dispensary that sold the product. The products will be clear of contaminants such as pesticides and herbicides. We want to provide a safer atmosphere for those who purchase than having dealers be their contact. We also believe dispensaries will generate enough revenue for the City to hire additional police officers.

We explored commercial grow operations and decided that indoor commercial grows could entice illegal growers in our surrounding area to join in the commercial arena and become legitimate. A company is cooperating in offering spaces for this purpose. The former Contadina Plant has been discuss as a potential site. This could mean additional revenues that will generate security enhancements by allowing the City to hire all the police officers required, code enforcement and other security programs including school liaisons officer. So, the industry that takes from our society will be providing funds that will keep Riverbank secure and sustainable.

We fully understand the black market will continue to operate – but over time their activities will diminish or change. It will not go away, but we want to put a dent into their operations and make them look elsewhere. We also understand the problems with drug use -

In Riverbank, every dispensary and the commercial grow, will be continually scrutinized, and monitored. Their operations can be shut down for any infraction. No other business could lose so much for so little.

### **Sanctuary City Request**

The City received a request to become a sanctuary city. We held a workshop and had open discussions on this request. Through our discussions there were indications that the fears some have were unfounded and based on hearsay. The fear is real and we must alleviate these fears.

Sheriff Adam Christianson provided facts about the Sheriff's Department and relationships with Federal Agencies.

The recent State legislative action making California a Sanctuary State negated the necessity to proceed. But rest assured, the City of Riverbank will not ask for documentation for citizen status. Our neighbors and friends can live without fear because no member of our community will be targeted in the City of Riverbank. We support any effort to secure a path to citizenship for all our residents.

### **Non Profits**

Last year, during the Mayor's Annual Meeting with Nonprofits, Religious Leaders and Civic Groups we developed a Plan of Action and addressed the need to assist the homeless and the issue of homelessness in Riverbank. The City was successful in that our liaison with County HHS (Health and Human Services) providing much needed assistance to the homeless with the County's mobile services. The homeless and homelessness are being addressed by this community. The county's responsiveness and our group identified activities that can help the homeless on an institutional and individual level.

Earlier this year this brain trust again, came together and formulated a Utilities Assistance Plan that provides services and or funds to those residents in need. Education and counselling will be provided to help in managing debt. Next month we will be addressing additional homeless issues and finding solutions especially those for families who live with relatives and friends without a home of their own.

## **Strategic Financial Planning**

In 2013 our financial outlook was bleak. We conducted our first Financial Review which showed our reserves were projected to be lower than 3% at the start of 2018 and negative by 2019. Through cost savings, careful use of our discretionary funds, and stronger than expected sales tax revenues we are projecting a more robust reserve but still at a structural deficit of \$161,000. I must point out we are lacking 6 – 7 police officers, Code Enforcement officer and Community Development Officer as well as others. However, I also would like our employees to know that we appreciate their partnership during negotiations which has contributed greatly in the city's sustainability. We know it has been difficult and we thank you.

We conducted our annual Financial Review where we looked out to the next five years identifying our revenue sources and obligations. We analyzed the threats to our income as well as our opportunities to increase revenue streams. Without an increase in revenues we will be constrained in our ability to expand our services. Retirement costs will continue to increase significantly in the upcoming years. We are currently paying approximately \$300,000 in unfunded liabilities to Calpers and their recent investments are reported to be less successful than anticipated which may, again, lower our discount rate to below 7% meaning an additional increase in contributions is expected from the general fund. CalPERS just announced that the unfunded liabilities amortization debt payback timeline is being reduced from 30 years to 20 years putting a much greater burden to all cities.

A large percentage of the General Fund is used for salaries, benefits, and obligations. The City's Reserve is the remaining funds available after obligations and is designated towards emergencies and one-time strategic expenditures. It is time to have a realistic reserve in which the City can react aggressively in a time of emergency and given the anticipated deficits in future fiscal years especially during a recession. Part of the discussion with this Council will include a decision on capital expenditures and alternative funding possibilities. There is the property tax sharing agreement with the County that places the city's general fund at risk of not being able to provide essential municipal services to our residents.

When a property is annexed to the city, the county will keep that current property tax or baseline. The improvements to the annexed properties are then assessed a tax value. Special districts and schools receive approximately 80% of the above baseline tax value. The remaining tax revenue is split about 13.4% county and 6.6% City. Let's assume the baseline tax is \$100.00. So if you pay \$2,100.00 in

property assessment, the City will receive \$132.00 to provide municipal and police services, repair streets and roads, provide for parks, recreational programs, salaries, etc. The county will receive \$268.00 plus the base line tax. While the county needs to provide for Services County wide, the City has more of the burden than proportioned. We are currently discussing with the county for a more equitable tax sharing solution. One that will not burden the county, but a slightly better arrangement that can help the city remain sustainable.

The County also has Public Facility Fees which the county assesses on new construction or expansion of existing structures. These fees can increase the cost of a new home by almost \$8K. Developers or homeowners must pay these fees up front. We are asking to pay these fees later in the process, close to or at occupancy of the building.

Similar requests are being made for Ag Land Mitigation policy and Swanson's Hawk habitat mitigation.

As we move forward in other parts of the City we must look inward and revitalize our downtown. We must remove barriers so businesses and residents can flourish. We must place our citizens first and develop a culture to enhance this concept.

For the downtown, specifically area in the DTSP (Down Town Specific Plan) Area we must develop a toolkit so an entrepreneur will know which steps must be taken when opening a business.

For new businesses in the downtown, I propose zero business related fees, no business license fee for at least the first year. I request zero impact fees and a timely process for all inspections.

I do expect cooperation from the business community to assist new business to thrive through networking and checking up on the new business needs. Businesses should assist in training our city employees so we can be responsive to their needs.

We as a city should come up with a shared parking concept that facilitates opening new businesses downtown. Build a "yes" culture, not only downtown but throughout this great city.

I believe if we start a program like this, the waived fees will be offset by the tax revenues generated by the new businesses. The same old strategy has not worked.

We have a fantastic group of dedicated employees. During the last six or so years there has been little in compensation increases and although they are on par with

other comparable employees in other cities we will be eager for this next round of negotiations.

I have pointed out what we are doing – with great pride. There are areas that still need attention, work and yes money. This community center needs updating - long ago but there is no funding to do so. Our staff – namely Parks and Recreation Director Sue Fitzpatrick – has been looking at OPM (other people’s money) and she recently received \$352K grant to renovate the community pool locker rooms. She is looking for more.

Jacob Myers Park is a jewel to this region but is outside not only the City Limits but the County. On Sue’s recommendation an increase in fees during the busiest time of the year provided for increases in park operations and maintenance funds and save \$48K from the general fund. We are also looking at a small portion of PFF (Public Facility Fees) from our developments to improve Jacob Meyers Park.

She is close to securing funds for the improvement of some of these projects and we have plans for the improvements of the remaining.

### **Closing**

Ladies and gentlemen, our city is much better off than when I first gave this address. It improves greatly each year. In only one way the state of this city is poorer and that is because we lost some of Riverbanks best friends and supporters.

There has been great strides in retail additions, housing improvements, Cooperation with other government agencies and much richer in community events. The state of our city is strong because of our collective desire to make it better and the commitment to work towards that end. To keep the City strong this City Council is always looking to the future and evaluate what we must do today. With your help and input we will continue to be strong. 2018 will be a great year. Thank you. May God Bless us all.