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WILLITS, CALIFORNIA 95490
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**WILLITS CITY COUNCIL
AGENDA
APRIL 22, 2015 ♦ 6:30 P.M. ♦ COUNCIL CHAMBERS**

1. **OPENING MATTERS** – a) Call to Order; b) Pledge to Flag; c) Roll Call
2. **PUBLIC COMMUNICATIONS**
Council welcomes participation in its meetings. Comments shall be limited to three (3) minutes per person so that everyone may be given an opportunity to be heard. To expedite matters and avoid repetition, whenever any group of persons wishes to address the Council on the same subject matter, the Mayor may request that a spokesperson be chosen by the group. This item is limited to matters under the jurisdiction of the City Council which are not on the posted agenda. Public criticism of the City Council, Commission, Boards and Agencies will not be prohibited. No action shall be taken.
3. **PUBLIC MATTERS**
 - a. Discussion and Direction Regarding the City's Sphere of Influence
 - b. Discussion and Possible Approval of Franchise Agreement and Transfer Station Agreement with Solid Wastes of Willits (SWOW)
 - c. Update on the City's Emergency Water Supply Project
4. **CONSENT CALENDAR**
Matters listed under the Consent Calendar are considered to be routine by the City Council and will be enacted by a single motion and roll call vote by the City Council. Items may be removed from the Consent Calendar upon request of a Councilmember and acted upon separately by the City Council.
The following items are recommended for approval as follows:
 - a. City Council Minutes:
 - March 28, 2015 – Council Goal-Setting Workshop
 - March 28, 2015 – Special Meeting
 - April 8, 2015
 - b. Receive and File Audited Financial Statements for Fiscal Year Ending June 30, 2014
 - c. Adopt Resolution Authorizing Willits Frontier Days Parade Route for July 4, 2015, and Decorations on PG&E Poles
5. **INFORMATIONAL REPORTS**
Matters that do not require action by the City Council but are of public interest.
 - a. Disbursements Journal(s):
 - Warrant Nos. 26263-26271, Totaling \$42,850.03
 - Warrant Nos. 26272-26351, Totaling \$478,225.69
 - b. Written Update from Caltrans Regarding the Willits Bypass Project
6. **RIGHT TO APPEAL**
Persons who are dissatisfied with the decisions of the City Council may have the right to a review of that decision by a court. The City has adopted Section 1094.6 of the Code of Civil Procedure, which generally limits to 90 days the time within which the decisions of the City boards and agencies may be judicially challenged.
7. **COMMISSIONS, AGENCIES AND AUTHORITIES**
The Willits City Council meets concurrently as the City of Willits Planning Commission and City of Willits Successor Agency.
8. **CITY MANAGER REPORTS AND RECOMMENDATIONS**
 - a. Verbal Reports – No Action

9. DEPARTMENT RECOMMENDATIONS

- a. Administration (City Clerk, Finance, Human Resources, Legal)
- b. Public Safety
- c. Community Development
- d. Public Works & Engineering
- e. Water & Wastewater Systems

10. CITY COUNCIL AND COMMITTEE REPORTS

- a. Mendocino Council of Governments (MCOG)
- b. Local Agency Formation Commission (LAFCO)
- c. Mendocino Transit Authority (MTA)
- d. Mendocino Solid Waste Management Authority-Joint Powers Authority (MSWMA-JPA)
- e. Economic Development and Financing Corporation (EDFC)
- f. League of California Cities
- g. Water & Wastewater Systems Committee
- h. Revit-ED Committee
- i. Finance Committee
- j. Ad Hoc Committees
 - Caltrans Bypass Project
 - Solid Waste of Willits Franchise Agreement
 - Solar Array Project
 - Main Street Improvements
 - Willits Center for the Arts
- k. Other Committee Reports

11. COUNCIL MEMBER REPORTS AND RECOMMENDATIONS

- a. Discussion and Possible Adoption of Resolution Opposing Use of Pesticides in Little Lake Valley Mitigation Areas

12. ENACTMENT OF ORDINANCES

13. GOOD & WELFARE

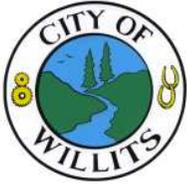
14. CLOSED SESSION NOTICE

- a. Conference with Legal Counsel Pursuant to Government Code §54956.9 – Existing Litigation: People of the State of California and the City of Willits v. Remco Hydraulics, Inc., et al. (United States District Court – Northern District of California, Case No. C-96-6283 SI 12/22/2000)
- b. Conference with Labor Negotiators Pursuant to Government Code §54957.6 – Employee Organization(s): All
- c. Pursuant to Government Code §54957 – Public Employee (Annual) Performance Evaluation – City Manager (Part 1 of 2)

15. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Willits City Hall, located at 111 East Commercial Street, Willits, California, not less than 72 hours prior to the meeting set forth on this agenda.

*Dated this 17th day of April, 2015.
Cathy Sanders, Deputy City Clerk*



Item No. **3a**

Meeting Date: **April 22, 2015**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Adrienne Moore, City Manager
George Williamson, Executive Officer, Mendocino LAFCo

Agenda Title: DISCUSSION AND DIRECTION REGARDING THE CITY'S SPHERE OF INFLUENCE

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 1 hour

Summary of Request: With the adoption of the City's Municipal Service Review (MSR) by LAFCo in January, the next step is a sphere of influence update. The SOI is "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (GC §56076). A SOI is generally considered a 10-20 year growth boundary. In determining the SOI, the commission considers and prepares a written statement of determinations with respect to each of the following (§56425e):

- 1) The present and planned land uses in the area, including agricultural and open-space lands;
- 2) The present and probable need for public facilities and services in the area;
- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- 4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency; and
- 5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

This SOI update incorporates information and determinations in the MSR as well as changes that have taken place since the sphere of influence was originally adopted. Comments to LAFCo by affected agencies, organizations and individuals are requested in order to be included in the Executive Officer's report to the Commission.

Discussion points include the following:

- General Plan relative to urban growth or urban services boundaries.
- Areas outside City boundaries that could potentially receive water or wastewater services or are currently receiving water or wastewater services by the City.
- Open space or agricultural policies that may affect growth and development outside City boundaries.
- Potential annexation to either increase or decrease City boundaries.
- Opportunities for service efficiencies or shared services with other agencies.
- Water or wastewater capacity limitations that would prevent the City from providing expanded services.

With the Willits Bypass well underway and scheduled to open in late 2016/early 2017, there has been much interest in the northern and southern interchanges of the bypass (see attached map). It is critical that we embark upon the SOI process without further delay.

LAFCo's Executive Officer will present information about the process of establishing a sphere of influence and the associated timeline. Attached for reference are excerpts from the MSR and the General Plan, as well as LAFCo's application form.

Recommended Action: Provide direction to staff regarding the City's sphere of influence.

Alternative(s): N/A

Fiscal Impact: Unknown at this time.

Personnel Impact: Unknown at this time.

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____



Proposed highway alignment digitized from CalTrans Phase I & II Willits Bypass Map. This map is intended for planning purposes only.

1. AGENCY OVERVIEW

The City of Willits is a direct provider of: Administrative Services including City Council, City Manager, Human Resources, and Finance/Treasurer; Law Enforcement; Community Development including planning, building inspection, **and code enforcement**; Project Engineering; Seasonal Recreation; Public Works including streets, bridges, traffic safety, storm drains, sidewalks, city buildings and facilities, **and** park maintenance; Water supply, treatment and distribution; and Wastewater collection, treatment and disposal. By agreement, the City provides wastewater treatment and disposal services for the Brooktrails Township Community Services District and the Meadowbrook Manor Sanitation District. The City also owns and manages the **Municipal** Airport. The City contracts with Solid Waste of Willits, Inc. for solid waste services and recycling. The Little Lake Fire Protection District provides fire protection services.

FORMATION

The City of Willits (formerly Little Lake and Willitsville) was incorporated on November 19, 1888 and is a General Law City with a City Council-City Manager form of government.

BOUNDARY

The City is located in the central portion of Mendocino County within Little Lake Valley and 20 miles north of Ukiah along US Highway 101 (The Redwood Highway). The City lies in the coastal mountains and is known as "The Gateway to the Redwoods." There are no unincorporated islands within the City Limits. The City of Willits has a total land area of 2.82 square miles (1,804 acres), of which 2.65 square miles comprise the City proper.

The most recent addition to the City's boundary was the "Southeast Annexation" in 1986, which added 260 acres to the City and is zoned for a variety of uses. The annexation area is partially developed, and includes the new Frank R. Howard Memorial Hospital which is scheduled to open in 2015. In June of 2014, a 5.5 acre discontinuous parcel that was the site of the City's former water treatment plant (and now in private ownership) was detached from the City as required by law. No subsequent actions relating to **City** annexations, detachments, **or boundary changes** have occurred. (Refer to Figure 1: City of Willits Map)

There are two discontinuous islands of City territory: the **Municipal** Airport, located on 73 acres northwest of the City; and the **Municipal** Water Treatment Plant, located on 34 acres southeast of the City, **which is included in the City's 3,712 acre watershed**. (Refer to 'Outlying City Areas' on Figure 1)

SPHERE OF INFLUENCE

There is no information available to indicate that a Sphere of Influence (SOI) has been adopted by Mendocino LAFCo for the City of Willits. The City's 1992 General Plan Planning Area is limited to the then (and current) City Limits. The current SOI for the City is considered to be coterminous with the current City boundary. (Refer to Figure 1)

The City's General Plan identifies an area in the southwest quadrant (approximately 250-acres) for future annexation and development. Depending on the City's ability to provide municipal services to this area, consideration should be given to adding this area to the City's SOI. A small peninsula on the east side of the City between Commercial Street and Center Valley Road has also been proposed for inclusion in the SOI.

When the City SOI is updated, consideration should also be given with respect to the **Municipal** Airport and the **Municipal** Water Treatment Plant.

Extra Territorial Services

The City provides **a considerable number of** water and sewer connections to individual parcels outside the City Limits; **very few** of which received LAFCo approval. **Based on City utility billing records, there are currently 523 out-of-agency water service connections and 114 out-of-agency sewer service connections.** As a starting point, these out-of-agency service connections should be definitively identified and considered for inclusion in the SOI as a first step toward annexation. **Many** of these out-of-agency services are located in the Della Avenue, Locust Street, **Meadowbrook Drive, and Pineview Drive** area (which is within the future annexation area described above), but also include other fringe areas outside City Limits.

Through an agreement executed in November of 1995, the City provides water and sewer service to the Sherwood Valley Indian Rancheria. The service area is located just south of the existing southwest City Limits and includes residential units, the Tribe's gaming facility (casino), and its community center. The agreement provides for the water needs of up to 50 residential units or their functional equivalent.

Areas of Interest

The City has expressed concerns regarding land use and future development adjacent to the two interchanges being constructed as part of the Willits Highway 101 Bypass project. One interchange is located just north of the current City limits and is designated by Mendocino County as Agriculture (40-acre minimum lot size) on the east, and Suburban Residential on the west. The second interchange is located south of the City, east of Walker Road. This area is designated by the County as Range Land on the east and Remote Residential (20-acre lots) and Rural Residential (1-acre lots) on the west.

As part of the City's SOI Update, and pursuant to Government Code Section 56425(b), the City is required to meet and confer with the County **with respect to the City's SOI Update proposal including development standards, planning requirements,** and zoning requirements. This will allow the City the opportunity to address their concerns.

The discussion framework will also be related to the County's Community Plan for the Willits Area, including the following:

- Goal CP-W-1: Coordinate planning and development of the area around Willits in a manner that will complement the City of Willits' role as the local center for services and civic life.
- Goal CP-W-3: Adopt planning policies to govern new development opportunities along the State Route 101 Willits Bypass route east of the City in advance of development demand.
- Policy CP-W-1: Places and facilities that create a sense of community should be established in the Willits area.
- Policy CP-W-2: The County will work with the City of Willits to create a unified community encompassing urban development both within and adjacent to the City.
- Policy CP-W-3: Residential uses in the unincorporated area should be focused in areas south of the City of Willits and in the Brooktrails Township (as supported by necessary water and sewer service connections).
- Policy CP-W-5: The County shall seek to maximize the compatibility of the US 101 Willits Bypass with community identity and the protection of economic ventures and agricultural resources.

Policy CP-W-6: The County shall actively plan for changes in circulation and associated effects that will accompany the US 101 Willits Bypass. The following concepts shall be included in the County's plans for the Willits area when the Bypass is complete:

- Maintain land use patterns as they existed in 2007 around the Bypass interchanges unless contiguous to the City.
- New development should be focused on the western side of the Bypass.
- The side of the Bypass closest to the City should develop first before permitting development to the "outside" of the Bypass.
- Create substantial green space buffers around the Bypass ramps reflecting a rural perspective and mitigating the visual impacts of new development where allowed.
- Avoid locating highway commercial uses (gas stations, fast food, convenience store, etc.) within green space buffers around the Bypass ramps.

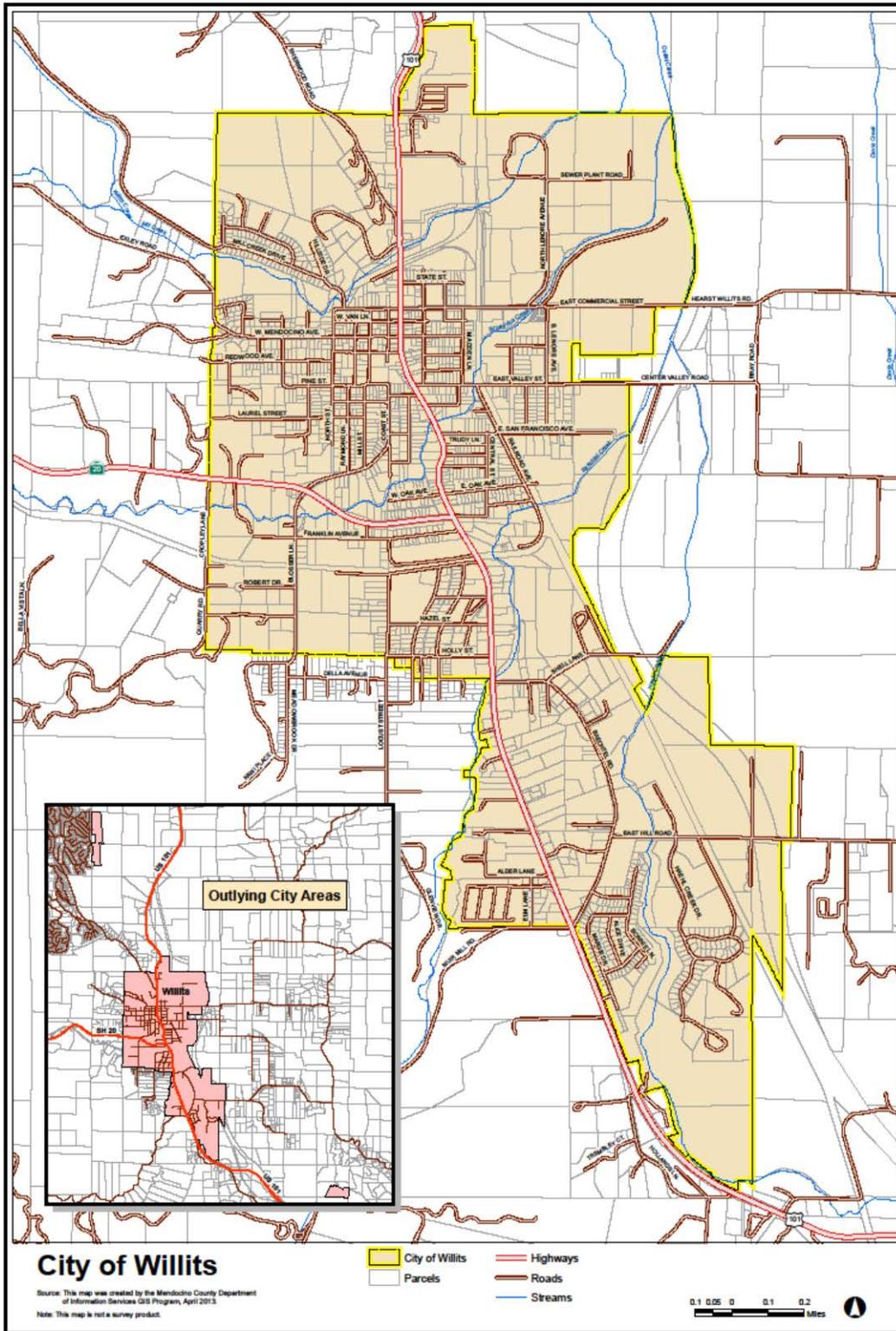
Three other areas warrant consideration as 'Areas of Interest:' 1) the Davis Creek watershed upstream from Morris Dam; 2) the new outfall line from the wastewater treatment facility to Outlet Creek; and 3) the Wente Boy Scout Camp reservoir, Lake Winawa, located due east of the City.

The Davis Creek watershed is 5.8 square miles in area, and constitutes the primary source of water supply for the City. The watershed is owned by the City, but has not yet been formally annexed to the City. This area is currently part of unincorporated Mendocino County.

With the wastewater treatment facility upgrade, the wastewater outfall line was relocated to a new discharge point outside the City Limits. The City Limits end at the section line, with the outfall line extending beyond this line to the new discharge point.

Lake Winawa (also called Wente Lake) is a potential future water supply source for the City, with significant water storage (1,600 acre-foot capacity). The lake and surrounding property is owned by the San Francisco Bay Area Council of the Boy Scouts of America.

Figure 1: City of Willits Map



1.000 LAND USE ELEMENT

1.100 Land Use Goal

To achieve an optimal balance of residential, commercial, industrial and open space land uses.

1.200 Land Use Policies

1.210 Facilitate local growth in accordance with Scenario 1, identified in Section 2.322 of the Technical Appendices (Volume 2). This scenario calls for an ultimate build-out population of approximately 7,500 residents.

1.220 Minimize potential land use conflicts by defining compatible groups of activities, assigning appropriate land use designations and requiring development standards and buffers to offset adverse project impacts on surrounding properties.

1.230 Give priority consideration to infill development of vacant and underutilized land within the City limits.

1.240 Consider annexations which are consistent with the extension of public services and facilities and other City policies and plans. Possible future annexation sites are shown on Exhibit 3-2 of the Technical Appendices (Volume 2).

1.250 Gateways to Willits shall be designated and identified by well-designed landscaped entrances to enhance access corridors into the downtown area.

1.260 In reviewing proposals for changes in land use, priority shall be given to projects which would result in the creation of employment opportunities.

1.270 Until such time as the community reaches a balance of jobs and housing, commercial and industrial development shall be regarded as a higher priority objective than residential development.

1.280 On lands designated for industrial use, buildings and accessory structures should be designed and located in a manner which will not intrude upon adjacent land uses.

1.290 Encourage agricultural activities on lands designated for industrial use until such time as the lands are utilized for industrial purposes.

1.300 Land Use Implementation Measures

1.310 Revise Zoning Ordinance to accommodate changes in land use designations and standards contained in the Revised General Plan.

1.320 Investigate and implement methods of accelerating the project review process for commercial and industrial development proposals which generate employment opportunities.

1.330 Develop design review standards for structures, landscaping and related development to facilitate compatibility with surrounding uses.

1.340 Strengthen the Zoning Ordinance to promote landscaping, specifically:

- (a) prescribe a ratio of trees per parking stalls and require parking lots to be interspersed with landscaping;
- (b) prescribe a minimum proportion of landscaped area for each land use category;
- (c) require landscaping plans to be submitted and approved as part of the application process.
- (d) utilize drought-resistant landscape materials to the greatest feasible extent.

2.000 CIRCULATION ELEMENT

2.100 **Circulation Goal**

To design and maintain a fully integrated local network which provides for safe and convenient circulation using a variety of transportation modes.

2.200 **Circulation Policies**

2.210 Prevent gridlock by maintaining a roadway level of service of LoS D or better on local streets. (See Volume 3, Table 4.2-1 for definition and measurement of roadway levels of service).

2.220 Assess residential developers inside and outside of the City traffic impact fees for roadway improvements and other measures necessary to offset the impact of such development on the local roadway network.

2.230 Enhance the availability and accessibility of alternative modes of transportation, such as walking, bicycling, carpools and buses. Incorporate mass transit facilities such as bus shelters and park and ride lots into the design of public and private development projects.

2.240 Support the proposed U.S. 101 bypass of Willits, including provisions for direct access from the bypass to the downtown Willits commercial area. Continue researching the feasibility of a north/south roadway parallel to U.S. 101 while awaiting bypass approval.

2.360 Investigate the feasibility of expanding existing MTA bus service or providing local service from Brooktrails to Evergreen Shopping Center and points in between.

2.370 Conduct a study to assess the need for additional downtown off-street parking.

2.380 Provide additional landscaping, including street trees, along existing roadways. Utilize reclaimed water to the maximum feasible extent to irrigate roadway landscaping.

2.390 Initiate and conduct the planning process for the Willits Airport. Ensure that the airport planning process includes participation from Brooktrails, Mendocino County and other affected jurisdictions and that various alternatives in addition to accelerated commercial development are included in the airport planning process.

3.000 CONSERVATION AND OPEN SPACE ELEMENT

3.100 **Conservation and Open Space Goal**

To ensure that the future growth of Willits occurs in a manner which minimizes adverse impacts on the City's existing plants, wildlife, open space and natural resources.

3.200 **Conservation and Open Space Policies**

3.210 Conserve, to the greatest feasible extent, the City's existing natural resources, with particular emphasis on air and water quality, open space, tree preservation and riparian habitat maintenance and enhancement.

3.220 Ensure that all adverse environmental impacts of proposed development projects are identified and acceptably mitigated prior to approval.

3.230 Ensure that environmental mitigation measures included as conditions of project approval are effectively implemented and maintained over the long term.

3.240 Support the preservation and improvement of buildings and sites of local historical significance.

3.250 Maximize open space preservation on lands outside of the City limits which are not identified for possible future annexation on Exhibit 3-2 (Volume 2).

3.260 Cooperate with regional and state agencies in programs designed to reduce air and water pollution levels.

3.270 Consider utilization of focused Environmental Impact Reports and Mitigated Negative Declarations to address significant adverse project impacts in a cost-effective manner.

3.280 Initiate and/or support local and regional recycling programs, air quality policies, water conservation and watershed preservation efforts.

3.290 Promote alternatives to automobile use as a means of improving local air quality.

3.300 Conservation and Open Space Implementation Measures

3.310 Pursuant to state environmental law, mitigation monitoring programs shall be included as part of the environmental review process for all projects requiring an Environmental Impact Report or Mitigated Negative Declaration. Mitigation monitoring programs shall specify how each mitigation measure will be implemented, which individual or agency will be responsible for follow-up and the time schedule that will be followed in monitoring project mitigation efforts.

3.320 All applications for development within 250 feet of Willits, Broaddus or Baechtel Creeks shall be required to include site-specific field observation by a qualified botanist and a wildlife biologist as part of the application package. This requirement may be waived in the event that the City's Environmental Review Officer determines that the proposed project will have no impact on the riparian corridor or that the site in question has been previously disturbed to the extent that the proposed project would be of minimal environmental concern.

3.330 Within the shaded areas shown on Exhibit 10-1 (Volume 2), field investigation by a qualified archaeologist shall be required as part of the application package for proposed development projects. Any potential adverse cultural or archaeological impacts identified by the field study shall be acceptably mitigated as a condition of project approval.

3.340 Appoint, by December 1993, a Historical Resource Committee to identify historically significant buildings and sites for inclusion on the Historical and Archaeological Resources Map (Exhibit 10-1, Volume 2).

3.350 Study the feasibility of establishing a regional recycling facility in Willits.

3.360 Appoint, by December 1992, a committee to identify local trees of significance and to make recommendations to the City Council toward the formulation of a Tree Preservation Ordinance. Adopt, by December 1993, a City-wide Tree Preservation Ordinance.

3.370 Adopt, by December 1993, an ordinance requiring all newly installed wood-burning stoves to be certified by the U.S. Environmental Protection Agency for low emissions. Also require retrofitting of existing wood-burning stoves to reduce pollution emissions as a condition of approval for all home expansion projects in excess of 1,000 square feet.

Study the feasibility of offering rebates to existing residents to retrofit wood-burning stoves.

3.380 Reduce water pollution due to infiltration by completing all high priority improvements identified in the Sewer System Master Plan by 1995.

3.390 Develop programs to officially recognize and commend the efforts of individual residents to beautify and enhance the local environment.

4.000 NOISE ELEMENT

4.100 **Noise Goal**

To preserve the existing community noise environment, while minimizing the exposure of Willits residents to potentially harmful noise levels.

4.200 **Noise Policies***

4.210 The City seeks to maintain ambient noise levels of 55 dBA (CNEL) in existing residential areas.

4.220 For residential development in areas with existing ambient noise levels in excess of 60 dBA, noise attenuation shall be required to reduce average indoor noise levels to a maximum of 45 dBA.

4.230 All noise sensitive land uses in areas with ambient noise levels in excess of 60 dBA shall require acceptable mitigation of noise impacts as a condition of approval.

4.240 Application processing procedures may require the submittal of appropriate acoustical data so that the noise impacts of proposed uses can be properly evaluated and mitigated.

4.250 Noise from all sources should be maintained at levels that will not adversely affect adjacent properties or the community, especially during the evening and early morning hours.

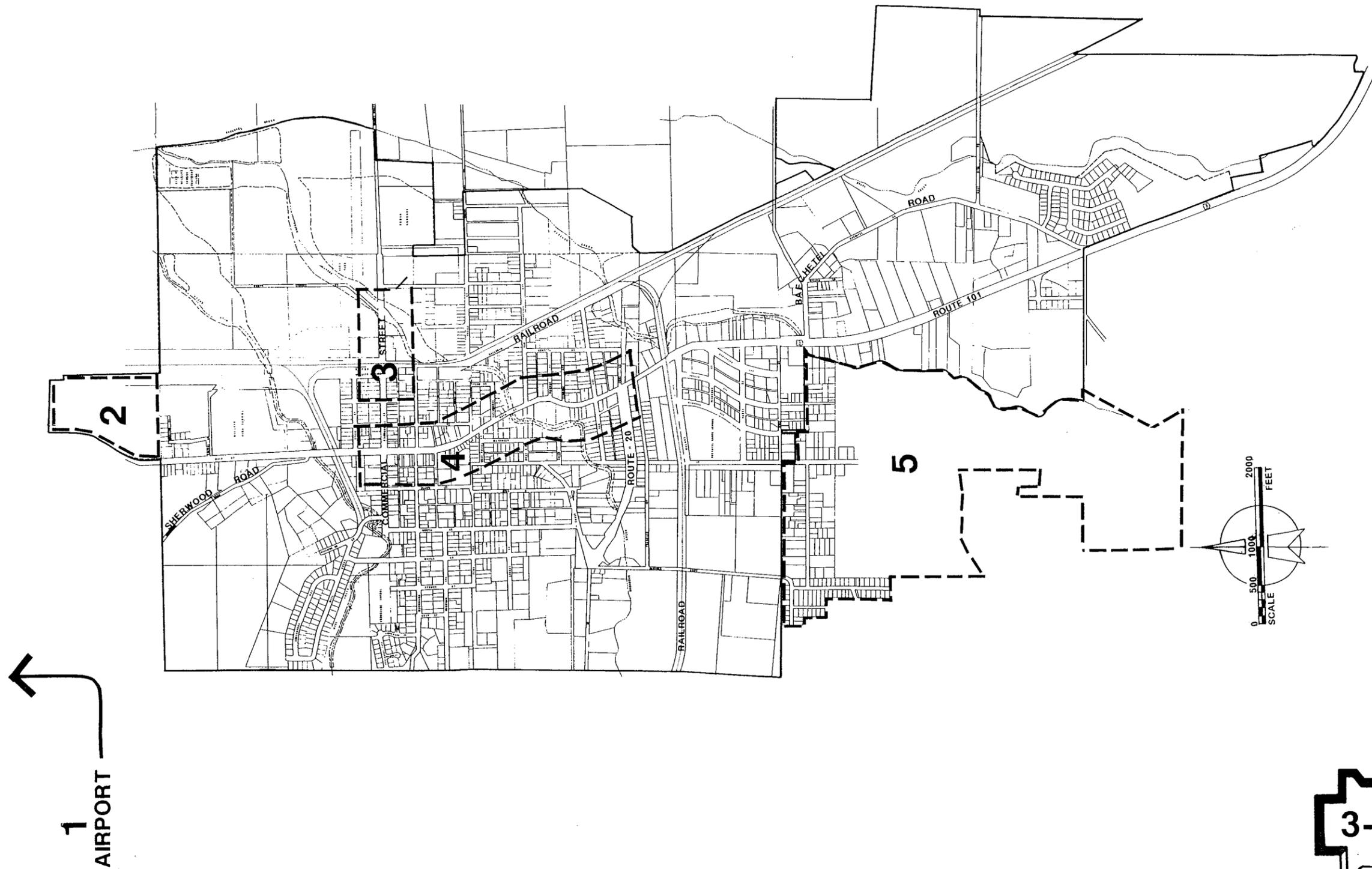
4.260 Noise created by temporary activities necessary to provide construction or required services should be permitted for the shortest duration possible and limited to time periods that will have the least possible adverse effect on surrounding land uses.

4.270 Uses should be located where they will be most acoustically compatible with elements of the man-made and natural environment.

* See Volume 2, Chapter 5 for definition of terms used in this section.

**POSSIBLE FUTURE
CHANGES IN
LAND USE**

**WILLITS
GENERAL PLAN**



LEGEND

- 1. AIRPORT SPECIFIC PLAN
- 2. MOBILE HOME PARK EXPANSION
- 3. GATEWAY SPECIFIC PLAN
- 4. DOWNTOWN REDEVELOPMENT SPECIFIC PLAN
- 5. SOUTHWEST ANNEXATION

1
AIRPORT

3-2

MARTIN • CARPENTER • ASSOCIATES
CITY AND REGIONAL PLANNERS

8.000 OPEN SPACE INVENTORY

The purpose of this appendix is to provide an inventory of the City's existing parks and open space areas and to identify areas in which additional park sites would be appropriate. The City's network of open space and parklands should be expanded as necessary to accommodate future population and household growth.

8.100 Existing Open Space Resources

Exhibit 8-1 identifies the City's existing parks and designated open space areas. Collectively, the sites shown on Exhibit 8-1 comprise roughly 27 acres of parkland, representing approximately 5.3 acres per 1,000 residents. In terms of function, virtually all of the City's existing designated open space can be classified as suitable for outdoor recreational purposes. Willits parks are disproportionately concentrated in the central portion of the City; nearly 90 percent of the City's park acreage is located in City Park and the Recreation Grove in central Willits.

8.200 Future Parks and Open Space Areas

Exhibit 8-1 also identifies several sites which may be appropriate for future park use. Developers of residentially designated land can be assessed park impact fees or required to provide parks as part of their development projects. In this manner, the City's existing ratio of approximately 5 acres of parkland per 1,000 residents can be maintained.

The potential new park sites shown on Exhibit 8-1 have been selected with the objective of increasing the availability of parks outside of the central portion of the City. Existing residents of outlying neighborhoods and residents of newly built neighborhoods will benefit from a more dispersed network of City parks and open spaces.

In addition to City designated parklands, open space may be provided as a result of conservation easements required as conditions of approval for projects in sensitive habitat areas. Such lands, classifiable as open space for the preservation of natural resources, will be designated on a case by case basis as a result of site-specific field observation.

Finally, in addition to locally designated parks, open space and conservation easements, a substantial portion of Willits remains in privately held open space. While the City does not directly control the use of these lands, it is likely that substantial portions of privately held open space in Willits will remain undeveloped for the duration of the planning period.

8.300 Summary

The City's existing open space inventory is sufficient to meet the needs of the current local population. Future population growth may necessitate expansion of the City's network of parks and open space, with an emphasis on increasing park availability in the newer and outlying neighborhoods. Developers of residential projects should be required to provide parks or in-lieu fees sufficient to maintain the City's standard of 5 acres of parklands per 1,000 residents.

11.000 PUBLIC SERVICES AND FACILITIES

This appendix contains a brief description of the City of Willits' network of public services and facilities. In addition, the capacity of the local service delivery network to accommodate future increases in population, housing, commercial and industrial activity under the preferred growth alternative is assessed.

11.100 Water

The City's water resources have been assessed by the City of Willits and the California Department of Water Resources in two 1987 reports titled, "A Limnological Investigation of Morris Reservoir" and "Ground Water Study". These reports and calculations made by the City's chief water plant operator show that with or without future growth, Willits is highly dependent upon annual rainfall for its water supply. This dependence should be taken into consideration in evaluating the capacity of the delivery system to accommodate increased demand for service.

The City of Willits currently supplies its own water by storing rainfall in two local reservoirs, one half a mile upstream of the other on Davis Creek. Morris Dam and Centennial Dam were completed in 1927 and 1990 respectively. These two reservoirs supply potable water for the City during summer months while Davis Creek supplies the water during winter months. A new water treatment facility and inlet structure were constructed in 1989 which eliminated the water quality problems that occurred during times of drought.

Morris Dam is located 5 miles southeast of the City. The concrete dam impounds water from the Davis Creek watershed which covers a 5.5 square mile area. The watershed area is not incorporated, but it is owned by the City of Willits. The watershed is subject to the effects associated with trespassers, wild game, limited cattle grazing, limited timber harvesting, and the Northwestern Pacific Railroad corridor.

Morris Reservoir has a surface area of roughly 60 acres. It would have a capacity of 735 acre feet but due to siltation over the last 63 years, 100 acre feet have been displaced. Silt displacement of water has occurred at a rate of 0.2% per year totaling nearly 13% over the life of the reservoir to date. At this rate it would take an additional 200 years to fill the reservoir 50%. Dredging is not possible at this time due to prohibitive costs and water quality problems regulated by the Department of Fish & Game.

Groundwater is pumped from the City's Park Well on Commercial Street solely for irrigation purposes, while in the valley outside the City limits water is pumped from private wells for all purposes. It was estimated in a U.S.G.S. oral investigation report that 2000 acre-feet are used annually by well users throughout Little Lake Valley. It was also estimated in the

1985 Department study that 60,000 acre feet are available in the valley with an annual recharge rate of 10,000 acre-feet. While the volume of water available is great, the cost of raising water quality to standards of safe drinking water would be high.

In 1985 Kennedy & Jenks Associates prepared a Water System Master Plan to determine the status and needs of the City. Since that time the Centennial reservoir was created to double water storage capacity. Despite the recent improvements, the City's water supply is still constrained by the storage capacity of the two reservoirs. The combined capacity of Morris and Centennial Lakes is 1,310 acre feet; this is the amount of water available during the dry season. The dry season may run May through October or it may last several years.

The City's current annual demand is 1190 acre-feet. This is the amount of water used for 2055 residential units, plus commercial and industrial purposes throughout the whole year. Roughly half of that (600 acre-feet) is drawn during the summer from the reservoir and half is drawn during the winter from Davis Creek. In a "normal" year there would be 710 acre-feet left in the reservoir at the end of the dry season. However, erratic weather patterns have resulted in frequent droughts of varying magnitude. These droughts can have severe impacts on the water supply.

Even minor droughts can affect the water supply by causing low stream flows. Because Davis Creek is dammed, the Department of Fish and Game, acting through the powers of the Department of Water Resources has recently begun to regulate the release flows from the dam. The County Health Department, which monitors community needs, is concerned that release requirements may exceed stream flows which would mean an additional demand on the reservoir during the dry season.

As of May, 1990, there were 2,055 existing hookups, with an estimated capacity for a total of 3,900 hookups. That would indicate that 1,845 hookups are available. Given the dependence on winter rains, however, care should be taken in the allocation of the City's water capacity. Considering the release requirements and the effects of prolonged drought, it seems more reasonable to assume the existing system clearly has a capacity for 900-1000 hookups. Development beyond this level would require detailed studies regarding the demand of release flows and projected development.

The preferred growth scenario calls for approximately 826 additional residential units by 2020. In addition, annual economic growth of 1.5 to 3 percent would result in increased commercial and industrial demand for water. In the aggregate, the City's existing water supply appears to be adequate to accommodate the level of growth posited under the Revised General Plan while allowing for a small margin of safety in the event of prolonged drought conditions. Growth in excess of Scenario 1 levels would be likely to strain the capacity of the local water supply.

11.200 Wastewater Collection and Treatment

The City's wastewater collection system is in poor condition. According to a 1989 feasibility study prepared by Harris Consultants, antiquated collection pipelines are causing substantial inflow and infiltration. The Harris study prioritizes needed improvements and provides cost estimates (in 1989 dollars) ranging from \$2.8 million for higher priority items only to \$6.3 million for all needed improvements. Efforts are underway to formulate and implement plans for rehabilitation of the local wastewater collection system.

In addition to repairing the existing collection network, plans are underway to extend sewerage to the City's newly annexed areas. A financing package has recently been obtained from the Farmers Home Administration in support of this project.

Finally, planned expansion at Brooktrails will necessitate new sewer lines to replace the existing undersized collection pipeline. Ideally, this work should be planned to coincide with local pipeline improvements in the same vicinity.

Willits is served by its own wastewater treatment facility, which has a dry weather capacity of 1.3 million gallons per day (mgd). Present usage amounts to .85 mgd, including .15 mgd from Brooktrails Township. (By contract, Brooktrails is entitled to 33 percent of the City's treatment capacity). Expansion of the plant to a capacity of 2.3 mgd is planned for 1996-2001. The expanded treatment facility will have sufficient capacity to accommodate both Brooktrails and Willits growth under the preferred scenario.

11.300 Solid Waste Disposal

Willits is served by a local landfill which receives 8,200 tons of solid waste annually, including trash from Willits, Covello and surrounding unincorporated areas. The remaining capacity of the landfill is estimated at two years. An application has been filed with the California Integrated Waste Management Board for a permit to expand the capacity of the landfill to 7-9 years.

Ultimately, a regional solution to the solid waste disposal problem must be found. A joint powers authority has been given jurisdiction over regional solid waste issues. A tentative agreement has been reached for an interim site in Ukiah, which would require a transfer station in Willits. AB 939 requires a 25 percent reduction in landfill volumes by 1995 and a 50 percent reduction by 2000. In view of this requirement and the likelihood of a solid waste transfer station being located in Willits, establishment of regional recycling facilities in the vicinity should be seriously considered.

11.400 Public Safety

Police services are provided by the Willits Police Department. Fire protection falls under the jurisdiction of the Little Lake Fire District. The police station is located on the 100 block of Commercial Street, across from City Park. The fire station is on the northwest corner of Commercial and Humboldt Streets.

Future growth assumed under the preferred scenario can be expected to generate demand for increased police and fire protection services. In the absence of impact fees, funds for service expansion will have to come primarily from increases in sales and property tax revenues.

11.500 Utilities

Electricity and natural gas are provided to the planning area by Pacific Gas and Electric Company. Sufficient capacity exists to accommodate future planned residential, commercial and industrial growth.

On the other hand, many residents of Willits and the surrounding area have chosen to remain "off the grid", relying upon solar energy, propane generators, wood stoves and other alternative energy sources. For this reason, the usage of conventional utilities associated with future area growth may not increase as much as it would in communities with lower levels of alternative energy awareness.

11.600 Administrative Services

Local administrative services, including planning, budgeting, management, building inspection, parks and recreation are headquartered at City Hall, located at 111 Commercial Street. Future growth can be expected to generate greater demands on the City's administrative bureaucracy. This may necessitate staff growth or increased privatization of administrative services through contracting.

Mendocino
Local Agency Formation Commission

200 South School Street, Ukiah CA 95482
707-463-4470 www.mendolafco.org

JUSTIFICATION OF PROPOSAL

Please complete the following information to process an application under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000:
(Indicate N.A. if Not Applicable)

SHORT TITLE OF THE PROPOSAL: _____

TYPE OF PROPOSAL

- | | | |
|---|---|---|
| <input type="checkbox"/> City Incorporation | <input type="checkbox"/> Sphere of Influence Amendment | <input type="checkbox"/> District Formation |
| <input type="checkbox"/> Annexation | <input type="checkbox"/> Sphere of Influence Update | <input type="checkbox"/> District Dissolution |
| <input type="checkbox"/> Detachment | <input type="checkbox"/> Out-of-Agency Service | <input type="checkbox"/> Consolidation |
| <input type="checkbox"/> Add Latent Power | <input type="checkbox"/> Reorganization (involving an Annexation and Detachment(s)) | |

AGENCY CHANGES RESULTING FROM THIS PROPOSAL

Agency or Agencies gaining territory: _____

Agency or Agencies losing territory: _____

NOTIFICATION

Please indicate the names, addresses and telephone numbers of all Applicants, Applicant's Agents, and all affected Agencies who are to receive the hearing notice and the Executive Officer's Report:

<u>Name</u>	<u>Mailing Address</u>	<u>Telephone</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Attach a separate sheet if necessary.)

PROJECT INFORMATION

Please provide project-related information for the following questions:

- 1. Do the proposed boundaries create an island of non-agency territory? [] Yes [] No
- 2. Do the proposed boundaries split lines of assessment or ownership? [] Yes [] No
- 3. Does the proposal involve public rights-of-way or easements? [] Yes [] No
- 4. Does the proposal involve public land or land assessed by the State? [] Yes [] No
- 5. Does any part of the proposal involve land under a Williamson Act Contract or Farmland Security Zone? [] Yes [] No
- 6. Does any part of the proposal involve land with a Wildlife/Habitat Easement or Agricultural Land Conservation Easement? [] Yes [] No

List the affected Assessor Parcel Numbers, Owners of Record and Parcel Sizes:

<u>APN</u>	<u>Owner</u>	<u>Acreage</u>
------------	--------------	----------------

(Attach a separate sheet if necessary)

- 7. Physical Location of Proposal: _____
(Street or Road, distance from and name of Cross Street, quadrant of City)
- 8. Has an application been filed for an underlying project (such as Development Plan, Conditional Use Permit, or Tentative Subdivision Map)? [] Yes [] No
If Yes, please attach a Project Site Plan or Tentative Subdivision Map.
If No, please provide an estimate of when development will occur: _____.
- 9. List those public services or facilities which will be provided to the affected territory as a result of the proposed action:
- 10. Indicate which of these services or facilities will require main line extensions or facility up-grades in order to serve the affected territory:
- 11. Provide any other justification that will assist the Commission in reviewing the merits of this request.
(Attach separate sheets as necessary)

INDEMNIFICATION AGREEMENT

As part of this application, applicant and real property in interest, if different, agreed to defend, indemnify, hold harmless, and release the Mendocino Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of the above, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorney’s fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive or active negligence on the part of the Mendocino Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at _____, California, on _____, 20__.

APPLICANT

REAL PARTY IN INTEREST

(If different from Applicant)

Signature: _____

Signature: _____

Title: _____

Title: _____

SUBMITTALS

In order for this application to be processed, the following information needs to be provided:

1. Two copies of this Justification of Proposal, completed and signed with original signatures;
2. Five prints of a full-scale proposal map showing the affected territory and its relationship to the affected jurisdiction (and prepared to State Board of Equalization specifications);
3. Five copies of an 8.5” x 11” or 11” x 17” reduction of the proposal map;
4. Three copies of a metes and bounds description of the affected territory;
5. One certified copy of the City Council and/or Special District Board of Directors Resolution of Application; or a petition making application to LAFCo (as appropriate);
6. Written permission from each affected property owner (or signature form);
7. One copy of the project environmental document (One Compact Disc if more than 25 pages);
8. One copy of the project Notice of Determination;
9. Three 8.5” x 11” copies of the Vicinity Map (if not included on the proposal map);
10. One copy of the plan for providing services along with a schematic diagram of water, sewer and storm drainage systems (refer to Government Code Section 56653);
11. One copy of the Pre-Zoning map or description (as required by Section 56375);
12. One copy of the Statement of Open Space (Ag) Land Conversion (refer to Section 56377);
13. One Copy of the Statement of Timely Availability of Water Supplies (refer to Section 56668(k));
14. One copy of the Statement of Fair Share Housing Needs (if residential land uses are included in the proposal) (refer to Section 56668(l));
15. One copy of the project design (site plan, development plan, or subdivision map);
16. One copy of the Residential Entitlement matrix form (if residential land uses are included in the proposal); and
17. Filing and processing fees in accordance with the LAFCo Fee Schedule and the State Board of Equalization Fee Schedule.

Additional information may be required during staff review of the proposal.

CERTIFICATION

The undersigned hereby certifies that all LAFCo filing requirements will be met and that the statements made in this application are complete and accurate to the best of my knowledge.

(Signature)

(Date)

Print or Type Name: _____

Daytime Telephone: _____



AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Ad Hoc Committee – Franchise Agreement with Solid Wastes of Willis (SWOW)

Agenda Title: DISCUSSION AND POSSIBLE APPROVAL OF FRANCHISE AGREEMENT AND TRANSFER STATION AGREEMENT WITH SOLID WASTES OF WILLITS (SWOW)

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 1 hour

Summary of Request: Following several months of discussions between the City’s Ad Hoc Committee and SWOW and informal review by City Council on February 11, 2015, the City Council on March 25th gave direction to the Ad Hoc Committee on key terms to be incorporated in a final Franchise Agreement. These terms were refined in negotiations between the Ad Hoc Committee and SWOW on April 1st and reported back to the Council on April 8th. Following the Council and Ad Hoc Committee’s direction, Mike Sweeney, General Manager of Mendocino Solid Waste Management Authority (MSWMA), on behalf of the City, then worked with SWOW on details of draft contract language.

Attached is the marked-up draft resulting from this process (Attachment A), along with an analysis of several remaining points of contention that SWOW has raised regarding these terms (Attachment B). The Ad Hoc Committee believes that the draft contract contains all the terms as directed by the Council on March 25th and recommends that it be approved in its present form.

Note that executing the franchise agreement is contingent on SWOW entering into a separate agreement with Cold Creek Compost (a draft of which is provided as Attachment C). Cold Creek is the only facility available to meet the requirements for diversion and composting of mixed organic wastes, as directed by the City. This separate agreement is required to assure that the diversion proceed in a timely manner with the new SWOW contract, consistent with the City’s authority over flow control.

Also attached (Attachment D) is a draft contract for renewing the Transfer Station Agreement between City of Willits and SWOW.

Recommended Action: 1) Approve executing a new 15-year Franchise Agreement (renewable at the City’s option for an additional 10 years) as contained in Attachment A between the City and SWOW, contingent on SWOW securing an agreement for use of an approved facility for composting mixed organics waste; and 2) Approve a new 15-year Transfer Station Agreement, as contained in Attachment D.

Alternative(s): Direct continued negotiations and schedule a special meeting as soon as possible in order to finalize the agreements.

Fiscal Impact:

Personnel Impact:

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

FRANCHISE AGREEMENT

between

CITY OF WILLITS

and

SOLID WASTES OF WILLITS, INC

for

**~~SOLID WASTE REFUSE COLLECTION
AREA NO. THREE (3)~~**

~~September 1, 2010~~November 1 , 2015

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List of Exhibits

- A Source Reduction and Waste Diversion Programs
- B ~~County~~City-Approved Rates
- C Performance Bonding Requirements
- D Public Education and Community Outreach Programs
- E ~~Map of Solid Waste Refuse Collection Area No. 3~~ [Agreement with Cold Creek Compost](#)
- ~~F~~F Liquidated Damages

45 intention of maintaining reasonable rates for Collection and Transportation of Solid Waste and
46 Discarded Recyclable Materials within the area covered by this grant of franchise; and

47
48 WHEREAS, ~~County~~ City and Grantee executed a Franchise Agreement on ~~June 24,~~
49 ~~2008~~ November 1, 2000 that granted a Franchise Agreement to Grantee ~~for County~~ City ~~Solid~~
50 ~~Waste Collection Area No. Three,~~ and ~~County~~ City and Grantee now wish to make a new,
51 comprehensive ~~amendment to the original~~ Agreement to extend the term and make other changes
52 that shall replace all previous writings that constituted the Franchise Agreement for ~~County~~ City
53 ~~Solid Waste Collection Area No. Three.~~ the City of Willits.

54
55 **NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

56
57 ~~A. The Franchise Agreement as previously amended including revisions as to rates, is~~
58 ~~affirmed regarding the rights and obligations it assigned to the parties from its~~
59 ~~original date of execution on June 24, 2008 until the Effective Date of this amended~~
60 ~~Agreement herein.~~

61
62 ~~B. The Franchise Agreement is hereby amended so that it is changed and replaced in its~~
63 ~~entirety with the following amended Agreement herein:~~

64 **SECTION 1 - GRANT AND ACCEPTANCE OF EXCLUSIVE RESIDENTIAL AND**
65 **COMMERCIAL FRANCHISE**

66
67
68
69 A. ~~County~~ City grants to Grantee, for the term of and in accordance with this
70 Agreement (including all extensions or renewals), an exclusive privilege, duty and right to make
71 and enter into independent arrangements with residents of single family units, residents and/or
72 owners of multifamily units and Persons in charge of commercial, industrial, institutional and
73 other entities in the Franchise Area for the Collection, Transportation and removal to Solid
74 Waste Disposal facilities, all Residential, Commercial, and Industrial Solid Waste, including
75 Discarded Recyclable Materials generated or accumulated within the Franchise Area, with the
76 exception of sewage sludge and seepage, which has been placed in a Grantee-provided Solid
77 Waste Container, ~~in the areas covered by this Agreement, as shown on the map entitled~~
78 ~~"Mendocino County~~ City ~~Solid Waste Refuse Collection Areas," as its boundaries are now~~
79 ~~constituted or may hereafter be amended.~~

80
81 B. Grantee agrees to be bound by and comply with all the requirements of this
82 Agreement.

83
84 C. In the event of and to the extent that any of the following (Items 1-3, below)
85 require or are amended to require that either party take certain action or desist from taking
86 certain action that affects the promises, covenants and/or performance of the parties hereunder,
87 then this Agreement shall be amended to provide for the satisfaction of such requirements.
88 Furthermore, should such amendments to this Agreement result in the Grantee having to incur
89 additional expenses in performing its obligations hereunder, or if certain cost cutting measures
90 are implemented that justify lower rates, then Grantee or ~~County~~ City may seek rate adjustments
91 therefore in accordance with the procedures under Section 15, below.

- 92
93 (1) The ~~County~~ City Code, the California Public Resources Code, other
94 applicable state and federal laws, rules and regulations promulgated there
95 under;
96
97 (2) The ~~County~~ City of Mendocino ~~County~~ City-wide Integrated Waste
98 Management Plan and the ~~County~~ City's Source Reduction and Recycling
99 Element and Household Hazardous Waste Element; and
100
101 (3) Any and all amendments to said laws, plans, and regulations.
102

103 **SECTION 2 – DEFINITIONS**

104
105 A. **“AB939”** means the California Public Resources Code 40000 et. seq. and the
106 regulations promulgated by the California Department of Resources Recycling and Recovery.

107
108 B. **"Adjusted Gross Revenues"** means any and all revenue or compensation
109 (excluding revenues or compensation collected from Independent Government Agencies) in any
110 form derived directly or indirectly by Grantee, its affiliates, subsidiaries, parents or any other
111 Person or entity in which Grantee has a financial interest, in Collecting, Transporting, arranging,
112 handling, and/or Disposing of Solid Waste or Recyclable Material generated in the Franchise
113 Area pursuant to this Agreement, excluding the redemption value of Recyclable Materials
114 purchased, occasional sale of capital equipment, and interest earned.

115
116 C. **“Agreement”** means this Franchise Agreement between the ~~County~~ City and
117 Grantee.

118
119 D. **“Applicable Law”** means all federal, State, and local laws, regulations, rules,
120 orders, judgments, degrees, permits, approvals, or other requirement of any governmental agency
121 having jurisdiction over the Collection, Transportation, Processing, and Disposal of Solid Waste
122 and Recyclable Materials that are in force on the Effective Date and as they may be enacted,
123 issued or amended during the Term of this Agreement.

124
125 E. **“Approved ~~Green Waste~~ Mixed Organics Waste Processing Site”** means ~~the~~
126 ~~Pacific Recycling Solutions Green Waste Processing Facility, 4260 N. State Street, Ukiah,~~
127 ~~CA, Cold Creek Compost, 6000 Potter Valley Road, Ukiah, CA 95482, or such other facility as~~
128 ~~may be proposed by Grantee and approved by City.~~ SWOW EXCEPTION #1

129
130 F. **“Approved Recyclable Materials Processing Site”** means the Solid Wastes of
131 Willits Material Processing Facility, 351 Franklin Avenue, Willits, CA.

132
133 G. **“Authorized Recycling Entity”** means that person, partnership, joint venture or
134 corporation authorized by a franchise agreement or permit with the ~~County~~ City to collect
135 Discarded and/or Non-Discarded Recyclables Materials. An Authorized Recycling Entity may be
136 a municipal collection service, private refuse hauler, private recycling enterprise, or private
137 nonprofit corporation or association.

138
139 H. **"Bin"** shall mean a container designed for mechanical emptying with a close
140 fitting cover and of a design approved by the ~~Department~~ City with capacity of approximately
141 one to six cubic yards.

142
143 ~~I. **“Board”** means the Board of Supervisors of Mendocino County.~~

144
145 ~~J.I.~~ **"Bulky Waste"** means and includes, but not by way of limitation, discarded white

146 goods (i.e., major household appliances), furniture, tires, carpets, mattresses, and similar large
147 items, which cannot be placed in a covered Container.

148
149 ~~K.J.~~ K.J. “**Cart**” means a plastic container with a hinged lid and wheels that is serviced by
150 an automated or semi-automated Collection vehicle. A Cart has capacity of 20, 35, 65, or 95
151 gallons (or similar volumes).

152
153 ~~L.K.~~ L.K. “**Collection**” means the act of collecting Solid Waste, Recyclable Materials, and
154 other material at the place of generation in the Franchise Area.

155
156 ~~M.L.~~ M.L. “**Commercial Solid Waste**” includes all types of Solid Wastes generated by
157 commercial, industrial, governmental, and other sources, which have been placed in an
158 authorized Grantee-provided Solid Waste Container used for the temporary storage of Solid
159 Waste awaiting pickup. The term “Commercial Solid Waste” does not include Hazardous
160 Wastes generated by commercial, industrial, governmental, and other sources and which are
161 placed in separate Containers and which are covered by Hazardous Waste manifests.

162
163 ~~N.M.~~ N.M. “**Compactor**” means a mechanical apparatus that compresses materials and/or
164 the Container that holds the compressed materials. Compactors include two to four cubic yard
165 Bins serviced by front-end loader Collection vehicles and 6 to 50 cubic yard Debris Boxes
166 serviced by roll-off Collection vehicles.

167
168 ~~O.N.~~ O.N. “**Containers**” mean Carts, Bins, Compactors, and Debris Boxes

169
170 O. “**CountyCity**” means the ~~County of Mendocino, State of California.~~ City of
171 Willits, a general law city pursuant to the laws of the State of California, and any authorized
172 officer or agent designated by the City of Willits to represent it in any matter herein.

173
174
175
176 P. “**Customer**” means any Person receiving Solid Waste or Recyclable Material
177 service under the provisions of this Agreement.

178
179 Q. “**Debris Box**” means an open-top Container with a capacity of 10 to 50 cubic
180 yards that is serviced by a roll-off Collection vehicle.

181
182 R. “**Designated Collection Location**” shall mean that ~~Location~~ location at which
183 only an Authorized Recycling Entity may collect materials.

184
185 ~~S. “**Department**” means Solid Waste Director, County of Mendocino, at the office~~
186 ~~designated by the County of Mendocino to administer this Franchise Agreement.~~

187
188 ~~T.S.~~ T.S. “**Demolition and Construction Debris**” means:

- 189
190 (1) Discarded materials generally considered to be not water soluble and
191 nonhazardous in nature, including but not limited to steel, glass, brick, concrete,
192 asphalt material, pipe, gypsum, wallboard, and lumber from the construction or
193 destruction of a structure as part of a construction or demolition project or
194 from the renovation of a structure and/or landscaping, and including rocks,
195 soils, tree remains, trees, and other vegetative matter that normally
196 results from land clearing, landscaping and development operations for a
197 construction project.
198
199 (2) Clean cardboard, paper, plastic, wood, and metal scraps from any
200 construction and/or landscape project.
201
202 (3) Non-construction and demolition debris wood scraps.
203
204 (4) Insignificant amounts of other non-hazardous wastes that are generated
205 at construction or demolition projects provided such amounts are consistent
206 with best management practices of the industry.
207
208 (5) Mixing of construction and demolition debris with other types of Solid
209 Waste will cause it to be classified as other than construction and demolition
210 debris.
211

212 ~~U.T.~~ **“Designated Recyclable Material Buy-Back Site”** means the Grantee’s buy-
213 back Recycling center to be ~~opened~~ operated at the ~~Boonville~~ Willits Transfer Station, 350
214 Franklin Avenue, Willits or other locations approved by ~~County~~ City, in accordance with all
215 regulations of the California Department of Resource Recycling and Recovery.
216

217 ~~W.U.~~ **“Designated Disposal Location”** means the ~~Ukiah~~ Willits Transfer Station, ~~3551~~
218 ~~Taylor Drive, Ukiah CA~~ 350 Franklin Avenue, Willits, California.
219

220 ~~W.V.~~ **“Designated Waste”** means **non-Hazardous Waste** which may pose special
221 Disposal problems because of its potential to contaminate the environment and which may be
222 disposed of only in Class II Disposal Sites or Class III Disposal Sites pursuant to a variance
223 issued by the California Department of Health Services. Designated Waste consists of those
224 substances classified as Designated Waste by the State of California, in California Code of
225 Regulations Title 23, Section 2522 as may be amended from time to time.
226

227 ~~X.W.~~ **“Discarded Recyclable Materials”** means any Recyclable Materials which the
228 Generator disposes of without selling or donating.
229

230 ~~Y.X.~~ **“Disposal or Dispose (or variation thereof)”** means the ultimate Disposal of
231 Solid Waste at a Disposal Site.

232
233 Z.Y. **"Disposal Site"** means a facility for ultimate Disposal of Solid Waste as defined
234 in Public Resources Code Section 401.22.
235

236 AA.Z. **"Franchise Area,"** means the ~~unincorporated~~ city limits of the portions of the
237 CountyCity within the Solid Waste Refuse Collection Area No. Three (3) designated on the map
238 entitled "Mendocino County Solid Waste Refuse Collection Areas" (included as Exhibit E)
239 including all amendments and changes thereto. of Willits.
240

241 BB.AA. **"Franchise Fee"** means the fee or assessment imposed by the ~~County~~ City
242 on Grantee solely because of its status as party to this Agreement, and which, inter alia, is
243 intended to compensate ~~County~~ City for its expenses in administering this Agreement and other
244 Solid Waste-related ~~activities.~~ costs and activities.
245

246 CC.BB. **"Generator"** means any Person as defined by the Public Resources Code,
247 whose act or process produces Solid Waste or Recyclable Materials as defined in the Public
248 Resources Code, or whose act first causes Solid Waste to become subject to regulation.
249

250 DD.CC. **"Grantee"** shall mean the Person granted the franchise to arrange for the
251 Collection of Solid Wastes and Recyclable Materials pursuant to this Agreement.
252

253 EE.DD. **"Green Waste"** means those discarded materials that will decompose
254 and/or putrefy, including but not limited to, green trimmings, grass, weeds, leaves, prunings,
255 branches, dead plants, brush, tree trimmings, dead trees, and small pieces of unpainted and
256 untreated wood, ~~and other types of organic waste.~~ Green Waste to be placed in a Container for
257 Collection shall not exceed six inches in diameter and four feet in length. Tree stumps and logs
258 are not to be considered "Green Waste" unless they are reduced to a chipped form; they shall be
259 considered Bulky Waste. Biodegradable plant material, which is mixed with other kinds of Solid
260 Waste, shall not be considered "Green Waste".
261
262

263 FF.EE. **"Hazardous Waste or Materials"** means any waste materials or mixture of
264 wastes defined as such pursuant to the Resource Conservation and Recovery Act, 42 U.S.C.
265 Section 6901 et seq., or the Comprehensive Environmental Response, Compensation and
266 Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., and all future amendments to either
267 of them, or as defined by the California Environmental Protection Agency or the California
268 Department of Resources Recycling and Recovery, or either of them. Where there is a conflict
269 in the definitions employed by two or more agencies having jurisdiction over Hazardous or Solid
270 Waste, the term "Hazardous Waste" shall be construed to have the broader, more encompassing
271 definition.
272

273 GG.FF. **"Holidays"** are defined as New Year's Day and Christmas Day.
274

275 ~~HH.~~ **GG.** **“Independent Government Agencies”** means any Federal, State or local
276 government agencies, including but not limited to special districts, school districts, Indian
277 reservations, California Department of Parks and Recreation, California State Department of
278 Corrections, United States Forest Service, Bureau of Land Management, United States Corp of
279 Engineers, which due to provisions of California State Law do not have to comply or recognize
280 the Grantee as the ~~County~~ City’s exclusively franchised Solid Waste Collector.

281
282 **HH.** **“Industrial Solid Waste”** means Solid Waste in an amount exceeding an average
283 of five hundred pounds (500 lbs.) per operating day produced by any Person principally engaged
284 in the business of Processing or manufacturing agricultural, animal or other products or materials
285 whose principal outlet for such products is wholesale rather than retail, and by any Person
286 engaged in the business of building construction or demolition. Industrial Solid Waste excludes
287 Non-Discarded Recyclable Materials.

288
289 **II.** **“Mixed Organic Waste” shall mean Green Waste, food scraps, paper tissues,**
290 **paper napkins and towels, coffee grounds and filters, pizza boxes, and food-soiled paper**
291 **plates and cups.**

292
293 **JJ.** **“Multi-Family Units”** shall mean any residential building, boardinghouse,
294 apartment building, condominium complex, stock cooperative complex consisting of two or
295 more independent dwelling units which receives Solid Waste and/or Recyclable Material
296 services. Multi-Family Units does not include motels, hotel, or automobile courts.

297
298 **KK.** **“Non-Discarded Recyclable Materials”** means any Recyclable Materials, as
299 defined herein, that the Generator retains, sells, or donates.

300
301 **LL.** **“Occupant”** means the Person in possession or control of the Premises, including
302 but not limited to Persons such as tenant, lessee, licensee, manager, custodian, or caretaker.

303
304 **MM.** **“Owner”** means the Person having dominion of or title to Premises.

305
306 **NN.** **“Person”** means any individual, firm, corporation, partnership, joint venture,
307 association, special district, school districts, limited liability company or partnership, group or
308 combination thereof, includes the plural as well as the singular.

309
310 **OO.** **“Premises”** means a parcel of real property to the center of any alley adjacent
311 thereto, located in Franchise Area, upon which is situated any dwelling house or other place of
312 human habitation, including each unit of a multiple dwelling building, or of a mobile home park;
313 or upon which is conducted any business, occupation, or activity which results in the production
314 or accumulation of Solid Waste.

315
316 **PP.** **“Processing”** means to prepare, treat, or convert through some special method.

317
318 **QQ.** **“Processing Site”** means any plant or site used for the purpose of sorting,

319 cleansing, treating or reconstituting Recyclable Materials for the purpose of making such material
320 available for reuse.

321
322 RR. **"Rate Period"** means a 12-month period, commencing January 1 and concluding
323 December 31 for which rates are calculated, ~~with the exception that Rate Period One shall~~
324 ~~commence September 1, 2010 and conclude December 31, 2010.~~

325
326 SS. **"Recyclable Material(s)"** includes materials which are reused or Processed or are
327 in the future reused or Processed into a form suitable for reuse through reprocessing or
328 remanufacture, consistent with the requirements of the Public Resources Code. No materials
329 shall be considered Recyclable Materials unless such material is separated from Solid Waste.
330 Recyclable Materials shall include, but not be limited to: newspaper (including inserts, coupons,
331 and store advertisements); mixed paper (including office paper, computer paper, magazines, junk
332 mail, catalogs, brown paper bags, brown paper, paperboard, paper egg cartons, telephone books,
333 grocery bags, colored paper, construction paper, envelopes, legal pad backings, shoe boxes,
334 cereal and other similar food boxes); chipboard; corrugated cardboard; paper milk cartons; glass
335 containers of any color (including brown, clear, and green glass bottles and jars); aluminum
336 (including beverage containers, foil, food containers); steel, tin or bi-metal cans; plastic
337 containers (no. 1 to 7); aseptic beverage boxes and non-hazardous scrap metal items weighing 10
338 lbs. or less.

339
340 TT. **"Residential Solid Waste"** means all types of Solid Waste which originate from
341 residents of Single-Family Units and Multi-Family Units.

342
343 UU. **"Responsible Party"** means: 1) Any individual or any corporation, partnership or
344 business association or an officer, director, or management employee of a corporation,
345 partnership, or business association that has the authority to make discretionary decisions with
346 respect to the operations or financial management of the Grantee; or, 2) Any corporation, sole-
347 proprietorship, partnership, or business association, or officer, director, or management
348 employee of such entity, that holds at least five percent (5%) equity or debt interest in the
349 Grantee. If any holder of such debt or equity is not a natural person, the term "responsible party"
350 includes only the debtor, equity holding Person and officers, directors, and management
351 employees of the debt or equity holder who are empowered to make discretionary decisions with
352 respect to the operation or financial management of the Grantee.

353
354 VV. **"Segregated Recyclable Materials"** means those Recyclable Materials which: 1)
355 Have been source separated by the Person from whom they are being collected; or, 2) Are
356 physically separated from other waste material following Collection.

357
358 WW. **"Single-Family Unit"** means a dwelling which receives individual Solid Waste
359 and/or curbside Recyclable Material service.

360
361 XX. **"Solid Waste"** means and includes all putrescible and non-putrescible solid and

362 semisolid wastes (including semi-liquid or wet wastes with insufficient moisture so as not to be
363 free flowing), ashes, Recyclable Materials that have not been separated from Solid Waste,
364 demolition and construction wastes and other discarded materials resulting from domestic,
365 institutional, commercial, industrial, agricultural and community operations and activities. Solid
366 Waste shall be expressly deemed to include Bulky Wastes as defined herein. Solid Waste does
367 not include Hazardous Wastes or Designated Waste.

368
369 YY. **"Solid Waste Collector"** means a Person who collects or Transports Solid Waste
370 under authority granted by the ~~Board or Department~~ City including his/her agents and employees.

371
372 ZZ. ~~"Solid Waste Ordinance" means Title 9A of the Mendocino County Code, as~~
373 ~~currently adopted by the Mendocino County Board of Supervisors and future~~ amendments to
374 Title 9A as adopted by the Board of Supervisors.

375
376 AAA. **"Subcontractor"** means a party who has entered into a contract, expressed or
377 implied, with the Grantee for the performance of an act that is necessary for the Grantee's
378 fulfillment of its obligations under this Agreement.

379
380 BBB. **"Transportation"** means the act of transporting or state of being transported.

381
382 CCC. **"Waste Stream"** means the total amount of Solid Waste generated in a given
383 area, such as the ~~County~~ City or a specific Franchise Area. Waste Stream does not include
384 Recyclable Materials that have been separated from Solid Waste by the Generator so that the
385 Recyclable Materials never become discarded waste.

386 **SECTION 3 - COMPLIANCE WITH LAWS AND REGULATIONS**

387

388 Grantee warrants that it will comply with all applicable laws in effect during the term of
389 this Agreement, including implementing regulations, as they may, from time to time, be
390 amended, specifically including, but not limited to the Comprehensive Environmental Response,
391 Compensation and Liability Act ("CERCLA"), 42 U.S.C. Section 9601 et seq., the Resource
392 Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the California Public Resources
393 Code Section 40000 et. seq., and all other applicable laws of the State of California, the
394 ~~County~~City ~~of Mendocino~~, ordinances of the ~~County~~City, the ~~County~~City's Source Reduction
395 and Recycling Element, the ~~County~~City's Household Hazardous Waste Element, the ~~County of~~
396 ~~Mendocino's~~ ~~County~~City-wide Integrated Waste Management Plan, the requirements of Local
397 Enforcement Agencies and other agencies with jurisdiction relating to the services provided by
398 Grantee under this agreement. In the event of conflict between regulations or statutes, Grantee
399 shall comply with the regulation or statute containing the most stringent applicable standards.
400 Grantee shall comply with all final and binding judgments entered against Grantee regarding its
401 services performed under this agreement.

402

403

404

- 448 (1) Collecting all Solid Waste, Mixed Organic Waste and Recyclable Materials
449 generated in the Franchise Area and placed by Generator for Collection.
450
451 (2) Transporting collected materials to the Designated Disposal Location, Approved
452 ~~Green Waste~~Mixed Organic Waste Processing Site, or Approved Recyclable
453 Materials Processing Site.
454
455 (3) Processing and marketing of Recyclable Materials Collected in the Franchise
456 Area by Grantee.
457
458 (4) Collecting Demolition and Construction Debris generated within the Franchise
459 Area.
460
461 (5) Operating a Recyclable Material buy-back center located at the Designated
462 Recyclable Material Buy-Back Site.
463
464 (6) Furnishing all labor, supervision, vehicles, Containers, other equipment,
465 materials, supplies, and all other items and services necessary to perform its
466 obligations under this Agreement.
467
468 (7) Paying all expenses related to provision of services required by this Agreement
469 including, but not limited to, taxes, regulatory fees, pass-through costs, utilities,
470 etc.
471
472 (8) Providing all services required by this Agreement in a thorough and professional
473 manner so that residents, businesses, and the ~~County~~City are provided timely,
474 reliable, courteous and high-quality service at all times.
475
476 (9) Complying with Applicable Law.
477
478 (10) Performing or providing all other services necessary to fulfill its obligations under
479 this Agreement.
480
481
482

483 **C. Limitations to Scope**

484
485 The materials listed below in this Section may be Collected and Transported by other
486 Persons. Such Persons shall do so in accordance with the ~~County~~City Code.
487

- 488 (1) **Industrial Recyclable Materials.** Recyclable Materials from a Generator of
489 Industrial Solid Waste that are not disposed of and are recycled including, but not
490 limited to, wood chips from the forest products industry used as boiler fuel, and
491 agricultural waste used to produce compost. If Solid Waste residue in Recyclable

492 Materials exceeds 5% by volume it shall be considered Solid Waste and not Industrial
493 Recyclable Material and shall be collected by Grantee

494
495 (2) **Non-Discarded Recyclable Materials**, provided the transporter is paid no direct or
496 in-kind fee for the service and compensates the Generator for the Recyclable
497 Materials.

498
499 (23) **Materials Hauled by Owner, Occupant, or a Cooperative of Persons, or its**
500 **Contractor.** Solid Waste and/or Recyclable Materials that are removed from any
501 Premises by the Owner, Occupant, or a cooperative of persons and are
502 Transported, without compensation, to a Disposal Site or Processing Site by (i)
503 the Owner, Occupant or cooperative of persons of such Premises, (ii) by full-time
504 employee(s) of Owner, Occupant, or cooperative of persons that uses the
505 Owner's, Occupant's, or cooperative of persons' equipment to Transport
506 materials; or (iii) by a contractor whose removal of the Solid Waste and/or
507 Recyclable Materials, and/or Demolition and Construction Debris incidental to
508 the service being performed and such contractor removes materials at no
509 additional or separate fee using contractor's own equipment and labor;

510
511 (34) **Containers Recycled.** Containers delivered for recycling under the California
512 Beverage Container Recycling Litter Reduction Act, Section 14500, California
513 Public Resources Code et. seq. as may be amended from time to time;

514
515 (45) **Animal, Grease Waste, and Used Cooking Oil.** Animal waste and remains
516 from slaughterhouse or butcher shops, grease waste, or used cooking oil;

517
518 (56) **Sewage Treatment By-Product.** By-products of sewage treatment including
519 sludge, sludge ash, grit, and screenings;

520
521 (67) **Hazardous Wastes.** Household Hazardous Waste, Hazardous Waste, and
522 Designated Waste regardless of its source.

523
524 (78) **State and Federal Wastes.** Materials generated by state and federal agencies,
525 special districts, school districts, State parks, State correction facilities, and Indian
526 reservations.

527
528
529 (89) **Other Materials.** Lead-acid batteries, waste oil, tires, and scrap metal not
530 covered as Discarded Recyclable Materials.

531
532
533 **D. Subcontracting**

534
535 Grantee shall not engage any Sub-grantees for Collection, Transportation, Processing, or

536 Disposal of Solid Waste or Recyclable Materials services without the prior written consent of the
537 ~~County~~ City.

538
539 ~~E.~~ **Franchise Area Defined**

540
541 ~~This Agreement allows the Grantee to Collect, Transport, and Process Solid Waste and~~
542 ~~Recyclable Materials generated within the Franchise Area defined and shown on certain map~~
543 ~~entitled "Mendocino County Solid Waste Refuse Collection Areas", including all amendments~~
544 ~~and changes thereto. The Franchise Area may be modified upon renegotiation and mutual~~
545 ~~consent of both parties should the Board find such modification necessary for the efficient~~
546 ~~administration of this Agreement and in the public interest. In the event of such a modification,~~
547 ~~the Grantee shall be given a ninety (90) day written notice thereof before the modification shall~~
548 ~~become effective.~~

549
550 ~~F.E.~~ **Franchise Area Limits**

551
552 No Persons shall be granted a right to collect ~~refuse~~ Solid Waste, Mixed Organic Waste
553 or Discarded Recyclable Material in Grantee's Franchise Area unless approved by the ~~Board of~~
554 ~~Supervisors~~ City due to an emergency, a lack of service by the Grantee, or as allowed according
555 to Section 20 herein.

556 **SECTION 5 - SERVICES PROVIDED BY GRANTEE**

557

558 **A. ~~County~~ City to Approve All Services**

559

560 The nature of the Solid Waste, Mixed Organic Waste and Recyclable Materials services Grantee
561 shall offer and provide to Customers residing or doing business in the Franchise Area has been
562 determined by the ~~Board of Supervisors~~ City.

563

564 **B.F. ~~Collection~~ Service**

565 In order to protect the public health and safety, Grantee shall collect, in a manner
566 consistent with public health and safety, Solid Waste, Mixed Organic Waste and Recyclable
567 Materials from its Customers in the Franchise Area as frequently as scheduled by Customer, but
568 not less than once per week. ~~Except, the Grantee may propose to County service standards and~~
569 ~~rates for every other week or monthly solid waste and recyclable material collection, which the~~
570 ~~County has the right to approve.~~ Solid Waste service shall be provided in the Container
571 Sizes and Collection frequencies as set forth in the Rate Table, Exhibit B to this
572 Agreement, and the billings to Customers for Solid Waste service shall incorporate at no
573 extra cost Mixed Organic Waste and Recyclable Material Collection, except as set forth
574 herein.

575

576 (1) Single-Family Units

577

578 The Grantee shall collect Solid Waste (except Bulky Wastes), Mixed Organic
579 Waste and Recyclable Materials from Single-Family Units, which have been
580 placed, kept, or accumulated in Grantee-provided Containers, at the curbside or
581 other authorized Collection location if the Customer is physically unable to move
582 the Collection Containers to the curb and is eligible for such service at no
583 additional charge or from a Customer who is willing to pay the additional charge
584 set by the ~~County~~ City for such service.

585

586 Grantee shall provide each Customer with a either a 20-, 35-, 65-, or 95-gallon
587 gray Solid Waste Cart, as requested by the Customer. Grantee shall provide each
588 Customer a ~~maximum of two~~ 65- or 95-gallon blue Recyclable Material Carts, as
589 requested by the Customer. Grantee shall provide each Customer with a 65-
590 gallon or 95-gallon green Mixed Organic Waste Cart, as requested by the
591 Customer.

592

593 To the greatest extent possible, Single-Family Units shall place Containers at the
594 ~~County~~ City-maintained road. With the approval of the ~~Department~~ City, Grantee
595 may service private roads if specific road conditions (roadway width, overhead
596 clearances, adequate turnaround and pavement conditions), number of customers,
597 and/or a past practice justify such service. The Grantee may require the
598 applicable road owner or road association to execute a release of liability. If

599 Grantee elects to service a private road, then the off-road service rate will not be
600 charged.

601
602 (2) Multi-Family Premises

603
604 Grantee shall Collect Solid Waste, Mixed Organic Wastes and Recyclable
605 Materials from Multi-Family Premises as frequently as scheduled by Customer,
606 but not less than once per week. ~~Except, Grantee may propose to County service~~
607 ~~standards and rates for every other week or monthly solid waste and recyclable~~
608 ~~material collection, which County has the right to approve.~~ Grantee shall allow a
609 Multi-Family Premises to use Carts or Bins for ~~Solid Waste~~ Collection that are
610 shared by the Occupants of the Premises. Grantee shall provide one or more
611 Carts (with a capacity of 35, 65 or 95 gallons) or Bins (with a capacity of one to
612 six cubic yards) to such Premises as requested by Customer. Grantee shall
613 Collect Solid Waste, Mixed Organic Wastes and Recyclable Materials from Carts
614 and Bins at a location selected by Customer and approved by the ~~County~~City.

615
616 (3) Commercial and Industrial Premises SWOW EXCEPTION #3

617
618 Grantee shall Collect Solid Waste, Mixed Organic Wastes and Recyclable
619 Materials from Commercial and Industrial Premises as frequently as scheduled by
620 Customer, but not less than once per week. ~~Except, Grantee may propose to~~
621 ~~County service standards and rates for every other week or monthly solid waste~~
622 ~~and recyclable material collection, which County has the right to approve.~~
623 Grantee shall provide one or more Carts (with a capacity of 35, 65 or 95 gallons)
624 or Bins (with a capacity of one to fifty cubic yards) to such Premises as requested
625 by Customer. Grantee shall Collect Solid Waste, Mixed Organic Wastes and
626 Recyclable Materials from Carts and Bins at a location selected by Customer.
627 Upon receiving a call for new service from any Commercial or Industrial
628 Customer, Grantee's Customer service representative shall specifically ask the
629 Customer what Recyclable Materials the Customer expects to generate and shall
630 encourage the Customer to accept ~~recycling~~Recyclable Materials and
631 Mixed Organic Waste Containers, emphasizing that recycling Containers are
632 provided without additional charge except as provided herein, and shall make all
633 reasonable efforts to encourage the Customer to divert Solid Waste from disposal.

634 Recyclable Materials Carts or Bins may be used by the Customer for
635 single-stream mixing of all Recyclable Materials as defined in this
636 Agreement, except that, if Grantee determines that there is sufficient
637 volume of one type of Recyclable Material, the Grantee may require
638 Customer to use Segregated Recycled Material Bin(s) for that material.

639 Commercial and Industrial Customers may choose to utilize the same
640 sizes of ~~Recyclable Material~~ Carts as provided to Single-Family Units.

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C.G. Recyclable Material Buy-Back Facility

Grantee shall operate and maintain a buy-back Recycling center at the Designated Recyclable Material Buy-Back Site. At a minimum, Grantee shall purchase California Redemption Value (CRV) containers. In addition, Grantee shall accept for drop-off the following Recyclable Materials: aluminum and tin cans, glass beverage and food containers, plastics 1-7, newspaper, office paper, junk mail, magazines, telephone directories, paper board, electronics, Green Waste, motor oil, appliances, scrap metal, used oil filters and corrugated cardboard. Operating hours shall, at a minimum, be from 9:00 a.m. to 4:30 p.m., ~~Wednesday~~ Tuesday through Saturday or days and hours approved by ~~County~~ City.

D.H. Hours of Collection

No Collections shall be made in residential areas prior to 5:00 a.m. or after 6:00 p.m. No Collections shall be made at schools, churches, hospitals, offices, or commercial establishments within 200 feet of said residential districts prior to 5:00 a.m. or after 9:00 p.m. unless a modification of these hours is allowed in writing by the ~~Department~~ City, which modification may be revoked at the sole discretion of the ~~County~~ City. Special arrangements may be made pursuant to the ~~Solid Waste Ordinance~~ City Code for all categories of Collections provided by the Grantee.

E.I. Collection on Holidays

If the day of Collection on any given route falls on a Holiday, Grantee shall provide Collection service for such route on the work day either before or following such Holiday and shall not provide Collection service on such Holiday, and all subsequent Collection days during that Holiday week shall be adjusted at the discretion of Grantee. Grantee shall be responsible for Customer notification of Holiday Collection arrangements. If the day of Collection on any given route falls on any remaining Holiday, Grantee may continue to provide Collection service for such route on that workday.

SECTION 6 - SPECIAL PROGRAMS AND SERVICES PROVIDED BY GRANTEE

A. Source Reduction and Waste Diversion Programs

Grantee shall provide special programs as are required by federal, state, or local regulations, including but not limited to, the ~~County of Mendocino County~~ City-wide Integrated Waste Management Plan, the Source Reduction and Recycling Element, and the Household Hazardous Waste Element and as itemized in Exhibit A. If ~~County~~ City directs changes in recycling or ~~Green Waste~~ Mixed Organic Waste services, Grantee shall be entitled to recovery of any additional costs through the pass-through rate adjustment procedure of Section 15(A). When

685 introducing new or expanded diversion programs, ~~County~~City shall define the objective of the
686 program and cooperate with Grantee to consider Grantee’s proposal for the methods to achieve
687 the objective, and ~~County~~City shall consider alternative methods so that objectives are achieved
688 while minimizing any costs or operational problems that the new program may cause to Grantee.
689 In exercising its right to direct changes in recycling or ~~Green Waste~~Mixed Organic Waste
690 services, ~~County~~City will consider the impact upon rates and the likelihood Grantee can recover
691 all costs with the change.

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693
694

695 **B. Public Education.**

696

697 Grantee’s public education program shall focus on providing information to Customers in
698 accordance with the specific requirements described in Exhibit D. Educational media shall
699 include, but not be limited to, newsletters, flyers, door hangers, notification tags, and direct
700 contact. Information shall be provided for initial start of service, to solicit feedback about the
701 service and suggested improvement/change, and to educate Customers about source reduction,
702 reuse, Mixed Organic Waste and Recycling opportunities. Materials shall be printed on paper
703 containing the highest levels of recycled content material as is reasonably practical with a
704 minimum requirement of 30% post-consumer content based on Federal standards. Grantee shall
705 allow the ~~County~~City to review and approve all public education materials and may require
706 bilingual English-Spanish text.

707

708 Within 30 days of the Commencement Date, Grantee shall do the following: (1) apply a
709 new all-weather instructional sticker, approved by the City, to all green Mixed Organic Waste
710 Carts and Bins that states the acceptable and unacceptable materials for the Containers. The
711 sticker shall be written in English and Spanish and shall be not less than 100 square inches in
712 size; and (2) mail an informational flier to all Customers, approved by the City, in English and
713 Spanish, announcing the expanded Mixed Organic Waste program.

714

715 Beginning 60 days after the Commencement Date and finishing 120 days after the
716 Commencement Date, Grantee shall inspect each Mixed Organic Waste Container prior to
717 emptying it and shall affix a correction notice informing the Customer of any unacceptable items
718 that are found within. The names of Customers receiving such notices shall be recorded and
719 Grantee shall perform a follow-up inspection of those Containers within 30 days. In the event of
720 continued contamination of a Mixed Organic Waste Container, Grantee shall notify the City and
721 remove the Container from the Customer’s possession; or take other corrective action as directed
722 by City.

723

724 If Grantee fails to perform some or all of the requirements of the public education
725 program described in this Section and in Exhibit D, the Grantee shall pay the ~~County~~City
726 Liquidated Damages as described in Exhibit F.

727

728 C. **Billing**

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(1) **General.** The ~~County~~City shall establish the rates that Grantee may charge Customers for Solid Waste, Mixed Organic Waste and Recyclable Materials services. Grantee shall bill all Customers and collect Billings in accordance with ~~County~~City-approved rates.

The Grantee shall prepare, mail, and collect bills (or shall issue written receipts for cash payments) for Collection services provided by Grantee. The ~~County~~City shall have the right to review, and approve the Billing format.

Grantee shall arrange to allow its Customers to pay bills through the following means: check, cash or credit card.

Grantee shall maintain copies of all Billings and receipts, each in chronological order, for five years for inspection and verification by ~~County~~City at any reasonable time upon request. The Grantee may, at its option, maintain those records in computer form, on microfiche, or in any other manner, provided that the records can be preserved and retrieved for inspection and verification in a timely manner.

Grantee shall be responsible for collection of payment from Customers with past due accounts (“bad debt”). Grantee shall make reasonable efforts to obtain payment from delinquent accounts through issuance of late payment notices, telephone requests for payments, and assistance from collection agencies. Accounts that are delinquent for a period of ninety-days (90) or more may be terminated by Grantee.

(2) **Bill Inserts.** ~~County~~City may direct Grantee to insert mailers (which shall be a single sheet of paper no larger than 8.5 inches by 11 inches) relating to service with the Bills. The mailers shall be printed on double-sided, post consumer content paper and shall fit in standard envelopes. Grantee also agrees to insert with the Billings, mailers describing activities of the ~~County~~City government. ~~County~~City will provide not less than 30 calendar days’ notice to Grantee before the date of any proposed mailing, to permit Grantee to make appropriate arrangements for inclusion of the ~~County~~City's materials. ~~County~~City will provide Grantee the mailers at least 15 calendar days before the mailing date.

(3) **Review of Billings.** Grantee shall review its Billings to Customers to determine (i) if the amount the Grantee is billing each Customer is correct in terms of the level of service (i.e., frequency of Collection, size of Container, backyard service) Grantee is providing such Customer, and (ii) that all parties receiving service are invoiced for service. Grantee shall review all Customer accounts at least every ~~other~~-year, unless ~~County~~City directs Grantee to do otherwise. Grantee shall

772 submit to ~~County~~City every year, a written report of the billing review 30 days
773 after the end of each Rate Period. The scope of the review, the Grantee’s work
774 plan, and the format of the report (including supporting exhibits) shall be
775 submitted to the ~~County~~City for approval no later than 60 days prior to
776 commencement of the Billing review process. Should Grantee fail to perform any
777 such review, the ~~County~~City may perform this review itself or through use of an
778 agent, at Grantee’s expense.

779
780 **D. Other Special Services**

781
782 Grantee shall provide Solid Waste Disposal and Recyclable Materials Collection service
783 without charge to periodic public events sponsored by non-profit organizations, upon request of
784 the City.

785
786 Grantee shall provide documentation for any construction and demolition contractor who
787 rents an Industrial debris box to be scavenged for divertable material at the Designated Disposal
788 Site.

789
790 Grantee can provide other special services as related to this Agreement at their discretion
791 provided said services and charges for such services are approved by the ~~County~~City.
792

793 ~~All other provisions of this agreement notwithstanding, Grantee shall provide an optional~~
794 ~~service at customer's choice to have any debris box rented to a construction or demolition project~~
795 ~~customer hauled to any disposal and/or processing facility identified by County as providing~~
796 ~~scavenging or processing service at the lowest total cost to the customer. Grantee shall charge~~
797 ~~customers in such instances the authorized debris box rental rate as set forth in Exhibit B~~
798 ~~adjusted to reflect any different disposal gate fee or actual increment in truck hauling expense.~~

799
800
801 **E. Containers - Refusal to Pick Up.**

802
803 Grantee shall notify the ~~Department~~City whenever the Grantee has refused to pick up a
804 Container because the Container contains dangerous and prohibited material. Grantee shall
805 notify the ~~Department~~City when any violation of ~~the County~~City Solid Waste Ordinance is
806 ~~observed.~~ordinances pertaining to solid waste is observed.

807
808 **F. Containers - Noticing Violators**

809
810 Whenever a Grantee gives or intends to give a Customer violation report to the
811 ~~Department~~City, Grantee shall place a notice on the Container or otherwise give the Owner or
812 Occupant notice of the substance of his/her report to the ~~Department~~City. ~~Whenever an~~

813 ~~authorized representative of the County observes a violation of the County Solid Waste~~
814 ~~Ordinance or other applicable laws or regulations, that person shall place a notice on the~~
815 ~~Container or otherwise give the Owner or Occupant notice of the illegal condition.~~
816

817 **G. Promotion of Waste Diversion to New Customers**
818

819 Upon the initial call for service, Grantee will make all reasonable efforts to promote the
820 maximum amount of waste diversion by the new customer. Grantee’s customer service
821 representatives will utilize specific scripts, provided to ~~County~~ City, for each category of
822 customer (residential, commercial and debris box) for use during calls for service that will at a
823 minimum include:

- 824
- 825 (1) Statement to customer that his/her costs may be reduced by recycling and Mixed Organic
826 Waste diversion .
 - 827
 - 828 (2) Question to customer about what waste materials he/she will generate that may be recycled.
829
 - 830 (3) Recommendation of specific services appropriate for the customer, identifying those that are
831 free or reduced rate.

832

833

834 H. City Facilities
835

836

837 Grantee shall provide as many Containers as the City reasonably needs for Solid Waste, Mixed
838 Organic Waste, and Recyclables at City Hall, City Public Works Corporation Yard, City Police
839 Department, City Recreation Grove and such other City properties that the City shall designate in
840 writing to Grantee; and Grantee shall additionally collect, transport and dispose of all Solid
841 Waste and Recyclables deposited in any permanent or temporary street-side public receptacles
842 provided and maintained by the City. The frequency of collection shall be as designated by the
843 City. There shall be no charge by Grantee for the cost of the services described in this
844 paragraph.

845 **SECTION 7 – STANDARDS AND REQUIREMENTS FOR SERVICES, EQUIPMENT,**
846 **AND PERSONNEL**

847

848 **A. Manner of Collection**

849

850 All Collection equipment shall be designed and operated such that no ~~Solid Waste or~~
851 ~~Recyclable Material~~material is allowed to blow or drop from vehicles during Transport.
852 Adequacy of load covers or control measures shall be determined by the ~~Department~~City. All
853 Collections shall be made as quietly as possible, and the use of any unnecessarily noisy trucks or
854 equipment is declared unlawful.

855

856 **B. Vehicles and Equipment - Standards**

857

858 (1) **General.** All Collections shall be made with a vehicle and equipment of design
859 approved by the ~~Department~~City according to industry standards. Grantee shall
860 maintain all of its properties, facilities, and equipment used in providing service
861 under this Agreement in a safe, neat, clean, and operable condition at all time.

862

863 (2) **Cleaning.** Collection vehicles shall be thoroughly washed and thoroughly steam
864 cleaned as necessary, to present a clean appearance of the exterior and interior
865 compartment of the vehicle.

866

867 (3) **Maintenance.** Grantee shall inspect each vehicle daily to ensure that all
868 equipment is operating properly. Vehicles that are not operating properly shall be
869 taken out of service until they are repaired and operate properly. Grantee shall
870 perform all scheduled maintenance functions in accordance with the
871 manufacturer's specifications and schedule or in accordance with California
872 Highway Patrol standards, whichever are more stringent. All vehicles shall be
873 painted in a uniform manner that does not create a resemblance between
874 Grantee's vehicles and ~~County~~City utility vehicles. Grantee shall keep accurate
875 records of all vehicle maintenance, recorded according to vehicle, date, and
876 mileage, and shall make such records available to the ~~County~~City upon request to
877 the extent necessary to perform the inspections described in Section 7D.

878

879 (4) **Repairs.** Grantee shall repair, or arrange for the repair of, all of its vehicles and
880 equipment for which repairs are needed because of accident, breakdown, or any
881 other cause so as to maintain all equipment in a safe and operable condition.
882 Grantee shall maintain accurate records of repair, which shall include the
883 date/mileage, nature of repair and the signature of a maintenance supervisor that
884 the repair has been properly performed.

885

886 **C. Vehicles - Identification**

887
888 The Grantee shall have printed or stenciled in a prominent place on the exterior of each
889 vehicle used in the Collection of Solid Waste and Recyclable Materials the following
890 information in at least four-inch letters: 1) Truck number; 2) Grantee’s name; and, 3) Grantee’s
891 telephone number.

892
893 **D. Vehicles and Equipment - Inspection**

894
895 All vehicles and equipment of Grantee shall be available for inspection at Grantee's place
896 of business or another location within the Franchise Area as designated by the DepartmentCity,
897 on an annual basis. Vehicles and equipment shall conform to the requirements of the California
898 Vehicle Code, this Agreement, and rules or regulations of the Board. DepartmentCity shall give
899 Grantee twenty-four (24) hours verbal notification of inspection.

900
901 **E. Vehicles - Shovel, Broom and Fire Extinguisher Required**

902
903 The Grantee shall equip each Collection vehicle with a shovel, broom, and fire
904 extinguisher of a type approved by the DepartmentCity.

905
906 **F. Container Requirements**

907
908 (1) **General.** Grantee shall provide all Carts, Bins, and Debris Boxes to all
909 Customers as part of its services. Grantee-provided Containers shall be designed
910 and constructed to be watertight and prevent the leakage of liquids. All
911 Containers with a capacity of one cubic yard or more shall meet applicable
912 federal, state, and local regulations for Bin safety and be covered with attached
913 lids. Grantee shall obtain CountyCity’s written approval of Cart colors before
914 acquisition. All Containers, except Carts, shall be painted the Grantee's standard
915 color.

916
917 (2) **Cleaning, Painting, and Maintenance.** All Containers shall be maintained in a
918 safe, serviceable, and functional condition. Grantee shall steam clean and repaint
919 all Containers, except Carts, at least every two years, or more frequently, to
920 present a clean appearance. Customers using Carts shall be responsible for
921 cleaning such Carts. If any Cart is impacted by graffiti, Grantee shall replace the
922 cart within 72 hours. If any Containers, except Carts, are impacted by graffiti,
923 Grantee shall either replace the Container with a Container which is free of
924 graffiti or repaint the entire Container with the Grantee’s standard color for such
925 Container within 30 days. Repainting of the Container shall restore the
926 Container’s aesthetic values to its condition before it sustained the graffiti
927 damage.

928
929 (3) **Repair and Replacement.** Grantee shall repair and, if the repair must be

930 performed off of the Premises, replace all Containers damaged by Collection
931 operations within a one-week period. If the repair or replacement cannot be
932 completed within one week, the Grantee shall notify Customer and a Container of
933 the same size or larger shall be made available until the proper Container can be
934 replaced.

935
936 At no additional cost, Grantee shall replace Customer Carts that have been stolen
937 or damaged once per year. Grantee shall allow Customer to exchange Containers
938 for a Container of a different size at no additional cost once per year. Grantee
939 shall charge Customers for additional Cart replacements at ~~County~~City-approved
940 rates.

941
942 **G. Personnel**

943
944 (1) **General.** Grantee shall furnish such qualified drivers, mechanical, supervisory,
945 Customer service, clerical and other personnel as may be necessary to provide the
946 services required by this Agreement in a safe and efficient manner.

947
948 (2) **Provision of Field Supervision.** Grantee shall designate at least one qualified
949 employee as supervisor of field operations. The field supervisor will devote time
950 in the field checking on Collection operations, including responding to
951 complaints.

952
953 (3) **Driver Qualifications.** All drivers shall be trained and qualified in the operation
954 of Collection vehicles, and must have in effect a valid license, of the appropriate
955 class, issued by the California Department of Motor Vehicles. Grantee shall use
956 the Class II California Department of Motor Vehicles employer “Pull Notice
957 Program” to monitor its drivers for safety.

958
959 (4) **Customer Service Representative Training.** Customer service representatives
960 shall be trained on specific ~~County~~City service requirements upon hire and
961 annually thereafter. A ~~County~~City information sheet shall be provided to each
962 Customer service representative for easy reference of ~~County~~City requirements
963 and general Customer needs. The information sheet, training agenda, and
964 associated documentation shall be forwarded to the ~~County~~City.

965
966 (5) **Safety Training.** Grantee shall provide suitable operational and safety training
967 for all of its employees who operate Collection vehicles or equipment or who are
968 otherwise directly involved in such Collection, Disposal, or Processing. Grantee
969 shall train its employees involved in Collection to identify, and not to collect,
970 Hazardous Waste or infectious waste. Upon the ~~County~~City’s request, Grantee
971 shall provide a copy of its safety policy and safety training program, the name of
972 its safety officer, and the frequency of its trainings.

973

- 974 (6) **No Gratuities.** Grantee shall not permit its employees to accept, demand, or
975 solicit, directly or indirectly, any additional compensation, or gratuity from
976 members of the public for Collection services.
977
- 978 (7) **Employee Conduct and Courtesy.** Grantee shall use its best efforts to assure
979 that all employees present a neat appearance and conduct themselves in a
980 courteous manner. Grantee shall regularly train its employees in Customer
981 courtesy, shall prohibit the use of loud or profane language, and shall instruct
982 Collection employees to perform the work as quietly as possible. If any employee
983 is found not to be courteous or not to be performing services in the manner
984 required by this Agreement, Grantee shall take all appropriate corrective
985 measures.
986
- 987 (8) **Uniforms.** While performing services under this Agreement, all of the Grantee’s
988 employees performing field service shall be dressed in clean uniforms and shall
989 wear badges that include the employee’s name and/or employee number, and
990 Grantee’s name. No portion of this uniform may be removed while working.
991

992 **SECTION 8 - PUBLIC ACCESS TO GRANTEE**

993
994 **A. Name and Office Hours**

995
996 Grantee shall not use a firm name containing the words "~~CountyCity~~" or "~~Mendocino~~" or
997 other words implying ~~CountyCity~~ ownership. The Grantee shall establish and maintain a
998 Customer service office where service may be applied for and complaints made. Grantee's
999 Customer service office shall be open to the public from 8:30 a.m. to 4:00 p.m. Monday through
1000 Friday. The office may be closed on Saturdays, Sundays, and Holidays. Such office shall be
1001 equipped with a listed ~~toll-free~~ telephone number to which calls from Grantee's Customers may
1002 be placed and shall have a responsible Person in charge or an answering machine in service
1003 during normal business hours.

1004
1005 **B. Service Complaints**

1006
1007 Customer service complaints may be made directly to the Grantee by telephone or in
1008 writing. Grantee is responsible for rectifying the complaints and for maintaining a log of
1009 complaints received, date received, actions taken, and date of actions, as specified in Section 13.

1010
1011 **C. Overcharge**

1012
1013 All charges or fees for service by a Grantee shall be approved by the ~~BoardCity~~, except a
1014 lower charge than approved by the ~~BoardCity~~ may be negotiated (to provide for consideration of
1015 the weight of the material collected and/or the distance from the operations yard or transfer
1016 station) for Industrial Solid Waste Service as provided in Section 14(B)6. Any Customer
1017 contending they have been required to pay a charge not approved by the ~~BoardCity~~, or has in any
1018 manner been subject to an overcharge, may file a written complaint with the ~~Department-City~~
1019 setting forth the facts of such alleged miss-charge, and the ~~Department-City~~ shall notify the
1020 Grantee of the complaint, shall investigate the matter of the complaint, and shall determine the
1021 appropriate charge.

1022 **SECTION 9 - SERVICE EXCEPTIONS; HAZARDOUS WASTE NOTIFICATIONS**

1023
1024 **A. Responsibility to Identify Hazardous Waste**

1025
1026 Grantee shall keep current with the regulations regarding Hazardous Waste substances
1027 and identification of such substances and to comply with all federal, state, and local regulations
1028 concerning such substances. Grantee shall make every reasonable effort to prohibit the
1029 Collection and the Disposal of Hazardous Waste in any manner inconsistent with Applicable
1030 Law.

1031
1032 Grantee shall conduct ~~a~~-visual inspections of ~~all~~-Solid Waste, Mixed Organic Waste and
1033 Recyclable Materials that it Collects, Transports, Disposes, or Processes pursuant to this
1034 Agreement for the purpose of discovering, identifying, and refusing to Collect, Transport,
1035 Dispose, and/or Process Hazardous Wastes or materials.

1036
1037 **B. Response to Hazardous Waste Identified at Disposal Site or Processing Site**

1038
1039 If materials Collected by Grantee are delivered to a facility owned or operated by Grantee
1040 or an affiliate of Grantee, for purposes of transfer, Processing, or Disposal, load checkers and
1041 equipment operators at such facility shall conduct inspections in areas where Collection vehicles
1042 unload Solid Waste, Mixed Organic Waste and Recyclable Materials to identify Hazardous
1043 Wastes or unacceptable materials. Facility personnel shall remove these materials for disposal or
1044 storage in approved, on-site, hazardous materials storage Container(s). Grantee shall make
1045 reasonable efforts to identify and notify the Generator of Hazardous Wastes. Grantee shall
1046 arrange for removal of the Hazardous Wastes by permitted haulers in accordance with
1047 Applicable Laws and regulatory requirements.

1048
1049 If unacceptable material is delivered to the Designated Disposal Location or Processing
1050 Sites by Grantee before its presence is detected, and the Generator cannot be identified or fails to
1051 remove the material after being requested to do so, the Grantee shall arrange for its proper
1052 Disposal. The Grantee shall make a good faith effort to recover the cost of Disposal from the
1053 Generator, and the cost of this effort, as well as the cost of Disposal shall be charged to the
1054 Generator.

1055
1056 **C. Notification for Hazardous Waste**

1057
1058 Grantee shall, if required based on reportable levels, notify all agencies with jurisdiction,
1059 including the California Department of Toxic Substances Control, and, if appropriate, the
1060 National Response Center, of reportable quantities of Hazardous Waste, found or observed by
1061 Grantee in Solid Waste and/or Recyclable Materials anywhere within the CountyCity, including
1062 on, in, under or about CountyCity property, including streets, easements, rights of way and
1063 CountyCity waste containers. In addition to other required notifications, if Grantee observes any
1064 substances which it or its employees reasonably believe or suspect to contain Hazardous Wastes
1065 unlawfully disposed of or released on CountyCity property, including streets, storm drains, or
1066 public rights of way, Grantee also will notify the CountyCity Director of Environmental Health

1067 Public Works or his/her designated ~~County~~City employee.

1068

1069 **D. Rights Reserved as to Hazardous Wastes.**

1070

1071 The ~~County~~City reserves the right to contract with other parties to have household
1072 Hazardous Wastes Collected, Transported, Disposed of, Processed and/or diverted.

1073

1074

1075 **SECTION 10 - DISPOSAL AND PROCESSING**

1076
1077 **A. Solid Waste Disposal**

1078
1079 Grantee shall Transport and Dispose of all Solid Waste Collected in the Franchise Area at
1080 the Designated Disposal Location. Grantee shall pay all costs associated with the Transporting
1081 and Disposing of Solid Waste.

1082
1083 **B. Recyclable Materials Processing and Marketing**

- 1084
1085 (1) **Processing.** Grantee shall Transport and deliver all Recyclable Materials
1086 collected in the Franchise Area to the Approved Recyclable Materials Processing
1087 Site. Grantee shall pay all costs associated with the Transporting and Processing
1088 of all Recyclable Materials.

1089
1090 Grantee shall maintain accurate records of the quantities of Recyclable Materials
1091 Collected, Transported, and Processed at the Approved Recyclable Materials
1092 Processing Site and shall cooperate with the ~~County~~City in any audits or
1093 investigation of such quantities.

1094
1095 Grantee shall keep all existing permits and approvals necessary for use of the
1096 Recyclable Materials Processing Site in full regulatory compliance. Upon
1097 request, Grantee shall provide copies of notices of violation or permits to the
1098 ~~County~~City.

- 1099
1100 (2) **Marketing.** Providing the Approved Processing Center is owned and/or operated
1101 by Grantee or by an Affiliate of Grantee, Grantee shall be responsible for
1102 marketing Recyclable Materials collected in the Franchise Area and shall be
1103 compensated for such Recyclable Materials at not less than fair market value.

1104
1105 Providing the Approved Processing Center is owned and/or operated by Grantee
1106 or by an Affiliate of Grantee, Grantee shall prepare and maintain a ~~County~~City-
1107 approved marketing plan for all Recyclable Materials collected in the Franchise
1108 Area. The plan shall be in place on or before the Commencement Date of this
1109 Agreement. The marketing plan shall fully describe the Grantee's marketing
1110 methods and approach, targeted primary and contingent markets, pricing policy
1111 and assumed salvage value for each collected type of Recyclable Material
1112 products, and contingency plans if market conditions are severe.

1113
1114 Providing the Approved Processing Center is owned and/or operated by Grantee
1115 or by an Affiliate of Grantee, Grantee shall provide proof to the ~~County~~City that
1116 all Recyclable Materials collected are marketed for Recycling or reuse in such a
1117 manner that materials shall be considered as diverted in accordance with the State
1118 regulations established by the California Integrated Waste Management Act of

1119 1989 (Division 30 of the California Public Resources Code), as amended,
1120 supplemented, superseded, and replaced from time to time. No Recyclable
1121 Material shall be transported to a domestic or foreign location if Solid Waste
1122 Disposal of such material is its intended use.

1123
1124 Providing the Approved Processing Center is owned and/or operated by Grantee
1125 or by an Affiliate of Grantee, Grantee shall provide CountyCity upon request with
1126 a list of broker/buyers it uses each month as required in Section 13. CountyCity
1127 may audit one broker or buyer per month to confirm that materials are being
1128 recycled. If Grantee becomes aware that a broker or buyer has illegally handled
1129 or disposed of material generated within the Franchise Area or elsewhere, Grantee
1130 shall immediately inform the CountyCity and terminate its contract or working
1131 relationship with such party. If Grantee has provided CountyCity with a list of
1132 broker/buyers for the month, Grantee shall provide a monthly list only to the
1133 extent that the list differs from the list provided in the prior(s) months.

1134
1135
1136 (3) **Disposal of Recyclable Materials Prohibited.** ~~In accordance with Section~~
1137 ~~9A.08.080 of the Mendocino County Code,~~ Recyclable Materials may not be
1138 disposed of in lieu of Recycling the material.

1139
1140 **C. Change in Designated Disposal Location or Recyclable Materials Processing Site**

1141
1142 The Grantee shall Transport all Solid Waste, Green Waste, and Recyclable Materials
1143 Collected from the Franchise Area to the Designated Disposal Location, Approved ~~Green~~
1144 WasteMixed Organic Waste Processing Site and the Approved Recyclable Materials Processing
1145 Site, respectively.

1146
1147 The CountyCity has the right, at its option, to control the Collection, Disposal, and
1148 diversion of all Solid Waste, Mixed Organic Waste and Recyclable Materials generated within
1149 the Franchise Area. As part of the rights agreed to herein, the parties hereto agree that:

- 1150
1151 (1) The CountyCity has the right to direct Solid Waste to be Disposed of at any Solid
1152 Waste facility or in any manner, respectively, the CountyCity may designate; and
1153
1154 (2) The CountyCity has the right to direct Solid Waste to be diverted at any transfer
1155 or Processing station the CountyCity may designate; and
1156
1157 (3) The CountyCity has the right to direct Discarded Recyclable Materials collected
1158 by Grantee to be Processed at or marketed to a specific facility when in the best
1159 interest of the CountyCity and provided the collector would receive a reasonable,
1160 competitive market value for the Recyclable Materials; and-

1161
1162

1163
1164 (4) ~~(4)~~ The ~~County~~ City has the right to direct ~~Green Waste~~ Mixed Organic Waste
1165 collected by Grantee to be Processed at or marketed to a specific facility when
1166 in the best interest of the ~~County~~ City and provided the Grantee would receive or
1167 pay a reasonable, competitive market price for the ~~Green Waste~~ Mixed Organic
1168 Waste. In exercising its rights to direct ~~Green Waste~~ Mixed Organic Waste,
1169 ~~County~~ City will consider the impact upon rates, and the likelihood Grantee can
1170 recover all costs with the specific facility. City acknowledges the obligations
1171 of Grantee pursuant to the Agreement with Cold Creek Compost attached herein
1172 as Exhibit E. SWOW EXCEPTION #1

1173
1174 (5) If ~~County~~ City directs a change in the Designated Disposal Location,
1175 Approved ~~Green Waste~~ Mixed Organic Waste Processing Site or Approved
1176 Recyclable Materials Processing Site which impacts Grantee's operational costs,
1177 then either party to this Agreement may apply for a rate increase or decrease
1178 through the provisions of Section 15A Pass-through Rate Adjustment.

1179
1180 (6) Any change in the Designated Disposal Location, Approved ~~Green Waste~~ Mixed
1181 Organic Waste Processing Site or Approved Recyclable Materials Processing Site
1182 made by ~~County~~ City under this section must comply with all federal, state, and
1183 local laws and regulations.

1184
1185 **D. Grantee's Responsibility in Lieu of Direction by ~~County~~ City.**

1186
1187 Throughout the term of this Agreement, unless the ~~County~~ City gives notice as provided
1188 for herein and subject to the terms of this Agreement, it shall be the Grantee's sole responsibility
1189 and duty to Dispose of the Solid Waste Collected and Process the Mixed Organic Waste and
1190 Recyclable Materials Collected in a safe manner and in compliance with all federal, state, and
1191 local laws and regulations. Grantee agrees that it shall Dispose of all Solid Waste Collected and
1192 Process all Mixed Organic Waste and Recyclable Materials Collected in the Franchise Area at a
1193 Solid Waste facility or Processing facility that is fully licensed and appropriately permitted and,
1194 to Grantee's knowledge, is not in material violation of any health, safety or Hazardous Materials
1195 laws, rules, regulations or orders as long as the cost of disposal and recycling is at no greater cost
1196 to ratepayer.

1197
1198
1199 **E. Invalidation of ~~County~~ City Flow Control Voids Franchise.**

1200
1201 Should a court of competent jurisdiction rule any provision in this Franchise Agreement
1202 related to flow control unlawful or unconstitutional, then the entire Franchise Agreement shall
1203 become null and void upon the election of the ~~County~~ City. However, this Agreement shall not
1204 become null and void, and shall remain in full force and effect, as long as the Grantee continues
1205 to direct Solid Waste, ~~Green~~ Mixed Organic Waste and Recyclable Materials as instructed by the
1206 ~~County~~ City and abides by all other terms of this section. ~~County~~ City deems control of the waste

1207 stream a vital component of its waste Disposal program which ensures to the general benefit and
1208 welfare of the public. This provision will preserve the ~~County~~City's ability to pursue any legal
1209 methods whereby flow control of waste stream can be achieved.
1210
1211

1212 **SECTION 11 - OWNERSHIP OF SOLID WASTE AND RECYCLABLE MATERIALS**

1213

1214 All Solid Waste, prior to being placed in a Grantee-provided Container and placed at a
1215 designated Collection point, shall be the property of the Generator or producer, if known. In the
1216 event said Generator or producer of the Solid Waste is unknown, the Solid Waste shall become
1217 the property of the Owner of the parcel upon which said Solid Waste has been deposited. All
1218 Solid Waste, upon being placed in a Grantee-provided Container and all [Mixed Organic Waste](#)
1219 [and](#) Recyclable Materials, upon being placed in a Grantee-provided Container, and placed at a
1220 designated Collection point, shall become the property of the Grantee. Upon being legally
1221 deposited in a Disposal site approved by the Department, or transferred to a Processing facility or
1222 transfer station not owned by the Grantee, all Solid Waste, [Mixed Organic Waste](#) and Recyclable
1223 Materials shall forthwith become the property of the permitted operator of the approved transfer
1224 station, Disposal site, or Processing facility. **SWOW EXCEPTION #4**

1225

1226 **SECTION 12 - PRIVACY**

1227

1228 **A. Customers Rights of Privacy**

1229

1230 Grantee shall use its best efforts to observe and protect the rights of privacy of
1231 Customers. Information identifying individual Customers or the composition of a particular
1232 Customer's Solid Waste, Mixed Organic Waste or Recyclable Materials shall not be revealed to
1233 any Person, private agency or company, unless upon request of federal, state, or local law
1234 enforcement personnel, the authority of a court of law, a statute, or upon valid authorization of
1235 the Customer. This provision shall not be construed to preclude Grantee from preparing,
1236 participating in, or assisting in the preparation of waste characterization studies or Waste Stream
1237 analysis which may be reasonably necessary to comply with AB 939 or any other reports
1238 requested by the ~~County~~City under the Agreement or required or requested by any governmental
1239 agency.

1240

1241 **B. Use of Customer Lists**

1242

1243 Grantee shall not market or distribute outside the normal course of its business, mailing
1244 lists with the names and addresses of Customers.

1245

1246

SECTION 13 - GRANTEE'S BOOKS AND RECORDS; REPORTS AND AUDITS

A. Customer List and Routes

Grantee shall supply the Department City, upon request, with the name of the Owner or Occupant of each Premise served, the address of the property, the service level subscribed to, and current maps and schedules of Collection routes.

B. Record-keeping and Inspection

Grantee shall maintain detailed records of all receipts and expenditures received or incurred in the operation of such business, including all revenues collected for services rendered. The County City, its officers, employees, and agents, shall be entitled to inspect, and audit such books and records upon reasonable notice during normal business hours for the purposes of determining actual billings and franchise fee payments and as necessary to determine any adjustment to rates in accordance with Sections 15 A and C of this Agreement. The County City will make reasonable effort to protect proprietary information, if labeled.

C. Financial and Operational Records

Grantee shall maintain accurate and complete accounting records containing the underlying financial and operating data relating to and showing the basis for computation of all costs associated with providing services. The accounting records shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) consistently applied.

D. Collection Service Records

Records shall be maintained by Grantee for County City relating to:

- (1) Customer services and billing;
- (2) Weight and volume of material Collected by type (e.g., Solid Waste and Recyclable Materials);
- (3) Routes;
- (4) Facilities, equipment and personnel used;
- (5) Facilities and equipment operations, maintenance and repair;
- (6) Tonnage of Solid Waste, Mixed Organic Waste and Recyclable Materials listed by Processing Site or Disposal Site where such materials were delivered;

- 1290 (7) Recyclable Materials Collection participation and setout rates;
- 1291
- 1292 (8) Recyclable Materials sales revenue;
- 1293
- 1294 (9) End use and markets for Recyclable Materials.
- 1295

1296 **E. Transfer, Processing, and Disposal Records**

1297
1298 Grantee shall maintain records of transfer, Disposal, and Processing of all Solid Waste,
1299 Mixed Organic Waste and Recyclable Materials Collected by Grantee.

1300
1301 **F. Customer Service Records**

1302
1303 Records shall be maintained by Grantee for ~~County~~City related to:

- 1304
- 1305
- 1306 (1) Categories (compliments, missed pickups, complaints, damage, etc.) of calls;
- 1307
- 1308 (2) Complaint log noting the name and address of complainant, date and time of
- 1309 complaint, nature of complaint, and nature and date of resolution;
- 1310
- 1311 (3) New Customer accounts.
- 1312

1313 **G. CERCLA Defense Records**

1314
1315 ~~County~~City views its ability to defend itself against Comprehensive Environmental
1316 Response, Compensation and Liability Act (CERCLA), and related litigation as a matter of great
1317 importance. For this reason, the ~~County~~City regards its ability to prove where Solid Waste
1318 Collected are taken for transfer or Disposal, as well as where they are not taken, to be matters of
1319 concern. Grantee shall maintain, retain and preserve records which can establish where Solid
1320 Waste Collected was Disposed (and therefore establish where it was not). This provision shall
1321 survive the expiration or earlier termination of this Agreement. Grantee shall maintain these
1322 records for a minimum of 3 years beyond expiration or earlier termination of the Agreement and
1323 Grantee shall then provide these records to ~~County~~City in an organized and indexed manner
1324 rather than destroying or Disposing of them.

1325
1326 **H. Quarterly Reports**

1327
1328 Quarterly reports, itemized by month, shall present the following information:

- 1329
- 1330 (1) Solid Waste Services. Total tonnage Collected and Disposed.
- 1331
- 1332 (2) Recyclable Materials & ~~Green~~Mixed Organic Waste

1333
1334 Tonnage Collected and Recycled and tonnage of residue Disposed. If the
1335 Approved Recyclable Materials Processing Site handles Recyclable Materials
1336 Collected in the Franchise Area and from other parties, provide a description of
1337 how the quantities of Recyclable Materials are tracked and allocated to the
1338 Franchise Area.

1339
1340

1341 (3) Customer Service.

1342
1343 (a) Number of Customer calls that pertain to compliments, missed pickups,
1344 scheduled clean-ups, Billing concerns, damage claims, etc.

1345
1346 (b) Number of complaints received, whether delivered in person, telephone,
1347 mail, or others means. The report shall show the date the complaint was
1348 received, actions taken to rectify the complaint, and the date the actions
1349 were taken.

1350
1351 (4) Account Information. In table format, the number of Customers and service
1352 levels.

1353
1354 **I. Annual Financial Report**

SWOW EXCEPTION #5

1355
1356 Grantee shall maintain accounting records specific to the Franchise Area, separate from
1357 other activities.

1358
1359 Grantee shall, at its own expense, be required to annually provide the City with a copy of
1360 a compiled or reviewed financial statement, or an independent financial audit report. The audit
1361 report shall be prepared by a certified public accountant. The accountant shall be entirely
1362 independent of the Grantee, shall have no financial interest whatsoever in the business of the
1363 Grantee, and shall be approved by the ~~County~~City Auditor-Controller.

1364
1365 The annual financial statement or audit report must include an Income Statement for the
1366 Franchised Area operations. The Income Statement should disclose revenue by line of business
1367 and expenses by line of business and detail expense descriptions.

1368
1369 In addition, the Grantee shall make available to the ~~County~~City, or its designee, upon
1370 request:

- 1371
1372 (1) Supporting documentation to determine the reasonableness of revenues
1373 (e.g., average number of monthly residential, industrial, and commercial
1374 Customers and average monthly rates for each type of Customer service).

1375

- 1376 (2) Supporting documentation (invoices and descriptive schedules) for major
1377 expense line items including but not limited to depreciation, salaries,
1378 repair and maintenance, equipment rental, and Disposal expense.
1379
1380 (3) Supporting documentation for all transactions with affiliated companies.
1381
1382 (4) Any other information specifically related to the Agreement, which is
1383 reasonably required by ~~Mendocino County~~ City staff for review of rate
1384 adjustment requests.
1385

1386 In the event of the failure of the Grantee to provide any such report, the ~~Department~~ City
1387 may employ a qualified accountant or consultant or the ~~County~~ City Auditor-Controller-~~Finance~~
1388 Director to prepare the report, and the Grantee shall be liable for and pay the associated costs and
1389 expenses of the accountant or ~~County~~ City Auditor-Controller-Finance Director.
1390

1391 **J. Annual Operations Report.**
1392

1393 The Grantee shall submit a written annual report, in a form approved by the
1394 ~~Department~~ City, including but not limited to:
1395

- 1396 (1) Information as required pursuant to Section 13H of this Agreement, summarized
1397 for the preceding four quarters.
1398
1399 (2) Identification of severe market depressions for Recyclable Materials and
1400 contingency plans for such events in the future.
1401
1402 (3) Summary assessment of the overall Solid Waste, Mixed Organic Waste and
1403 Recyclable Materials programs from Grantee’s perspective, including but not
1404 limited to, (i) highlights of significant accomplishments, (ii) problems, and (iii)
1405 recommendations and plans to improve the programs.
1406
1407 (4) A revenue statement, showing quarterly Franchise Fee payments and a summary
1408 of corresponding quarterly revenue.
1409
1410 (5) Grantee shall report any events of non-compliance with any provisions of the
1411 ~~Mendocino County~~ City Code, state and federal law, regulatory orders, and
1412 regulations imposed by other regulatory agencies, and the conditions contained in
1413 the Agreement during the prior 12-month period.
1414

1415 **K. Annual Disclosure Statement.**
1416

1417 In conjunction with the annual operations report, as described in Section 13J, Grantee
1418 shall file a disclosure statement which contains the following information:

- 1419
1420 (1) A listing of all Subcontractors to this Agreement (including the name, address,
1421 and social security or tax identification number of the Subcontractor);
1422
1423 (2) A listing of all felony convictions or pleas of nolo contendere of the Grantee or
1424 Subcontractor by final judgment in any state or federal court within the preceding
1425 three years;
1426
1427 (3) A listing of any instances in which a permit or contract held by the Grantee or
1428 Subcontractor was terminated by a final judgment in any state or federal court
1429 within the preceding three years;
1430
1431 (4) A listing of all final adjudications finding the Grantee or Subcontractor in
1432 contempt of any state or federal court order enforcing any state and federal law
1433 within the preceding three years;
1434
1435 (5) A listing of all final convictions or pleas of nolo contendere of the Grantee or
1436 Subcontractor, under state or local laws governing safety of operations,
1437 compliance with environmental and other franchise requirements in the
1438 ~~County~~City, whether misdemeanors or infractions.
1439

1440 If the Grantee or Subcontractor is a chartered lending institution or a publicly held
1441 company or a wholly-owned subsidiary of such a company required to file annual or quarterly
1442 reports under the Securities and Exchange Act of 1934, the Grantee or Subcontractor may
1443 provide the above required information by submitting quarterly or annual reports for the
1444 preceding three years. If these reports are incomplete or if they fail to contain the information
1445 requested in subsection D items 1, 2, 3, 4, and 5 herein, the Grantee or Subcontractor shall make
1446 such information available to ~~County~~City. The ~~County~~City may also require, at
1447 applicant/grantees' expense, preparation and submittal of a Dunn and Bradstreet, or comparable,
1448 report.
1449

1450 If Grantee or Subcontractor has filed a disclosure statement, it shall file a supplemental
1451 disclosure statement only to the extent that its status or events differ from those covered by the
1452 original disclosure statement.
1453

1454 **L. Reporting Requirements**
1455

1456 Grantee may propose report formats that are responsive to the objectives and audiences
1457 for each report. The format of each report shall be approved by the ~~County~~City. Grantee agrees
1458 to mail a copy of all reports and submit all reports on computer discs, by e-mail or by modem in
1459 a format compatible with ~~County~~City’s software and computers at no additional charge. Grantee
1460 will provide a certification statement, under penalty of perjury, by the responsible Grantee
1461 official, that the report being submitted is true and correct to the best knowledge of such official

1462 after their reasonable inquiry.

1463 Grantee shall submit quarterly reports within 30 calendar days after the end of the
1464 reporting month. Grantee shall submit annual reports no later than 60 calendar days after the end
1465 of the reporting year.

1466
1467 Grantee shall submit (via mail and e-mail) all reports to the City Manager.

1468
1469 ~~—— Solid Waste Director, County of Mendocino, at the office designated by County for~~
1470 ~~administration of this Agreement.~~

1471
1472 **M. Failure to Report**

1473
1474 The refusal, failure, or neglect of the Grantee to file any of the reports required, or the
1475 inclusion of any materially false or misleading statement or representation made knowingly by
1476 the Grantee in such report shall be deemed a material breach of the Agreement, and shall subject
1477 the Grantee to all remedies, legal or equitable, which are available to the ~~County~~City under the
1478 Agreement or otherwise.

1479

SECTION 14 - GRANTEE'S RATES

A. CountyCity's Powers

The ~~County~~City shall set and regulate all rates and charges assessed by Grantee for any and all services and activities it performs or engages in the Franchise Area, and which are covered under this Agreement.

B. Rate Requirements

- (1) Grantee shall provide the services described in this Agreement and be compensated by its Customers at the rates specified in Exhibit B.:-
- (2) The rates specified in Exhibit B shall be effective as of ~~September 1, 2010~~the Commencement Date and shall remain in effect until January 1, 2017:-
- (3) The rates specified in Exhibit B may be modified in accordance with the Rate Adjustments as described in Section 15 of this Agreement.
- (4) All charges or fees for service by a Grantee shall be fixed and approved by the ~~County~~City.
- (5) Charges for Industrial Solid Waste removal service may be negotiated between the Grantee and the Customer. If the negotiated charges are less than the rates specified in Exhibit B, Grantee shall notify the ~~Department~~City in writing of each Customer that is offered and charged a lower rate. In no event shall the Grantee charge a rate in excess of those specified in Exhibit B without prior written approval by the ~~County~~City, except for weight overages as provided for in this section.
- (6) Grantee may not charge residential and commercial Customers at rates other than those specified in Exhibit B except that the ~~County~~City may authorize a Customer to receive reduced service for a reduced charge and may approve an agreement between the Customer and the Grantee to provide additional service for an additional charge. These authorized reduced or additional charges may be revised by the ~~Board~~City from time to time after a public hearing thereon and a determination by the ~~Board~~City that a change is in the public interest and is mutually agreed upon by both parties.
- (7) Grantee may charge an extra commercial Container overload charge. This extra charge may be levied by Grantee for each occurrence of a Container overload. Overload shall be defined as an excess of solid waste mounded such that Container covers cannot completely close. The Container overload charge

1523 shall be based on the amount of excess solid waste causing the overload
1524 condition. The Container overload charge shall be calculated by the number of
1525 35 gallon Containers that the excess solid waste fills multiplied by the 35
1526 gallon Container once per month rate as set forth in Exhibit B.
1527
1528 (8) All compensation paid to the Grantee shall be paid by its Customers and the
1529 ~~County~~ City is in no way obligated to provide the Grantee any compensation
1530 for services described in this Agreement.
1531

SECTION 15 - RATE ADJUSTMENT PROCEDURES

A. Pass-through Rate Adjustment

(1) At any time that the ~~Board~~ City establishes a ~~County~~ surcharge, increases an existing ~~County~~ surcharge, increases the Franchise Fee rate, or increases the Disposal charge at ~~County~~ City-owned facilities, Grantee may apply to the ~~County~~ City for a pass-through rate adjustment to offset the new or increased fees. In applying for a pass-through rate adjustment the Grantee must:

- (a) Submit a request for the increase, in writing, to the ~~Department~~ City;
- (b) Specify the amount of the requested increase for each rate given in Exhibit B; and,
- (c) Provide documentation that the specified rate increase is reasonable and appropriate and does not include rate increases for any other reason than to recover the direct cost of the additional pass-through expense.

Provided that the ~~Department~~ City staff have received and considered the request and documentation described above, and has concluded that the requested rate adjustment is reasonable and appropriate and is solely to recover the direct cost of the additional pass-through expense, the rates given in Exhibit B shall be amended by the ~~County~~ City. ~~Executive Officer or his/her designated County employee.~~

(2) If a jurisdiction other than the ~~County~~ City establishes or increases surcharges or fees that affect Grantee's expenses, the same procedures as described in (1), above, apply.

(3) There shall be no retroactive adjustments because of Grantee's failure to request a pass through rate adjustment increase. However, Grantee shall be allowed to retroactively bill Customers from the date of pass-through rate adjustment approval to the end of the billing cycle in the next billing period.

(4) At any time that the ~~Board~~ City either eliminates a ~~County~~ surcharge on Grantee's Customers, decreases an existing ~~County~~ surcharge on Grantee's Customers, decreases the Franchise Fee rate, decreases the Disposal charge at the ~~County~~ City owned facilities, ~~County~~ City may apply to the Grantee for a pass-through rate adjustment to offset the eliminated or decreased fees. In applying for a pass-through rate adjustment the ~~County~~ City must:

- a) Submit a request for the decrease, in writing to the Grantee;

- 1576 b) Specify the amount of the requested decrease for each rate given in
1577 Exhibit B; and,
1578
1579 c) Provide documentation that the specified rate decrease is reasonable and
1580 appropriate and does not include rate decrease for any other reason than to
1581 recover the direct cost of the decreased or eliminated pass-through
1582 expense.
1583

1584 Provided that the Grantee has received and considered the request and
1585 documentation described above, and the requested rate adjustment is reasonable
1586 and appropriate and is solely to recover the direct cost of the decreased or
1587 eliminated pass-through expense, the rates given in Exhibit B shall be amended
1588 by the ~~County City Executive Officer or his/her designated County employee.~~
1589

- 1590
1591 (5) If a jurisdiction other than the ~~County City~~ eliminates or decreases surcharges or
1592 fees that affect Grantee's expense, the same procedures as described in (4), above,
1593 apply.
1594
1595 (6) In the case of a jurisdiction other than the ~~County City~~ eliminating or decreasing
1596 surcharge or fees that affect Grantee's expenses, Grantee shall be responsible for
1597 notifying the ~~County City~~ in writing. If Grantee fails to notify ~~County City~~ of
1598 eliminated or decreased surcharges or fees per this section, then the ~~County City~~
1599 may apply for and request a retroactive pass through rate adjustment decrease.
1600
1601 (7) A change in Grantee's costs caused by a change in the initial gate fee at the
1602 Designated Solid Waste Disposal site or Approved Mixed Organic Waste
1603 Processing Site shall cause a pass-through rate adjustment as set forth in (1) or (4)
1604 above.
1605

1606 **B. Cost-of-Living & Fuel Rate Adjustments**
1607
1608

- 1609 (1) Beginning with the 2016 Rate Period, Four-four to six months prior to the end
1610 of a Rate Period, ~~or by October 1, 2010 for the first Rate Period,~~ Grantee may apply for
1611 cost-of-living (COLA) and a fuel rate adjustment to become effective on January 1,
1612 ~~2011~~2017, and annually thereafter. The rate adjustments shall be based on: 1) 90% of
1613 the change in the value of the most recently published All Urban Consumers Consumer
1614 Price Index (CPI-U), all items, for the San Francisco-Oakland-San Jose, CA, Base Period 1982
1615 – 1984 = 100, not seasonally adjusted, compiled and published by the U.S.
1616 Department of Labor, Bureau of Labor Statistics or its successor and its value twelve
1617 months before, and 2) 100% of the change in the value of the most recently
1618 published Series ID:wpu057303; Commodity Code 0573-03 #2 Diesel Fuel compiled and
1619 published by the U.S. Department of Labor, Bureau of Labor Statistics or its successor and

1620 its value twelve months before. Grantee shall notify the ~~County~~City of the adjustments to
1621 take place and shall provide the ~~County~~City with its computations and documentation therefore.

1622 For calculation of adjustments, the rates ~~would~~will be divided into three
1623 components – Fuel, Pass-through and All Other. The Fuel Component would equal
1624 ~~8.4~~12.0% of the first year rate. The Pass-through Component would equal ~~10.9~~20.7%.
1625 The All Other Component would equal ~~80.7~~67.3% of the rate. When the first adjustment
1626 to rates occurs, it will be done in the following manner:

1627 Fuel Component: Existing Billed Rate x ~~8.4~~12.0% x Diesel Fuel Index

1628 Pass-through Component: None, since pass-through increases, if any, will be
1629 made pursuant to Section 15(A) above.

1630 All Other Component: Existing Billed Rate x ~~80.7~~67.3% x CPI Index

1631 The sum of the above, together with any Recycling Commodity Value Adjustment as
1632 provided in subsection (E) below, equals the New Rate. Following completion of each annual
1633 financial statement by Grantee, the adjustment factors will be reviewed to correspond to the
1634 percentage of fuel, disposal cost and other expenses out of total operating expenses.

1635
1636 **C. Larger Rate Increases**

SWOW EXCEPTION #6

1638 No sooner than one year after this Agreement becomes effective, and no more frequently
1639 than annually thereafter, Grantee may apply for a rate adjustment in excess of the Cost-of-Living
1640 Rate Adjustment described in (B), above. Grantee may apply for either the Cost-of-Living Rate
1641 Adjustment or the larger rate increase as described in this section, but may not apply for both for
1642 the same Rate Period. In applying for such a rate increase the Grantee must:

1643
1644 (1) Notify the ~~Department~~City, in writing, of Grantee's intent to seek a rate increase
1645 in excess of the Cost-of-Living Rate Adjustment limitation;

1646
1647 (2) If requested by City, Obtain~~obtain~~ and submit to the ~~Department~~City an
1648 independent financial audit report of Grantee's operations. The ~~County~~City shall
1649 select or approve the auditor to perform the audit. The cost of the audit shall be
1650 paid by the Grantee. The audit must, at a minimum, determine the profitability of
1651 Grantee's operations specific to services provided under this Agreement.

SWOW EXCEPTION #6

1652
1653 (3) Submit a reviewed financial statement for the most-recently completed Rate
1654 Period.

1655
1656 Using information provided in the financial audit, as well as records required to be
1657 maintained by Guarantee under Section 13 of this Agreement, the ~~County~~City shall perform a
1658 rate setting study to determine appropriate rates based on projected profitability of the Grantee.

1659 The appropriate profit margin, and the means of determining profitability, shall be included as
1660 part of the rate setting study. The rate setting study shall be conducted by the CountyCity, or by
1661 a qualified contractor selected by the CountyCity. The cost of the rate study shall be paid by the
1662 Grantee.

1663
1664 CountyCity shall then hold at least one public meeting, at a convenient time and place
1665 within the Grantee's Franchise Area, to solicit public comment on the proposed rate increases, as
1666 determined by the rate setting study. This public meeting shall be duly noticed and shall be held
1667 no less than 14 days before the Board-City Council considers adoption of the rate increases.
1668

1669 Provided that the CountyCity has received the required information, as described in (1)
1670 and (2), above, has completed the rate setting study, and has held at least one public meeting and
1671 considered public input, the Board-City Council may adopt the new rates by amending Exhibit B.
1672

1673 City recognizes that a substantial reduction in Grantee's revenue caused by Customers
1674 changing to smaller Solid Waste containers because of increased Mixed Organic Waste diversion
1675 and increased Recyclables Materials diversion could provide cause for a rate review under this
1676 subsection.
1677

1678 **D. Rate Decreases**

1679
1680 The CountyCity may, at any time, request a rate decrease provided that some change in
1681 conditions has occurred to warrant a rate decrease. Such a rate decrease will require a full
1682 disclosure audit and formal rate structuring. In requesting such a rate decrease, the CountyCity
1683 must:

- 1684
1685 (1) Notify the Grantee, in writing, of CountyCity's intent to seek a rate decrease;
1686
1687 (2) At City's sole discretion, the City may Obtain-obtain a financial audit of Grantee's
1688 operations. The Grantee shall comply with a full disclosure audit. The
1689 CountyCity shall select the auditor to perform the audit. The cost of the audit
1690 shall be paid by the CountyCity. The audit must, at a minimum, determine the
1691 profitability of Grantee's operations specific to services provided under this
1692 Agreement. **SWOW EXCEPTION #5**
1693

1694 Using information provided in the financial audit, as well as records required to be
1695 maintained by Guarantee under section 13 of this Agreement, the CountyCity shall perform a
1696 rate setting study to determine appropriate rates based on projected profitability of the Grantee.
1697 The appropriate profit margin, and the means of determining profitability, shall be included as
1698 part of the rate setting study. The rate setting study shall be conducted by the CountyCity, or by
1699 a qualified contractor selected by the CountyCity. The cost of the rate study shall be paid by the
1700 CountyCity.
1701

1702 CountyCity shall then hold at least one public meeting, at a convenient time and place

1703 within the Grantee's Franchise Area, to solicit public comment on the proposed rate decrease, as
1704 determined by the rate setting study. This public meeting shall be duly noticed and shall be held
1705 no less than 14 days before the ~~Board~~ City Council considers adoption of the rate decrease.
1706

1707 Provided that the ~~County~~ City has received the required information, as described in (1)
1708 and (2), above, has completed the rate setting study, and has held at least one public meeting and
1709 considered public input, the ~~Board~~ City Council may adopt the new rates by amending Exhibit B.
1710

1711 **E. Recycling Commodity Value Adjustment**
1712

1713 The gross market commodity value of Discarded Recyclable Materials collected by
1714 Grantee pursuant to this Agreement shall be estimated from the tons collected and the average
1715 composite market value as calculated by the following weighted profile, with each category
1716 multiplied by the market price including any California Redemption Value, FOB at the
1717 Designated Recycling Processing Facility. The values below, updated to the 12 months ending
1718 June, 2015, shall constitute the baseline for comparison ~~to the Rate Period ending December 31,~~
1719 ~~2010.~~
1720
1721

			COMPOSITE MARKET VALUE EFFECTIVE 1-1- 104/1/2014		
			Scrap		Weighted
Composition	Commodity		Value/Ton	CRV/Ton	Value/Ton
14.75%	OCC		-100.00 <u>146/25</u>		14.75 <u>21.57</u>
44.08%	Mixed Paper		89.77 <u>89.67</u>		-39.57 <u>39.53</u>
0.53%	HDPE Color		285.00 <u>399.58</u>	-140.00 <u>80.00</u>	2.25 <u>2.54</u>
0.51%	HDPE Natural		503.00 <u>604.25</u>	140.00 <u>80.00</u>	3.28 <u>3.49</u>
1.94%	PET		332.00 <u>385.67</u>	1,300.00 <u>1,020.00</u>	31.66 <u>27.27</u>
1.25%	Rigid Plastics		62.00 <u>114.50</u>		0.78 <u>1.43</u>
1.82%	Tin		5.00 <u>148.17</u>		0.09 <u>2.70</u>

24.41%	Glass 3 Mix	(40.00)	86.00 84.00	11.23 10.74
0.71%	Alum. Cans	1,055.00 1,330	2,960.00 2,780.00	28.51 29.18
10.00%	Refuse	(67.83) (76.64)		(6.78) (7.66)
	Total Composite Market Value Per Ton			\$ 125.34 130.78

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1729

Four to six months before the end of the Rate Period, beginning with the Rate Period ending December 31, ~~2010~~ 2016, Grantee shall calculate the average composite market value per ton over the previous 12 months, and use it to determine the change in the gross commodity value of Discarded Recyclable Material collected by Grantee compared to the previous Rate Period. Rates will be adjusted so that 50% of the change in gross commodity value will be applied proportionately to reduce rates in case of a gain and increase rates in case of a decline.

1730
1731
1732
1733

Example. If the average composite market value per ton during the Rate Period ending December 31, 2010 was 100.34/ton and Grantee collected 1,200 tons of Discarded Recyclable Material pursuant to the Agreement, rates would be adjusted to equal the following change in gross recyclable commodity value.

1734
1735
1736
1737
1738

$$\$125.34 - \$100.34 = \$25.00/\text{ton} \times 1,200 \times 50\% = \$15,000 \text{ added to rates}$$

1739
1740

F. CountyCity Rate Setting Authority

1741
1742
1743
1744
1745
1746
1747
1748
1749

If the CountyCity is unable to set rates as provided for herein, the CountyCity agrees that Grantee shall be allowed to set said rates in conformance with the rules and amounts provided in this Agreement, and all other provisions of this Agreement shall remain in full force and effect. Should a court of competent jurisdiction determine that the CountyCity lacks authority to set and/or increase rates for charges related to Franchise and governmental fees and charges then Grantee shall reduce the rates it charges Customers a corresponding amount, providing said fees, rates and/or charges disallowed by the court are not related to the cost of providing service hereunder and had already been incorporated in the rates charged by Grantee to its Customers.

1750
1751
1752
1753

Nothing herein is intended to imply that California Constitution, Articles XIIC or XIID, apply to the setting of rates for the services provided under this Agreement; rather this section is provided merely to allocate risk of loss as between the parties.

1754 **SECTION 16 - FEES**

1755

1756 **A. Franchise Fee - Amount**

1757

1758 In consideration of the exclusive rights provided herein, Grantee shall pay a Franchise
1759 Fee to the ~~County~~City calculated as 12% of the Adjusted Gross Revenues. collected for service.
1760 The Franchise Fee may be revised by the ~~Board~~City from time to time after a public hearing
1761 thereon and a determination by the ~~Board~~City that a change is in the public interest, such
1762 increases or decreases determined by the ~~Board~~City shall be subject to pass-through rate
1763 adjustment.

1764

1765

1766 **B. Franchise Fee - Quarterly Payments and Revenue Statements**

1767

1768 Grantee shall pay the Franchise Fee in quarterly payments due within 30 days after the
1769 close of each calendar quarter. Along with the quarterly payment, Grantee shall include a
1770 quarterly revenue statement, certified by an officer of the Grantee that shows the basis for the
1771 calculation thereof.

1772

1773 **C. Franchise Fee - Deposit.**

1774

1775 Franchise fees shall be paid to the ~~Department~~City which shall deposit them to the
1776 ~~County~~City General Fund.

1777

1778 **D. Franchise Fee - Delinquency Penalty**

1779

1780 Payments are delinquent if not received by the ~~County~~City within 30 days as provided
1781 above. All fees are subject to a delinquency penalty of ten percent (10%), which attaches on the
1782 first day of delinquency, plus an additional ten percent (10%) for each additional month the
1783 payment remains delinquent. These penalties are in addition to the franchise termination
1784 provisions of Section 19.

1785

1786 **E. Refund of Franchise Fees**

1787

1788 Once Franchise Fee payments are made to the ~~County~~City, Grantee may not ask for
1789 refund of all or part of Franchise Fees unless such request is based on a mathematical error in its
1790 calculation or a double payment of such payment.

1791

1792

1793

1794 **SECTION 17 - BONDS, INSURANCE, AND INDEMNIFICATION**

1795

1796 **A. Bonds**

1797

1798 (1) The ~~County~~City may require the Grantee to post a performance bond at a value up
1799 to 25% of the estimated annual revenues generated through this Agreement. If,
1800 however, the Grantee has previously satisfactorily demonstrated that Grantee has
1801 the financial means and capabilities to perform required services, the ~~County~~City
1802 may waive the performance bond requirement, or may reduce the required amount
1803 of the performance bond.

1804

1805 The amount and specifications of the performance bond required for this
1806 Agreement are described in Exhibit C.

1807

1808 (2) If the ~~County~~City should impose a surcharge, pertaining to Solid Waste
1809 Collection and/or Disposal fees, on Grantee's Customers, Grantee may be
1810 required to post a fidelity bond. Should this occur, the amount, terms, and
1811 conditions of the fidelity bond shall be determined by the ~~County~~City and shall be
1812 included in this Agreement through amendment of Exhibit C.

1813

1814 **B. Insurance**

1815

1816 Insurance policies are to be secured by the Grantee and remain in full force and effect at
1817 all times to provide protection against liability for damages which may be imposed for the
1818 negligence of the Grantee or that Persons employees or agents, including, but not limited to,
1819 general liability and automobile liability insurance. Grantee shall also provide liability coverage
1820 under California Workers' Compensation laws. The amounts of insurance required are to be
1821 established herein. Said amounts shall not be construed to limit the Grantee's liability.

1822

1823 The insurance requirements provided herein may be modified or waived in writing by the
1824 ~~Board of Supervisors~~City, provided the ~~Board of Supervisors~~City determines that such waiver or
1825 modification does not unreasonably increase the risk of exposure to the ~~County~~City, including
1826 the fact that the parent of Grantee may be self-insured up to a certain acceptable amount.

1827

1828 (1) Workers' Compensation Insurance. Grantee shall obtain and maintain in full
1829 force and effect throughout the entire term of this Agreement full Workers'
1830 Compensation Insurance in accord with the provisions and requirements of the
1831 Labor Code of the State of California. Endorsements that implement the required
1832 coverage shall be filed and maintained with the Department throughout the term
1833 of this Agreement.

1834

1835 (2) Comprehensive General Liability. Grantee shall obtain and maintain in full force
1836 and effect throughout the entire term of this Agreement a Broad Form

1837 Comprehensive General Liability (occurrence) policy with a minimum limit of
1838 TWO MILLION DOLLARS (\$2,000,000.00) aggregate and ONE MILLION
1839 DOLLARS (\$1,000,000.00) per occurrence for bodily injury and property
1840 damage, with any self-insured retention not exceeding TWO HUNDRED
1841 THOUSAND (\$200,000.00) per occurrence. Said insurance shall protect Grantee
1842 and CountyCity from any claim for damages for bodily injury, including
1843 accidental death, as well as from any claim for property damage which may arise
1844 from operations performed pursuant to this Agreement, whether such operations
1845 are by Grantee itself, or by its agents, employees and/or Subcontractors. Copies
1846 of the policies or endorsements evidencing the above-required insurance coverage
1847 shall be filed with the DepartmentCity. Endorsements are required to be made a
1848 part of all of the following insurance policies required by this Section:
1849

1850 (a) "The CountyCity, its employees, agents, and officers, are hereby added as
1851 insured's as respects liability arising out of activities performed by or on
1852 behalf of Grantee."
1853

1854 (b) "This policy shall be considered primary insurance as respects any other
1855 valid collectible insurance the CountyCity may possess including any self-
1856 insured retention the CountyCity may have, and any other insurance the
1857 CountyCity does possess shall be considered excess insurance and shall
1858 not contribute with it."
1859

1860 (c) "This policy shall act for each insured, as though a separate policy had
1861 been written for each. This, however, will not act to increase the limit of
1862 liability of the insuring company."
1863

1864 (d) "Thirty (30) days prior written notice by certified mail, return receipt
1865 requested, shall be given to the CountyCity in the event of suspension,
1866 cancellation, reduction in coverage or in limits or non-renewal of this
1867 policy for whatever reason. Such notice shall be sent to the
1868 DepartmentCity."
1869

1870 (3) Vehicle Liability. Grantee shall obtain and maintain in full force and effect
1871 throughout the entire term of this Agreement a vehicle liability policy with a
1872 minimum limit of TWO MILLION DOLLARS (\$2,000,000.00) per occurrence
1873 for bodily injury and TWO HUNDRED THOUSAND DOLLARS (\$200,000.00)
1874 per occurrence for property damage. Said insurance shall protect Grantee and
1875 CountyCity from any claim for damages for bodily injury, including accidental
1876 death, as well as from any claim for property damage which may arise from
1877 operation of owned and non-owned vehicles. Copies of the policies or
1878 endorsements evidencing the above-required insurance coverage shall be filed
1879 with the DepartmentCity.

1880
1881 The limits of such insurance coverage, and companies, shall be subject to review and
1882 approval by the ~~County~~City every year and may be increased at that time and match the coverage
1883 provided by the ~~County~~City's own liability insurance policy. The ~~County~~City shall be included
1884 as a named insured on each of the policies, or policy endorsements.
1885

1886 **C. Indemnification**

1887
1888 (1) Indemnification of ~~County~~City

1889
1890 (a) Grantee shall defend the ~~County~~City with counsel reasonably acceptable
1891 to the ~~County~~City and indemnify the ~~County~~City from and against any and
1892 all liabilities, costs, claims and damages which are caused by Grantee's
1893 negligence or failure to comply with applicable laws and regulations,
1894 including but not limited to liabilities, costs, claims and damages
1895 described in Section 17B, above.
1896

1897 (b) Grantee agrees that it shall protect and defend the ~~County~~City with
1898 counsel reasonably acceptable to ~~County~~City, indemnify and hold
1899 harmless ~~County~~City, its officers, employees and agents from and against
1900 any and all losses, liabilities, fines, penalties, claims, damages, liabilities
1901 or judgments (including attorney's fees), arising out of or resulting in any
1902 way from Grantee's exercise of this Agreement, unless such claim is due
1903 to the sole negligence or willful acts of the ~~County~~City, its officers,
1904 employees, agents or contractors, or from ~~County~~City's grant of this
1905 Agreement to Grantee.
1906

1907 (c) In addition, Grantee shall defend the ~~County~~City with counsel reasonably
1908 acceptable to the ~~County~~City, indemnify and hold the ~~County~~City
1909 harmless from any and all litigation and claims, damages and liabilities
1910 arising there from, brought to enforce or to challenge this Agreement
1911 and/or Grantee's exclusive rights granted there under; provided, however,
1912 that Grantee's obligations hereunder extend only to actions brought against
1913 or by Persons not parties to this Agreement.

1

2 (2) Indemnification of Grantee.

3 (a) Except as provided by subparagraph (3) AB939 Indemnification, the
4 ~~County~~City shall defend, with counsel reasonably acceptable to
5 Grantee, indemnify and hold Grantee harmless from any and all
6 fines, penalties and assessments levied against or threatened to be
7 levied against the ~~County~~City and/or Grantee for the ~~County~~City's

8 failure to meet the requirements of AB939, its amendments or any
9 successor legislation and/or all rules and regulations
10 promulgated hereunder if said failure is due solely to the
11 negligence or misconduct of the ~~County~~City, including but not
12 limited to the ~~County~~City's failure to adopt Source Reduction and
13 Recycling Elements mandated under AB939.

14 (b) In the event that the ~~County~~City directs the Grantee to Dispose of or
15 Transport Solid Waste, Mixed Organic Waste

16 ~~(b)~~(c) and/or Recyclable Materials to a specific facility, the Grantee
17 shall not be held liable for damages at or to that facility, or to the
18 ~~County~~City as a result of the acts or omissions of that facility, unless
19 the damages are caused by the willful or negligent acts of the
20 Grantee.

21 (3) AB939 Indemnification. Grantee shall defend with counsel reasonably
22 acceptable to the ~~County~~City, indemnify and hold the ~~County~~City harmless
23 from any and all fines, penalties and assessments levied against or threatened
24 to be levied against the ~~County~~City for the ~~County~~City's failure to meet the
25 requirements of AB939, with respect to the Waste Stream under
26 Grantee's control, its amendments or any successor legislation and/or all
27 rules and regulations promulgated hereunder if said failure results from Grantee's
28 failure to comply with this Agreement and/or Grantee's failure to comply
29 with said laws, rules or regulations, including but not limited to failing to
30 timely supply to the ~~County~~City the reports and information required by the
31 ~~County~~City in order to comply with AB939.
32

33 **SECTION 18 - FRANCHISE TRANSFER, ISSUANCE, AND RENEWAL**

34
35 **A. Franchise Transfer**

36
37 In the event that ownership interest of a Grantee is sold, transferred, leased, assigned,
38 mortgaged, pledged, hypothecated, or otherwise encumbered or Disposed of in whole or in part,
39 directly or indirectly, whether voluntarily or by operation of law or through any stock transfer,
40 transfer in trust, change in control, consolidation or merger, this Agreement will be considered
41 non-transferable unless all of the following conditions are met:

- 42
- 43 (1) The Grantee notifies the ~~County~~City, in writing, at least sixty (60) days in
44 advance of the transfer in ownership interest, as defined above, and submits a
45 Disclosure Statement in accordance with Section 13K; and
 - 46
47 (2) The Grantee and the party to which ownership interest is being transferred
48 demonstrate that the party to which ownership interest is being transferred has the
49 financial means, experience and capabilities to fulfill the requirements of this
50 Agreement; and
 - 51
52 (3) The party to which ownership interest is being transferred demonstrates that the
53 best interest of the public will be served, and that service levels will not decline or
54 rates increase as a result of the transfer of ownership.
- 55

56 If the Grantee and the party to which ownership interest is being transferred have
57 satisfactorily complied with all of the conditions described above, the ~~Board~~City shall not
58 unreasonably deny the transfer of this Agreement. In the event that ownership interest in
59 Grantee changes as described in this section, and the ~~Board~~City has approved the transfer of this
60 Agreement, the ~~Board~~City has the right to require competitive bid or request for proposal of said
61 Agreement at any time during the remainder of this Agreement term. A two-year notification of
62 such intent shall be given to the Grantee provided that two or more years remain in Agreement
63 term.

64
65 Any transfer of ownership interest made without having met the conditions described
66 above, and without ~~Board~~City approval to transfer this Agreement, shall constitute good cause
67 for revocation of the Agreement.

68
69 Notwithstanding the above, the present stockholders in the Grantee shall have the right to
70 transfer stock to their spouses and/or relatives within the first degree.

71
72 The Grantee shall compensate the ~~County~~City for all costs incurred by the ~~County~~City to
73 examine the transfer of the Agreement, whether or not the ~~County~~City agrees to the transfer.

75 **B. General Standards of Responsibility**

76

77 The ~~Board~~-City may refuse to approve the transfer of this Agreement, if the ~~Board~~-City
78 finds by a preponderance of evidence that the buyer has:

79

80 (1) Intentionally misrepresented or concealed any material fact in the disclosure
81 statement;

82

83 (2) Obtained a license, permit, contract, or franchise from the ~~County~~City by
84 intentional misrepresentation or concealment of a material fact;

85

86 (3) Been convicted of a felony or pleaded guilty or nolo contendere to a felony
87 involving the laws of any state or the federal government within the three years
88 preceding the issuance of the license or permit, or execution of the contract or
89 Agreement;

90

91 (4) Been adjudicated in contempt of an order of any court enforcing laws of this state
92 or the federal government within three years preceding the issuance of the license
93 or permit, or execution of the contract or Agreement; or

94

95 (5) Disregarded the public safety, as evidenced by convictions or pleas of nolo
96 contendere to the violation of state and local law governing safety of operations,
97 compliance with environmental and other franchise requirements within the
98 ~~County~~City.

99

100 In deciding whether to renew or allow transfer of this Agreement, the ~~Board~~-City shall
101 consider the facts and mitigating factors surrounding the foregoing including:

102

103 (1) The relevance of the offense to the business for which the license, permit, contract
104 or franchise is issued;

105

106 (2) The nature and seriousness of the offense;

107

108 (3) The circumstances under which the offense occurred;

109

110 (4) The date of the offense; and

111

112 (5) The ownership and management structure in place at the time of the offense.

113

114 The ~~Department~~-City shall recommend to the ~~Board~~-City Council whether the buyer is fit
115 to retain the rights granted under this Agreement. The ~~County~~City shall notify the Grantee of its
116 determination within sixty (60) days following the Grantee's submittal of the disclosure form.
117 Failure by the ~~Department~~-City to make a recommendation regarding the Grantee's fitness for

118 transfer, within the time frame indicated above, shall in no case result in the revocation of the
119 Grantee’s rights under the Agreement, an order to cease operations, or a termination of this
120 Agreement.

121

122 **C. Opportunity to Demonstrate Rehabilitation**

123

124 In determining whether to recommend approval to the ~~Board~~ City Council of a transfer of
125 this Agreement, the ~~Department~~ City shall first allow the buyer to submit evidence of
126 rehabilitation and shall consider the buyer’s efforts to prevent recurrence of unlawful activity.
127 Items to be considered by the Department shall include:

128

129 (1) The record and history of implementing successful corrective actions undertaken
130 to prevent or minimize the likelihood of recurrence of the offense;

131

132 (2) Whether the offense was an isolated incident or a series of related incidents;

133

134 (3) Whether the buyer cooperated with government bodies during investigations;

135

136 (4) The number and types of permits, contracts or franchises held by the buyer;

137

138 (5) Implementation by the buyer of formal policies, training programs, and
139 management controls to substantially minimize or prevent the occurrence of
140 future violations or unlawful activities;

141

142 (6) Implementation by the buyer of an environmental compliance auditing program
143 to assess and monitor the adequacy of the internal systems to ensure compliance
144 with environmental laws, regulations and conditions set forth in this Agreement;

145

146 (7) The buyer’s discharge of individuals, or severance of the interest of or affiliation
147 with responsible parties, which would otherwise cause the ~~County~~ City to deny the
148 renewal, transfer or refuse to enter into this Agreement; and

149

150 (8) Consideration of the need for this Agreement in advancing the ~~County~~ City's
151 welfare, health, and prosperity.

152

153 Where the ~~Department~~ City determines that pursuant to the above, mitigating factors
154 exist, or, pursuant to this Section 18C, that the buyer has demonstrated rehabilitation, the
155 ~~Department~~ City shall recommend to the ~~Board~~ City Council the transfer of this Agreement.

156 **SECTION 19 - TERMINATION**

157
158 **A. Events of Default**

159 Each of the following shall constitute an event of default (“Event of Default”) hereunder:
160

- 161
- 162 (1) Grantee has demonstrated an inability to properly perform the franchised activity,
163 failed to comply with one or more of the terms or conditions of this Agreement, or
164 future amendment(s) to this Agreement, failed to comply with any material
165 federal, state or local laws, ordinances, rules or regulations pertaining to the
166 franchised activity, or when the franchised activity has become a nuisance or is
167 detrimental to the public health, safety or welfare. If Grantee does not perform
168 franchise services for a period in excess of 15 days, this Agreement may be
169 terminated by the ~~County~~City. Grantee shall not be in default of this Agreement
170 if Grantee commences such action required to cure the particular breach within 7
171 calendar days after such notice, and it continues such performance diligently until
172 completed.
173
 - 174 (2) Any representation, warranty, or disclosure made to ~~County~~City by Grantee in
175 connection with or as an inducement to entering into this Agreement or any future
176 amendment to this Agreement, which proves to be false or misleading in any
177 material respect as of the time such representation or disclosure is made, whether
178 or not any such representation, warranty, or disclosure appears as part of this
179 Agreement;
180
 - 181 (3) There is a seizure or attachment (other than a pre-judgment attachment) of, or
182 levy affecting possession on, the operating equipment of Grantee, including
183 without limit its vehicles, maintenance or office facilities, or any part thereof of
184 such proportion as to substantially impair Grantee's ability to perform under this
185 Agreement and which cannot be released, bonded, or otherwise lifted within 48
186 hours excluding weekends and Holidays;
187
 - 188 (4) Grantee files a voluntary petition for debt relief under any applicable bankruptcy,
189 insolvency, debtor relief, or other similar law now or hereafter in effect, or shall
190 consent to the appointment of or taking of possession by a receiver, liquidator,
191 assignee (other than as a part of a transfer of equipment no longer useful to
192 Grantee or necessary for this Agreement), trustee (other than as security for an
193 obligation under a deed of trust), custodian, sequestrator (or similar official) of the
194 Grantee for any part of Grantee's operating assets or any substantial part of
195 Grantee's property, or shall make any general assignment for the benefit of
196 Grantee's creditors, or shall fail generally to pay Grantee's debts as they become
197 due or shall take any action in furtherance of any of the foregoing;
198

199 (5) A court having jurisdiction shall enter a decree or order for relief in respect of the
200 Grantee, in any involuntary case brought under any bankruptcy, insolvency,
201 debtor relief, or similar law now or hereafter in effect, or Grantee shall consent to
202 or shall fail to oppose any such proceeding, or any such court shall enter a decree
203 or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator
204 (or similar official) of the Grantee or for any part of the Grantee's operating
205 equipment or assets, or orders the winding up or liquidation of the affairs of
206 Grantee;

207
208 (6) If Grantee (i) is the subject of any labor unrest including work stoppage or
209 slowdown, sick-out, picketing or other concerted job action; (ii) appears in the
210 reasonable judgment of CountyCity to be unable to regularly pay its bills as they
211 become due; or (iii) is the subject of a civil or criminal judgment or order entered
212 by a federal, state, regional or local agency for violation of an Applicable Law,
213 and the CountyCity believes in good faith that Grantee's ability to perform under
214 the Agreement has thereby been placed in substantial jeopardy, the CountyCity
215 may, at its option and in addition to all other remedies it may have, demand from
216 Grantee reasonable assurances of timely and proper performance of this
217 Agreement, in such form and substance as the CountyCity believes in good faith
218 is reasonably necessary in the circumstances to evidence continued ability to
219 perform under the Agreement. If Grantee fails or refuses to provide satisfactory
220 assurances of timely and proper performance in the form and by the date required
221 by CountyCity, such failure or refusal shall be an event of default.
222

223 **B. Right to Suspend, Amend, or Terminate**

224
225 Upon an “Event of Default” by Grantee, the CountyCity may suspend, amend, or
226 terminate this Agreement.

227
228 **C. Procedures**

229
230 Prior to suspending, amending, or terminating this Agreement ~~granted by the Board~~, the
231 CountyCity may provide the Grantee with written notice of the proposed action and the reasons
232 for it. The notice shall state that prior to the suspension, amendment or revocation, the Grantee
233 is entitled to a hearing before the CountyCity if the Grantee requests such a hearing in writing
234 and the request is received by the CountyCity not more than ten (10) days after notice of the
235 proposed action has been mailed to the Grantee.
236

237 If the CountyCity does not receive a written request for a hearing within the time period
238 prescribed above, the Grantee is deemed to have waived the right to a hearing and the
239 CountyCity may immediately suspend, amend, or terminate this Agreement on the terms
240 specified in the notice.
241

242 In the event of a serious violation, as determined by the Department City, or in the event
243 of repeated violations of this Agreement, the Agreement shall be terminated by the Board City
244 Council.

245
246 **D. Agreement - Revocation - Equipment Use by County City**

247
248 In the event of suspension or revocation of this Agreement, the County City shall have the
249 right forthwith to take possession of all trucks and other equipment of the Grantee for the
250 purpose of Collecting and Disposing of the Solid Waste and performing all other duties which
251 the Grantee is obligated to perform. The County City shall have the right to retain possession of
252 such trucks and equipment until other suitable trucks and equipment can be purchased or
253 otherwise acquired by the County City for such purpose. The County City shall pay the Grantee a
254 reasonable rental for the use of such trucks and equipment.

255
256 **E. Liquidated Damages**

257
258 (1) **General.** The County City and Grantee find that as of the time of the execution of
259 this Agreement, it is impractical, if not impossible, to reasonably ascertain the
260 extent of damages which shall be incurred by County City as a result of a breach
261 by Grantee of its obligations under this Agreement. The factors relating to the
262 impracticability of ascertaining damages include, but are not limited to, the fact
263 that: (i) substantial damage results to members of the public who are denied
264 services or denied quality or reliable service; (ii) such breaches cause
265 inconvenience, anxiety, frustration, and deprivation of the benefits of the
266 Agreement to individual members of the general public for whose benefit this
267 Agreement exists, in subjective ways and in varying degrees of intensity which
268 are incapable of measurement in precise monetary terms; (iii) that exclusive
269 services might be available at substantially lower costs than alternative services
270 and the monetary loss resulting from denial of services or denial of quality or
271 reliable services is impossible to calculate in precise monetary terms; and (iv) the
272 termination of this Agreement for such breaches, and other remedies are, at best, a
273 means of future correction and not remedies which make the public whole for past
274 breaches.

275
276 (2) **Service Performance Standards; Liquidated Damages for Failure to Meet**
277 **Standards.** The Parties further acknowledge that consistent, reliable Solid Waste
278 and Recyclable Materials Collection service is of utmost importance to
279 County City and that County City has considered and relied on Grantee's
280 representations as to its quality of service commitment in awarding an Agreement
281 to it. The County City and Grantee recognize that some quantified standards of
282 performance are necessary and appropriate to ensure consistent and reliable
283 service and performance. The County City and Grantee further recognize that if
284 Grantee fails to achieve the performance standards, or fails to submit required

285 documents in a timely manner, CountyCity and its residents and businesses will
286 suffer damages, and that it is, and will be, impractical and extremely difficult to
287 ascertain and determine the exact amount of damages which CountyCity will
288 suffer. Therefore, without prejudice to CountyCity's right to treat such non-
289 performance as an event of default under this Section, the CountyCity and
290 Grantee agree that the Liquidated Damages amounts established in Exhibit F of
291 this Agreement and the following Liquidated Damage amounts represent a
292 reasonable estimate of the amount of such damages considering all of the
293 circumstances existing on the Effective Date of this Agreement, including the
294 relationship of the sums to the range of harm to CountyCity that reasonably could
295 be anticipated and the anticipation that proof of actual damages would be costly
296 or impractical.

297
298 Grantee agrees to pay (as Liquidated Damages and not as a penalty) the amounts
299 set forth in the Schedule of Liquidated Damages, Exhibit F.

300
301 CountyCity may determine the occurrence of events giving rise to Liquidated
302 Damages through the observation of its own employees or representative or
303 investigation of complaints by Customers, Owners, and Generators.

304
305 Liquidated Damages will only be assessed after Grantee has been given the
306 opportunity but failed to rectify the damages as described in this Agreement.
307 CountyCity shall give Grantee notice of its intention to assess Liquidated
308 Damages. The notice will include a brief description of the incident(s) and non-
309 performance. The CountyCity may review (and make copies at its own expense)
310 all information in the possession of Grantee relating to incident(s) and non-
311 performance. CountyCity may, within 10 calendar days after issuing the notice,
312 request a meeting with Grantee. CountyCity may present evidence of non-
313 performance in writing and through testimony of its employees and others
314 relevant to the incident(s) and non-performance. CountyCity will provide
315 Grantee with a written explanation of his or her determination on each incident(s)
316 and non-performance prior to authorizing the assessment of Liquidated Damages
317 under this Section 18E(2). The decision of CountyCity shall be final and Grantee
318 shall not be subject to, or required to exhaust, any further administrative remedies.

- 319
320 (3) **Amount.** CountyCity may assess Liquidated Damages for each calendar day or
321 event, as appropriate, that Grantee is determined to be liable in accordance with
322 this Agreement in the amounts specified in Exhibit F subject to annual adjustment
323 described below.

324
325 The amount of Liquidated Damages specified in Exhibit F shall be adjusted
326 annually on the first day of the Rate Period. The adjustment shall be rounded to
327 the nearest cent. Liquidated Damage amounts shall be adjusted to reflect 75% of

328 the changes in the All Urban Consumers Index (CPI-U), all items, for the San
329 Francisco-Oakland-San Jose, CA, Base Period 1982 – 1984 = 100, not seasonally
330 adjusted, compiled and published by the U. S. Department of Labor, Bureau of
331 Labor Statistics or its successor agency, using the method following:

332
333 Adjusted Liquidated Damage Amount = Then-current Liquidated Damage
334 Amount x most current CPI-U/previous 12-month CPI-U

335
336 For example:
337
338 Current Liquidated Damage Amount = \$150.00
339
340 Most recently published index (May 2004) = 193.5
341
342 Index published twelve months prior to most recently published index
343 (May 2003) = 191.0

344
345 Adjusted Liquidated Damage Amount = \$150.00 x (193.5/191.0) =
346 \$151.96

347
348
349 If the CPI-U is discontinued or revised during the Term by the United States
350 Department of Labor, such other government index or computation with which it
351 is replaced shall be used in order to obtain substantially the same result as would
352 be obtained if the CPI had not been discontinued or revised.

353
354 (4) **Timing of Payment.** Grantee shall pay any Liquidated Damages assessed by
355 ~~County~~~~City~~ within 10 calendar days of the date the Liquidated Damages are
356 assessed. If they are not paid within the 10-day period, and providing Grantee has
357 exhausted its right to administrative review in accordance with this Section,
358 ~~County~~~~City~~ may proceed against the performance bond required by the
359 Agreement, request replacement of Grantee’s general manager, order the
360 termination of the exclusive Collection rights granted by this Agreement, or all of
361 the above.

362

SECTION 20 - RIGHTS OF COUNTYCITY TO PERFORM DURING EMERGENCY

A. Provision of Emergency Services

Grantee shall provide emergency services at the CountyCity’s request in the event of major accidents, disruptions, or natural calamities. Emergency services may include, but are not limited to, assistance handling salvaged materials, Processing, Disposing of Solid Waste or Recyclable Materials following a major accident, disruption, or natural calamity. Grantee shall be capable of providing emergency services within 24 hours of notification by the CountyCity or as soon thereafter as is reasonably practical in light of the circumstances. Emergency services, which exceed the Grantee’s obligations, shall be compensated in accordance with Section 15C. If Grantee cannot provide the requested emergency services, the CountyCity shall have the right to take possession of the Grantee’s equipment for the purposes of providing emergency services.

B. Franchise Revocation - Emergency Actions

Notwithstanding provisions of this Agreement to the contrary, the Department-City may temporarily suspend this Agreement, without prior notice and a hearing, whenever an emergency exists which poses an immediate threat to the public health, safety, or welfare. In such a case, the Department-City shall attempt to notify the Grantee at least twenty four (24) hours prior to the proposed action. A hearing shall be held within seventy two (72) hours of the action taken to suspend the franchise. Appeals to the Board-City Council are governed by Section 21.

C. Labor Dispute - CountyCity Assumption of Duties - Authorized

In the event the refuse Collection of a Grantee is interrupted by a labor dispute and scheduled Collections are discontinued for more than seventy-two (72) hours, the CountyCity shall have the right to forthwith take temporary possession of all facilities and equipment of the Grantee for the purpose of continuing the service which the Grantee has agreed to provide in order to preserve and protect the public health and safety. The CountyCity shall have the right to retain possession of such facilities and equipment and to render the required service, until the Grantee can demonstrate to the satisfaction of the CountyCity that required services can be resumed by the Grantee; provided, however, that such temporary assumption of the Grantee's obligations under this Agreement shall not be continued by the CountyCity for more than one hundred twenty (120) days from the date such operations were undertaken. Should the Grantee fail to demonstrate to the satisfaction of the CountyCity that required services can be resumed by the Grantee prior to the expiration of the aforementioned one hundred twenty (120) days, the rights and privileges granted to the Grantee may be forfeited and the franchise granted herein may be terminated.

Should the CountyCity exercise its right to take temporary possession of Grantee’s facilities used in providing service under this Agreement, CountyCity shall recognize Grantee’s obligations to provide service in accordance with other agreements and shall cooperate with

406 Grantee in its efforts to provide such other service using the Grantees facilities in the
407 ~~County~~City’s temporary possession.

408

409 **D. Labor Dispute - ~~County~~City Assumption of Duties - Use of Revenue**

410

411 During any period in which the ~~County~~City has temporarily assumed the obligations of
412 the Grantee under this Agreement, the ~~County~~City shall be entitled to the Adjusted Gross
413 Revenues attributable to operations during such period and shall pay there from only those costs
414 and expenses, including a reasonable rental for use of trucks and equipment, applicable or
415 allocable to the period. The excess, if any, of revenue over applicable or allocable costs and
416 expenses during such period shall be deposited in the treasury to the ~~County~~City to the credit of
417 the General Fund. Final adjustment and allocation of Adjusted Gross Revenues, costs and
418 expenses to the period during which the ~~County~~City temporarily assumed the obligations of the
419 Grantee shall be determined by an audit, by a certified public accountant or licensed public
420 accountant, and prepared in report form with that person’s unqualified opinion annexed thereto.

421

422 **E. Labor Dispute - ~~County~~City Assumption of Duties – Employees**

423

424 Employees of the Grantee may be employed (providing employee consents) by the
425 ~~County~~City during any period in which the ~~County~~City temporarily assumes the obligations of
426 the Grantee under this Agreement; provided, however, that the rate of compensation to be paid
427 the employees, or any other employees, shall be the rate or rates in effect at the time the
428 Grantee's service was interrupted by the labor dispute, and the terms and conditions of
429 employment shall be the same as provided by the Grantee.

430

431

432 **SECTION 21 - GENERAL PROVISIONS**

433

434 **A. Entire Agreement**

435

436 This Agreement, including the exhibits, represents the full and entire Agreement between
437 the CountyCity and Grantee with respect to the matters covered herein.

438

439 **B. Force Majeure**

440

441 Neither party shall be in default under this Agreement in the event and for so long as it is
442 impossible or extremely impracticable for it to perform its obligations due to any of the
443 following reasons: riots, wars, sabotage, civil disturbances, insurrection, explosion, natural
444 disasters such as floods, earthquakes, landslides, fires, and volcanic eruptions, strikes, lockouts
445 and other labor disturbances or other catastrophic events which are beyond the reasonable
446 control of Grantee. Labor unrest, including but not limited to strike, work stoppage or
447 slowdown, sick-out, picketing, or other concerted job action conducted by Grantee's employees
448 or directed at Grantee is not an excuse from performance and Grantee shall be obligated to
449 continue to Collect and Dispose of Solid Waste, notwithstanding the occurrence of any or all of
450 such events; provided, however, that labor unrest or job action directed at a third party over
451 whom Grantee has no control, shall excuse performance.

452

453 A party claiming excuse under this Section must (i) have taken reasonable precautions to
454 avoid being affected by the cause, and (ii) notify the other party in writing within 5 days after the
455 occurrence of the event specifying the nature of the event, the expected length of time that the
456 party expects to be prevented from performing, and the steps which the party intends to take to
457 restore its ability to perform.

458

459 In the event a labor disturbance interrupts Collection, Transportation Disposal, and/or
460 Processing of Solid Waste, Mixed Organic Waste or Recyclable Materials by Grantee as required
461 under this Agreement, CountyCity may elect to exercise its rights under Section 20 of this
462 Agreement.

463

464 **C. Notice Procedures**

465

466 All notices, demands, requests, proposals, approvals, consents, and other communications
467 which this Agreement requires, authorizes, or contemplates shall be in writing and shall either be
468 personally delivered to a representative of the Parties at the address below or deposited in the
469 United States mail, first class postage prepaid, addressed as follows:

470

471 A. If to CountyCity:

472

~~Solid Waste Director~~

473

~~County of Mendocino~~

474

~~Mendocino Solid Waste Management Authority~~ City Manager

475 ~~P.O. Box 123~~ City of Willits
476 111 E. Commercial Street
477 Willits CA 95490
478 ~~Ukiah, CA 95482~~
479

480 B. If to Grantee:

481
482 Solid Wastes of Willits, Inc.
483 Gerald W. Ward, President
484 PO Box 1425
485 Willits, CA 95490
486

487
488 The address to which communications may be delivered may be changed from time to
489 time by a notice given in accordance with this Section.
490

491 All notices required or given pursuant to this title shall be deemed properly served on the
492 day it is personally delivered or when deposited, postage prepaid, in the United States mail,
493 addressed to the address provided to the Department.
494

495 **D. Independent Contractor**

496
497 Grantee is an independent contractor and not an officer, agent, servant or employee of
498 ~~County~~City. Grantee is solely responsible for the acts and omissions of its officers, agents,
499 employees, Grantees and Subcontractors, if any. Nothing in this Agreement shall be construed
500 as creating a partnership or joint venture between ~~County~~City and Grantee. Neither Grantee nor
501 its officers, employees, agents or Subcontractors shall obtain any rights to retirement or other
502 benefits which accrue to ~~County~~City employees.
503

504 **E. Roadway Damage**

505
506 Grantee shall be responsible for any extraordinary damage (not including normal wear)
507 caused by Grantee's negligence to ~~County~~City's driving surfaces, whether or not paved, resulting
508 from the weight of vehicles providing Collection services at the location of Bins and Containers
509 on public property. This Agreement does not purport to affect, in any way, Grantee's civil
510 liability to any third parties
511

512 **F. Property Damage**

513
514 Any physical damage caused by the negligent or willful acts or omissions of employees,
515 Grantees or Subcontractors of the Grantee to private or public property shall be repaired or
516 replaced by Grantee, at Grantee's sole expense.
517

518 **G. Compliance with ~~County~~City Code**

519
520 Grantee shall comply with those provisions of the ~~County~~City Code which are applicable,
521 and with any and all amendments to such applicable provisions during the term of this
522 Agreement, subject to Section 1C.

523
524
525 **H. Severability**

526
527 If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this
528 Agreement or any part thereof is, for any reason, held to be illegal, such decision shall not affect
529 the validity of the remaining portions of this Agreement or any part thereof, except as
530 specifically set forth herein.

531
532 **I. Waiver or Modification**

533
534 No waiver, alteration, or modification of any of the provisions of this Agreement shall be
535 binding unless in writing and signed by a duly authorized representative of both parties to this
536 Agreement.

537
538 **J. Forum Selection**

539
540 Grantee and ~~County~~City stipulate and agree that any litigation relating to the enforcement
541 or interpretation of this Agreement, arising out of Grantee's performance or relating in any way
542 to the work shall be brought in Superior Court in Mendocino ~~County~~County.

543
544 **K. Court Costs and Attorney Fees**

545
546 In the event legal action is instituted by either party to enforce this Agreement, the
547 prevailing party shall be entitled to reasonable attorney fees and actual costs in connection with
548 such action.

549
550

551 **IN WITNESS WHEREOF**, the parties hereto, by their duly authorized representatives,
552 have affixed their hands on the day and year this Agreement first above written.

553
554 GRANTEE: Solid Wastes of Willits, Inc

555
556
557 _____

558
559 Gerald W. Ward, President
560 Solid Wastes of Willits, Inc.
561 ~~P.O. Box 1425~~
562 ~~Willits, CA 95490~~

563
564
565 Date: _____

566
567
568 ~~COUNTY~~ CITY OF ~~MENDOCINO~~ WILLITS

569
570
571 _____
572 ~~Carre Brown, Chair, BOARD OF SUPERVISORS~~ Bruce Burton, Mayor

573
574
575 Date: _____

576
577 ATTEST:
578
579 ~~Clerk of the Board~~ City Clerk

580
581 By: _____

582
583
584 APPROVED AS TO FORM:
585 ~~Jeanine B. Nadel~~ H. James Lance, County City Counsel ~~Attorney~~

586
587 By: _____

588
589 ~~APPROVED AS TO INSURANCE REQUIREMENTS:~~
590 ~~Kristin McMenomey, Risk Manager~~

591
592 By: _____

594

EXHIBIT A

SOURCE REDUCTION and WASTE DIVERSION PROGRAMS

SWOW EXCEPTION #3

1) **SINGLE STREAM RECYCLING:** A form of “single stream” curbside recycling service shall be provided to all Single-Family Units, and to any housing units with individual solid waste collection service, including mobile home parks and Multi-Family Units that use separate Carts. Single stream recycling collection service shall be every ~~other~~ week. The single stream recycling Cart will be 95 gallons or 65 gallons. The Cart will be of a style and color approved by the ~~Department~~City, and will be provided to every customer. Additional Carts will be provided if needed. Recyclable Materials to be collected include, but are not limited to, newspaper, mixed paper, office paper, cardboard, paste board, press board, magazines, aluminum cans, glass containers, small pieces of scrap metal weighing less than 10 pounds and plastic containers nos. 1-7. Customers may mix all Recyclable Materials together in the Cart. There shall be no additional charge for the aforementioned service.

2) **COMMERCIAL RECYCLING:** A form of Commercial Recycling will be provided to all Commercial Solid Waste customers, including Multi-Family Units that use Bins or Compactors. Commercial Recycling may be in the form of Single Stream Recycling Carts, or Bins. Where determined that there is sufficient volume one type of Recyclable Material (greater than one yard per week), the Grantee may require Commercial Solid Waste Generator to use Segregated Recyclable Material Bin(s) for the material(s) generated in sufficient volume. Otherwise, Commercial Recycling will be provided as Single Stream Recycling Carts and Bins. All Carts and Bins will be properly and neatly labeled. Collection will be at a minimum every other week. Recycling Carts will be 95 gallons. Recycling Bins may be of any size deemed necessary by Grantee for the specific Commercial Solid Waste Generator. The Bins and Carts will be of a style and color approved by the ~~Department~~City, and will be provided to every customer. Additional Bins and Carts will be provided if needed. Recyclable Materials to be collected include, but are not limited to, newspaper, mixed paper, office paper, cardboard, paste board, press board, magazines, aluminum cans, glass containers, small pieces of scrap metal weighing less than 10 pounds and plastic containers nos. 1-7. Customers using single stream recycling may mix all Recyclable Materials together into Carts and bins. There shall be no additional charge for cart recycling service and charges for bin recycling service are set forth in Exhibit B.

~~3.3)~~ **CONSTRUCTION AND DEMOLITION WASTE:** Grantee shall offer recycling service for segregated unpainted wood, Green Waste, scrap metal, concrete, asphalt, gypsum board (also known as “dry wall”) and carpet padding to Construction and Demolition customers and other renters of roll-off boxes in sizes between 20 and 50 cubic yards. A Debris Box for these materials will be provided at a 20% discount.

4. MIXED ORGANIC WASTE

Grantee shall offer all Residential and Commercial Customers Mixed Organic Waste collection in 65-gallon, 95-gallon Carts or in Bins in a style and color to be approved by the City, to be collected weekly. There shall be no additional charge for this

service.

5. CANCELLATION OF RECYCLING OR MIXED ORGANIC WASTE SERVICE

Grantee may cancel Recyclable Material or Mixed Organic Waste Service to any Customer if, after written warning, the Customer fails to prevent excessive contamination of the Container by unacceptable materials. Grantee shall notify City of any service cancellation.

EXHIBIT B

COUNTY/CITY-APPROVED RATES

				EXHIBIT B	(page 1 of 2)		
				SOLID WASTES OF WILLITS, INC.			
				REFUSE COLLECTION AREA NO. THREE			
				ANDERSON VALLEY			
				RESIDENTIAL RATES (\$/MONTH)			
				EFFECTIVE September 1, 2010			
SERVICE						RATES	
					ROADSIDE		DRIVEWAY
Residential Special Pickup (35 gallon)					\$ 19.00		20.47
Residential Special Pickup (95 gallon)					23.29		—
20-gallon cart	1 X week				30.61		37.22
35-gallon cart	1 X week				37.40		45.96
35-gallon cart	every other week				29.24		29.24
35-gallon cart	1 X month				15.79		19.00
65-gallon cart	1 X week				50.95		59.11
65-gallon cart	every other week				42.49		44.73
65-gallon cart	1 X month				19.09		22.29
95-gallon cart	1 X week				61.35		68.70
95-gallon cart	every other week				50.58		57.33
95-gallon cart	1 X month				24.75		27.96
Call back charge					10.00		10.00
Extra 35-gallon trash					15.79		15.79
Restart fee					5.00		5.00
<p>Note: Service rates above include 20, 35, 65 and 95 gallon refuse carts provided to all customers in the Anderson Valley area. Included with refuse service is recyclable material collection services as set forth in Exhibit A at no additional charge.</p>							

				EXHIBIT B	(page 2 of 2)	
				SOLID WASTES OF WILLITS, INC.		
				REFUSE COLLECTION AREA NO. THREE		
				ANDERSON VALLEY		
				COMMERCIAL RATES (\$/MONTH)		
				EFFECTIVE September 1, 2010		
					EVERY	
					OTHER	MONTHLY
SERVICE		1 x WEEK	2 x WEEK	3 x WEEK	WEEK	PICKUP
35-gallon cart		\$ 45.96	66.53	\$ ———	29.24	20.44
65-gallon cart		59.11	104.26	—————	44.73	22.29
95-gallon cart		64.81	113.85	—————	57.33	27.96
1-yard container		179.64	359.86	539.71	89.99	41.52
1.5-yard container		238.73	477.48	716.23	119.35	86.62
2-yard container		303.59	608.94	913.45	183.55	110.20
3-yard container		406.44	731.61	1170.56	238.76	170.19
4-yard container		523.34	942.01	1507.23	303.57	177.07
6-yard container		742.12	1325.82	2137.30	367.31	183.41
					8.00 per month	
					20.00 each	
					46.86	
					15.00	
					10.00 per month	
					225.00 each	
<p>Note: Service rates above include refuse carts and refuse containers provided to all customers in the Anderson Valley area. Included with refuse service is recyclable material collection services as set forth in Exhibit A at no additional charge, except as set forth above.</p>						

		INDUSTRIAL RATES (\$/PICKUP)				
		EFFECTIVE September 1, 2010				
SERVICE						
20% Discount on drop box prices below for clean woodwaste, yardwaste, scrap metal, concrete, asphalt and gypsum board						
4 yard container			\$ 129.58			
20 yard drop box			545.53			
37 yard drop box			799.21			
50 yard drop box			1022.87			
Delivery fee—drop box			111.94			
Delivery fee—4 yard			47.76			
Overload charges				20.00/yard		

Exhibit B

Effective January 1, 2014
1.52%

RATE SCHEDULE
CITY OF WILLITS

COMMERCIAL REFUSE RATES

	1/WEEK	2/WEEK	3/WEEK	4/WEEK	5/WEEK	SPECIAL PU
1 YARD CONTAINER	\$ 193.78	\$ 340.72	\$ 519.84	\$ 698.93	\$ 878.11	\$106.89
1.5 YARD CONTAINER	216.02	386.04	586.55	786.75	988.68	126.08
2 YARD CONTAINER	261.66	477.67	723.54	970.69	1,217.02	148.31
3 YARD CONTAINER	261.98	651.55	1,042.47	N/A	N/A	196.92
4 YARD CONTAINER	453.61	816.48	1,307.61	N/A	N/A	286.23
6 YARD CONTAINER	699.49	1,259.05	2,014.47	N/A	N/A	413.78
35 GALLON CART	\$ 26.6	51.80	75.90	N/A	N/A	18.52
65 GALLON CART	53.11	103.54	N/A	N/A	N/A	22.58
95 GALLON CART	69.29	132.51	N/A	N/A	N/A	26.64

CONTAINER LOCKING FEE/MONTH	\$ 8.00
AFTER 8:00 am PICKUP CHARGE/MONTH	8.00
LOCKS EACH	20.00
CONTAINER/CART DELIVERY FEE	40.21
RECYCLE CONTAINER RENTAL/MONTH	-
RECYCLE ONLY SERVICE	6.00
RESTART FEE	15.00

RESIDENTIAL REFUSE RATES

	MONTH
NO REFUSE SERVICE (Residential Base)	\$ 5.00
20 GALLON CART	12.69
35 GALLON CART	22.45
65 GALLON CART	48.39
95 GALLON CART	60.84
20 GALLON CART - roll-out	17.46
35 GALLON CART - roll-out	26.56
65 GALLON CART - roll-out	53.11
95 GALLON CART - roll-out	69.29
35 GALLON CART - SPECIAL PICKUP	18.93
65 GALLON CART - SPECIAL PICKUP	23.09
95 GALLON CART - SPECIAL PICKUP	27.24
CALL BACK CHARGE/EACH	10.00
RESTART FEE	5.00

Recycling service and recycling carts shall be offered to commercial and residential customers at no charge in addition to refuse fees specified in this rate schedule.

INDUSTRIAL REFUSE RATES

	EACH	HEIGHT	WIDTH	LENGTH
4 YARD CONTAINER	\$ 144.98	4'	4'	4'
20 YARD DROP BOX	543.68	5' 5"	7' 5"	16'
30 YARD DROP BOX	657.12	5' 5"	7' 5"	20'
40 YARD DROP BOX	848.12	6'	7' 5"	22'
50 YARD DROP BOX	1,094.65	8'	7' 5"	22'
10 YARD COMPACTOR	663.90			
12 YARD COMPACTOR	716.31			
DELIVERY FEE	68.61			
4 YARD DELIVERY FEE	\$53.40 /EACH	OVERLOAD CHARGES \$ \$20.00/yard		

EXHIBIT C

PERFORMANCE BONDING REQUIREMENTS

The ~~County~~City has the right to require the Grantee to post a performance bond not to exceed the sum of \$1,000,000 which shall serve as security for the faithful performance by the Grantee of all the provisions and obligations of this Agreement.

Due to the demonstrated performance of the Grantee in the Collection and Transportation of Solid Waste in ~~Mendocino County~~City, the ~~County~~City hereby waives the requirement for the Grantee to post a performance bond. However, the ~~County~~City may, at any time during the Term of this Agreement, notify the Grantee in writing that this waiver has been rescinded and require the acquisition of a performance bond in the amount and with terms as specified by the ~~County~~City. ~~County~~City agrees that should this waiver be rescinded, the actual cost to the Grantee of the bond will be considered a new, ~~County~~City-imposed cost to the Grantee that may be recovered as a pass-through rate adjustment as described in Section 15 of this Agreement.

EXHIBIT D

PUBLIC EDUCATION AND COMMUNITY OUTREACH PROGRAMS

The Grantee shall perform the following services as part of the public education program. Grantee shall print literature or portions of literature in both English and Spanish if directed by [CountyCity](#).

Residential Education Program (minimum requirements)

- Prepare and distribute a brochure describing how to prepare Recyclable Material [and Mixed Organic Waste](#) for Collection. Grantee shall inform residents as to the acceptable materials that can be included in the Recyclable Materials Containers and any common contaminants to be excluded from Collection.
- An annual newsletter shall be distributed to all residents promoting and explaining the programs. The newsletter shall be reviewed and approved by [CountyCity](#) staff and distributed to residents at the same time Residential bills are issued.
- A corrective action notice shall be prepared and used in instances where Customers set out inappropriate materials.
- Non-program related information on source reduction, reuse, and Recyclable Materials (e.g. junk mail reduction, household hazardous waste events, grass cycling, composting, etc.) shall be available.
- Specially designed public education materials and programs to reach Multi-Family residents shall be prepared.

Commercial Education Program (minimum requirements)

- Separate “how-to” brochures explaining the Recyclable Materials Collection programs that are tailored to each general business types (i.e., restaurants, office/Commercial buildings, strip malls, and large Commercial businesses).
- Prepare and distribute a Recyclable Materials resource guide to provide vendors’ names, numbers and contacts for purchasing recycled products, re-use donation locations, and other Recyclable Materials companies, to be updated annually.
- Prepare and distribute an annual newsletter to be distributed to all businesses promoting and explaining the programs. The newsletter shall be reviewed and approved by [CountyCity](#) staff.
- Prepare and distribute a corrective actions notice for use in instances where the resident sets out inappropriate materials.

All Customers

Grantee shall develop and implement a public education program designed to educate Generators regarding proper methods of handling and Disposing of Hazardous Waste and a load inspection program for Grantee's personnel to detect and discover Hazardous Waste placed by Generator for Collection by Grantee.

EXHIBIT E

~~MAP OF SOLID WASTE REFUSE COLLECTION AREA~~ COLD CREEK COMPOST AGREEMENT

AGREEMENT FOR COMPOSTING SERVICES

This Agreement is made and entered into as of the latest date of execution between Solid Waste of Willits, Inc. (hereinafter, "SWOW"), a California Corporation, and Cold Creek Compost, Inc. (hereinafter, "Cold Creek"), a California Corporation, who shall collectively be referred to as the "Parties."

1. The term of this Agreement shall be November 1, 2015 through December 31, 2022, unless amended in writing by the Parties.
2. Cold Creek warrants and represents that it operates a fully-permitted industrial compost facility at 6000 Potter Valley Road, Ukiah, CA 95482, which has capacity sufficient to perform its obligations hereunder and is subject to a valid ground lease on the facility which expires December 31, 2022. Any event pertaining to the potential interruption, termination, extension, or replacement of Cold Creek's ground lease shall be disclosed by Cold Creek in writing to SWOW and the City of Willits within 14 days of Cold Creek gaining knowledge of such event. Cold Creek shall maintain all-weather access to its facility for tractor-trailer configured vehicles.
3. SWOW acknowledges that it owns and operates a solid waste, recyclables and organics collection system, located in Willits, California, serving the City of Willits (hereinafter, "City") pursuant to an exclusive City Franchise Contract (hereinafter, "Franchise Contract").
4. Pursuant to the Franchise Contract, SWOW will collect mixed organic waste in carts and bins from residential and commercial customers including yard waste, food waste, food-contaminated paper, and miscellaneous paper not suitable for recycling as paper.
5. SWOW will perform all public information, monitoring, inspection and enforcement obligations set forth in the Franchise Contract to minimize contamination of the mixed organic waste collection by unacceptable materials.
6. SWOW shall deliver all mixed organic waste collections from residential and commercial customers within the City to Cold Creek. SWOW may deliver additional acceptable organic waste to Cold Creek at its discretion and under the same payment terms as set forth herein. SWOW, at its discretion, may mix organic materials collected from City customers with other organic materials from other sources and deliver them together to Cold Creek, or deliver other organic materials from other sources separately. Cold Creek shall compost all organic waste materials into marketable finished compost.
7. The acceptable materials to be received in the mixed organic waste collections from City residential and commercial customers shall be specified in the Franchise Contract. Cold Creek will accept other organic waste that may be delivered by SWOW and the complete

list of acceptable materials is: agricultural materials including, but not limited to manure and animal stall bedding, poultry mortalities, grape pomace, diatomaceous earth and culled fruit, green material including, but not limited to yard trimmings, brush, branches and stumps, wood materials including, but not limited to sawmill waste, source separated construction and demolition materials including sheetrock (nails, doorknobs, joist hangers OK), food materials including, but not limited to meat, fish, and dairy, soiled paper and waxed cardboard, fishery waste, grease trap waste, pet feces and cat litter, liquid wastes including, but not limited to wine lees, olive sludge, brewery waste, and pond sludge.

8. Any unacceptable materials delivered by SWOW to Cold Creek shall be disposed of by Cold Creek either by backhaul by SWOW to SWOW's own solid waste disposal facility or by disposal by Cold Creek at any solid waste disposal site, with the disposal fees billed to SWOW. If a load is determined by Cold Creek upon initial inspection to be excessively contaminated to the extent that the cost of removing contaminants exceeds the value of the organic material, or to exceed the CalRecycle standard of no more than 1% contamination by weight, Cold Creek may reject the load at Cold Creek's sole discretion.
9. SWOW's deliveries of organic waste to Cold Creek shall be weighed at Cold Creek's truck scale to determine the net weight delivered. SWOW shall deliver in trucks with the capability to discharge their own load. Cold Creek may inspect each load prior to unloading.
10. SWOW shall pay Cold Creek \$21.00 per ton for organic waste delivered for the first two (2) years of this Agreement, and thereafter \$26.00 per ton for one (1) year, adjusted up or down on each subsequent January 1 by a percentage factor equal to 0.9 of the change of the All Urban Consumers Consumer Price Index (CPI-U), all items, for the San Francisco-Oakland-San Jose, CA, Base Period 1982 – 1984 = 100, not seasonally adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics or its successor, and its value twelve months before.
11. Cold Creek will invoice SWOW weekly with payments due in 30 days. Any payments due from SWOW and not made within 30 days of receipt of the invoice shall incur additionally a 1.5% per month late charge.
12. Cold Creek shall be open for deliveries Monday through Friday, 7 a.m. to 3:30 p.m., and Saturday from 7 a.m. to 1 p.m., excluding the following holidays: Christmas, New Year's Day, Labor Day, Memorial Day, 4th of July, Thanksgiving Day.
13. Cold Creek, its heirs and assigns, agrees to indemnify, hold harmless and defend SWOW and the City of Willits, their officers, agents and employees from and against any/or all losses, damages, costs, charges, expenses, suits, actions, claims, judgments, liabilities, and attorney fees directly or indirectly, resulting from delivery and processing of all acceptable organic waste delivered to Cold Creek by SWOW, arising out of/or related to Cold Creek's leasehold, operation, remediation, closure or post closure of Cold Creek's facility.
14. Cold Creek shall comply with all applicable laws pertaining to the operation of its compost facility including closure and post closure obligations and any financial assurances. Upon

request, Cold Creek shall provide SWOW with copies of any regulatory inspection reports on its operation.

15. Cold Creek shall maintain general liability insurance in an amount not less than \$2,000,000 per occurrence.
16. Either Party shall be relieved of its obligations hereunder for the duration of a Force Majeure or a Change in Law, if, as a result of a Force Majeure or a Change in Law, such party is unable to perform. A Force Majeure shall include only events outside of the Party's control and which are either Acts of God or the unforeseeable.
17. Cold Creek acknowledges and declares that the City of Willits is and will be the Third Party beneficiaries of this Agreement, included without limitation.
18. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of both parties to this Agreement.
19. The Parties stipulate and agree that any litigation relating to the enforcement or interpretation of this Agreement, arising out of either Parties' performance or relating in any way to the work, shall be brought in Superior Court in Mendocino County.
20. In the event legal action is instituted by either Party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney fees and actual costs in connection with such action.
21. This Agreement and amendments and supplemental agreements hereto may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands on the day and year indicated:

Solid Wastes of Willits, Inc.

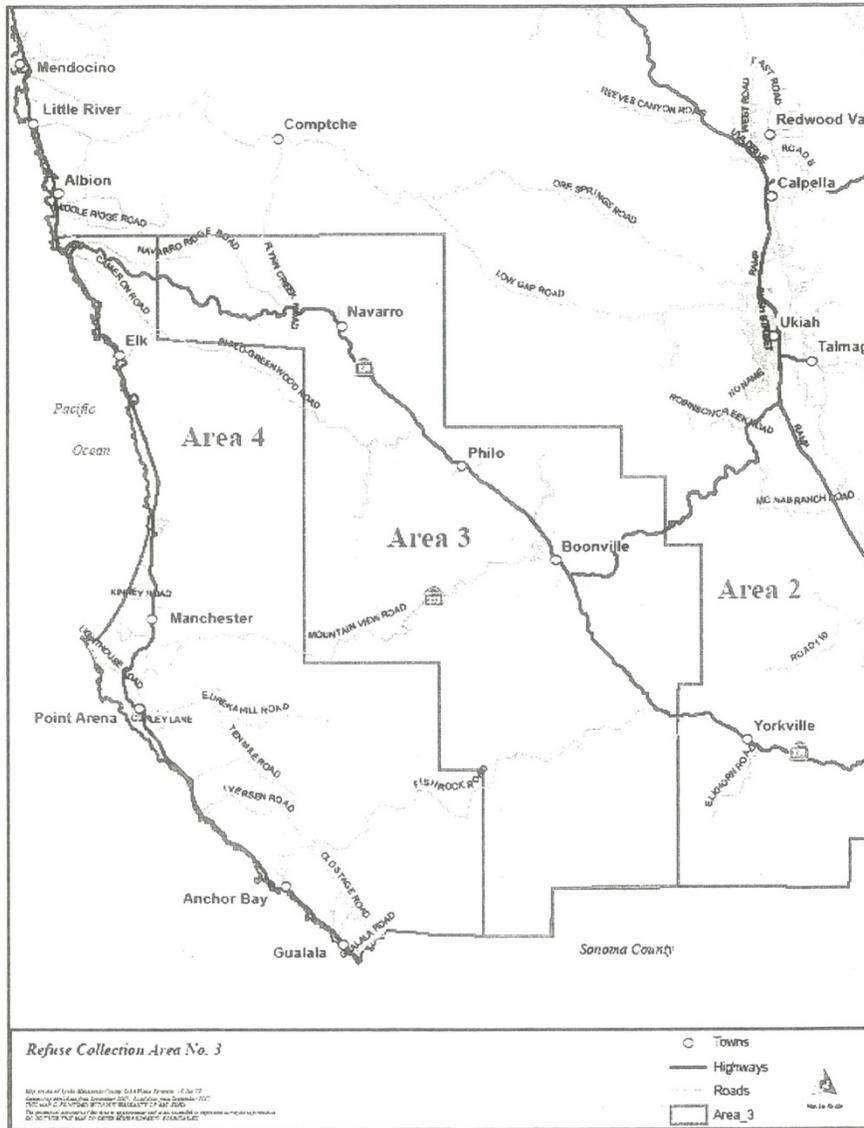
Cold Creek Compost, Inc.

Gerald W. Ward, President
Solid Wastes of Willits, Inc.
P.O. Box 1425
Willits, CA 95490

Martin Mileck, President
Cold Creek Compost Inc.
6000 Potter Valley Road
Ukiah, CA 95482

Date: _____

Date: _____



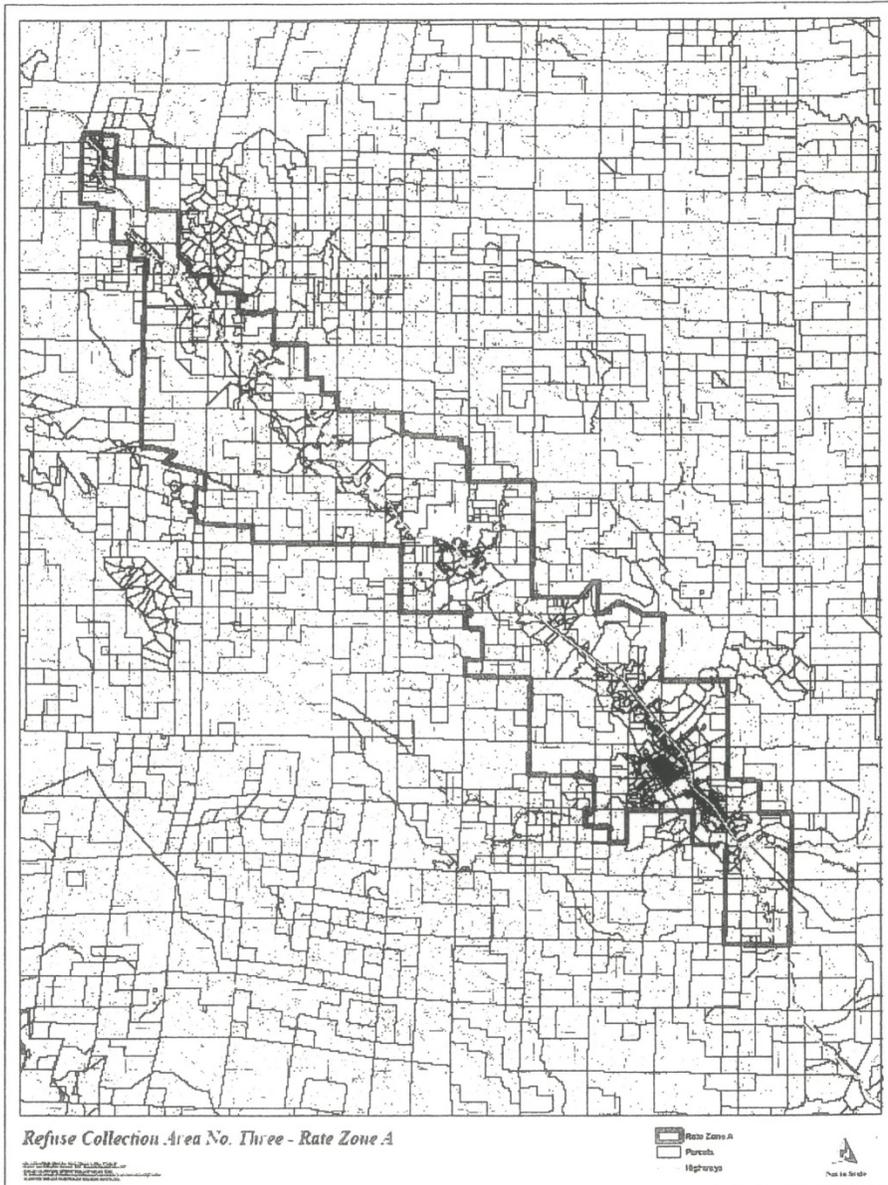


EXHIBIT F
SCHEDULE FOR LIQUIDATED DAMAGES

Grantee may be assessed Liquidated Damages if Grantee fails to fulfill its obligations with regards to the events listed in this Exhibit in accordance with the terms and conditions of the Agreement with regards to the time frame for accomplishing each event and nature of the responsibility associated with the event unless otherwise stated in this Exhibit.

COLLECTION RELIABILITY

1.	Maintain Collection Schedule. For each failure over 5 during any Rate Period to Collect from all Customers on a route on the scheduled day (unless non-collection was warranted pursuant to this Agreement)	\$12.50/ Container
2.	Start New Customer. For each failure over 10 during Rate Period to commence service to a new Customer within 7 calendar days after order received and account number established	\$75/ event

COLLECTION QUALITY

3.	Leaks, Litter or Spills. For each occurrence over 10 during the Rate Period of unreasonable leaks, litter, or spills of Solid Waste, Mixed Organic Waste or Recyclable Materials near Containers or on public streets and failure to pick up or clean up such material immediately	\$150/ event
4.	Improper Container Placement. For each occurrence over 20 during the Rate Period of failure to replace Containers in original position, upright, with lids attached to or on Carts or Bins	\$75/ event
5.	Care of Private Property. For each failure over 24 during the Rate Period of not closing a Customer's gate, crossing planted areas, or damaging private property (including private vehicles)	\$150/ event
6.	Unauthorized Collection. For each occurrence over 10 the during Rate Period of Collecting Solid Waste and Recyclable Materials during unauthorized hours	\$300/ event
7.	Excessive Noise. For each occurrence over 12 during the Rate Period of excessive noise	\$150/ event
8.	Non-Collection Tags. For each failure over 12 during the Rate Period of not tagging Containers which have not been Collected explaining the reason for non-Collection	\$75/ event
9.	Cleaning Collection Vehicles. For each occurrence over 12 during the Rate Period of failure to clean Collection vehicles at least one time per week	\$75/ event
10.	Discourteous Behavior. For each occurrence of discourteous behavior by Collection vehicle personnel, Customer service personnel, or other employees of Grantee	\$250/ event

CUSTOMER SERVICE RESPONSIVENESS

11.	Call Returns. Failure to return 95 percent of calls received before noon of the following business day	\$250/ quarter
-----	---	----------------

REPORTING AND NOTICING

12.	Monthly Reports. Failure to submit monthly report (as described in Section 14.H) in the time frame specified in Section 14.L of this Agreement	\$50/ day report is overdue
13.	Annual Reports. Failure to submit annual reports (as described in Sections 14.I through 14.K) in the timeframe specified in Section 14.L of this Agreement.	\$150/ day report is overdue
14.	Report Hazardous Waste. For each failure to notify the appropriate authorities of known reportable quantities of Hazardous Waste within one business day.	\$250/ event

PUBLIC EDUCATION

15.	Failure to prepare and distribute to residents door hanger, flyer or mailer to Customers regarding their specific Collection day and observed Holiday's	\$75/ day for each day until mailer is sent
16.	Failure to prepare and mail annual newsletter to all residents by the end of each Rate Period	\$75/ day for each day until mailer is sent

BILLING

17	Failure to correctly bill a customer at the approved rate for the service	\$25 per occurrence

OTHER

18	Disposal of Recyclables. For each ton of Recyclable Materials <u>or Mixed Organic Waste</u> Disposed of without written approval of the County <u>City</u>	\$250/ ton
19	Use of Unauthorized Facilities. For each ton of Solid Waste, <u>Mixed Organic Waste</u> or Recyclable Materials Disposed or Processed at a facility not approved for use under the provisions of this Agreement	\$250/ ton
20	Failure of Other Obligations. Failure to perform any of the obligations set forth in this Agreement not specifically stated above and not corrected or proceeding in good faith to correct within 24 hours upon 24 hour notification by County <u>City</u> :	\$150/ for each obligation per day until obligation is performed

In placing initials at the places provided, each party specifically confirms the accuracy of the statements made above and the fact that each party has had many opportunities to consult with legal counsel and obtain an explanation of liquidated damage provisions of the time that the Agreement was made.

CountyCity Initial Here: _____ ————— Grantee

SWOW EXCEPTIONS TO DRAFT FRANCHISE CONTRACT

Analysis by Mike Sweeney, MSWMA General Manager

EXCEPTION #1 – Section 2(E): Remove reference to Cold Creek Compost and merely state: “A Mixed Organic Waste Processing Facility used by Grantee and approved by the City.”

DISCUSSION: The initial compost facility should be named, just as are the disposal facility and the recycling processing facility. This doesn’t preclude a change in composting facility in the future if the City consents. The City has no assurance that SWOW will actually use Cold Creek Compost until a detailed contract has been signed, either between SWOW and Cold Creek or between the City and Cold Creek. Besides the charge per ton, important issues include term, levels of contamination, backhaul of trash residuals, insurance, and indemnification. If the City wants assurances that the mixed organic waste program will actually begin, a detailed contract must be executed along with the franchise contract.

EXCEPTION #2 – Section 4(A)(3): SWOW wants franchise contract to be automatically extended for 10 years UNLESS the City gives written notice of non-renewal between 3 and 1 years prior to termination date.

DISCUSSION: This provision could cause the agreement to last for 25 years, rather than 15, without the City’s consent. As a small city with few staff, it is entirely possible that the requirement to issue a notice 1-3 years before the termination date could be overlooked by the City. This could easily have occurred last year unless MSWMA had alerted the City to the same language in the current contract. The contract should expire in 15 years unless the City, at its sole discretion, pro-actively exercises its option to extend. That language will motivate SWOW to alert the City to the notice deadline, if SWOW wants the contract extended.

EXCEPTION #3 – Section 5(F) and Exhibit A: SWOW wants recycling collection to remain every-other-week.

DISCUSSION: Trash and Mixed Organic Waste will be collected every week. If Willits keeps recycling every-other-week, it will be the only city in Mendocino County to do so (even tiny Point Arena has it). The urbanized areas of the unincorporated county also have weekly recycling pickup. Weekly pickup is a major convenience to the customers who otherwise may forget which week allows recycling set-out. This can result in recycling carts and bins becoming full, leaving no place for additional recyclables to go except the trash cart. Therefore the City’s diversion is reduced. The additional cost to SWOW of weekly recycling pickup is small because customers only set out their blue cart when it is full or nearly full, so the total number of “stops” on the recycling route won’t change much from current conditions. Given the major financial concessions to SWOW in the proposed contract, requiring this additional level of service to the customers is reasonable.

EXCEPTION #4 – Section 11: SWOW wants additional language “The City shall take reasonable steps to protect the property rights of Grantee in the material placed in Grantee-provided Containers by the Generator.”

DISCUSSION: This is about theft of recyclables from the blue carts. Yes, City police should act against thieves, particularly organized gangs, and there hasn’t been any allegation by SWOW that the police have ignored complaints. SWOW’s proposed language is over-broad and the franchise contract isn’t the place to impose priorities on the police department.

EXCEPTION #5 – Section 13: SWOW wants the following language changed to delete “or an independent financial audit report:” “Grantee shall, at its own expense, be required to annually provide the City with a copy of a compiled or reviewed financial statement, ~~or an independent financial audit report.~~ The audit report shall be prepared by a certified public accountant.”

DISCUSSION: SWOW complains about the high cost of a complete financial audit in which there are extensive professional requirements for the auditor to probe financial records. This is a reasonable request provided that the “reviewed financial statement” is reviewed by an independent accountant.

EXCEPTION #6 – Sections 15 C&D: For “Larger Rate Increases,” that is, exceptional increases greater than the regular CPI adjustments, SWOW wants the City’s option to require an “independent financial audit” replaced by a “financial report.”

DISCUSSION: The City must have the option of requiring a full independent audit to judge any extraordinary rate increase requests. In a very simple situation (e.g., worker’s compensation insurance cost triples) the City might be safe in waiving an audit, but in other scenarios there is no way for the City to discharge its fiduciary duty except by independent, qualified audit.

EXCEPTION #7 – Delete Exhibit E (Contract with Cold Creek Compost). SWOW states its willingness to use Cold Creek but wants no reference to Cold Creek in the franchise contract, for reasons which aren’t explained. SWOW also declines to proceed with negotiating a contract with Cold Creek at this time, per an email dated April 14, 2015.

DISCUSSION: See discussion concerning Exception #1 above. If SWOW is unwilling to execute a contract with Cold Creek Compost under terms acceptable to Cold Creek, the City could execute its own contract with Cold Creek that secured the gate fee, term, indemnification and other provisions. Then the City could exercise its authority to direct SWOW to Cold Creek, having assured that the terms were reasonable.

AGREEMENT FOR COMPOSTING SERVICES

This Agreement is made and entered into as of the latest date of execution between Solid Waste of Willits, Inc. (hereinafter, "SWOW"), a California Corporation, and Cold Creek Compost, Inc. (hereinafter, "Cold Creek"), a California Corporation, who shall collectively be referred to as the "Parties."

1. The term of this Agreement shall be November 1, 2015 through December 31, 2022, unless amended in writing by the Parties.
2. Cold Creek warrants and represents that it operates a fully-permitted industrial compost facility at 6000 Potter Valley Road, Ukiah, CA 95482, which has capacity sufficient to perform its obligations hereunder and is subject to a valid ground lease on the facility which expires December 31, 2022. Any event pertaining to the potential interruption, termination, extension, or replacement of Cold Creek's ground lease shall be disclosed by Cold Creek in writing to SWOW and the City of Willits within 14 days of Cold Creek gaining knowledge of such event. Cold Creek shall maintain all-weather access to its facility for tractor-trailer configured vehicles.
3. SWOW acknowledges that it owns and operates a solid waste, recyclables and organics collection system, located in Willits, California, serving the City of Willits (hereinafter, "City") pursuant to an exclusive City Franchise Contract (hereinafter, "Franchise Contract").
4. Pursuant to the Franchise Contract, SWOW will collect mixed organic waste in carts and bins from residential and commercial customers including yard waste, food waste, food-contaminated paper, and miscellaneous paper not suitable for recycling as paper.
5. SWOW will perform all public information, monitoring, inspection and enforcement obligations set forth in the Franchise Contract to minimize contamination of the mixed organic waste collection by unacceptable materials.
6. SWOW shall deliver all mixed organic waste collections from residential and commercial customers within the City to Cold Creek. SWOW may deliver additional acceptable organic waste to Cold Creek at its discretion and under

the same payment terms as set forth herein. SWOW, at its discretion, may mix organic materials collected from City customers with other organic materials from other sources and deliver them together to Cold Creek, or deliver other organic materials from other sources separately. Cold Creek shall compost all organic waste materials into marketable finished compost.

7. The acceptable materials to be received in the mixed organic waste collections from City residential and commercial customers shall be specified in the Franchise Contract. Cold Creek will accept other organic waste that may be delivered by SWOW and the complete list of acceptable materials is: agricultural materials including, but not limited to manure and animal stall bedding, poultry mortalities, grape pomace, diatomaceous earth and culled fruit, green material including, but not limited to yard trimmings, brush, branches and stumps, wood materials including, but not limited to sawmill waste, source separated construction and demolition materials including sheetrock (nails, doorknobs, joist hangers OK), food materials including, but not limited to meat, fish, and dairy, soiled paper and waxed cardboard, fishery waste, grease trap waste, pet feces and cat litter, liquid wastes including, but not limited to wine lees, olive sludge, brewery waste, and pond sludge.
8. Any unacceptable materials delivered by SWOW to Cold Creek shall be disposed of by Cold Creek either by backhaul by SWOW to SWOW's own solid waste disposal facility or by disposal by Cold Creek at any solid waste disposal site, with the disposal fees billed to SWOW. If a load is determined by Cold Creek upon initial inspection to be excessively contaminated to the extent that the cost of removing contaminants exceeds the value of the organic material, or to exceed the CalRecycle standard of no more than 1% contamination by weight, Cold Creek may reject the load at Cold Creek's sole discretion.
9. SWOW's deliveries of organic waste to Cold Creek shall be weighed at Cold Creek's truck scale to determine the net weight delivered. SWOW shall deliver in trucks with the capability to discharge their own load. Cold Creek may inspect each load prior to unloading.
10. SWOW shall pay Cold Creek \$21.00 per ton for organic waste delivered for the first two (2) years of this Agreement, and thereafter \$26.00 per ton for one (1) year, adjusted up or down on each subsequent January 1 by a percentage factor equal to 0.9 of the change of the All Urban Consumers

Consumer Price Index (CPI-U), all items, for the San Francisco-Oakland-San Jose, CA, Base Period 1982 – 1984 = 100, not seasonally adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics or its successor, and its value twelve months before.

11. Cold Creek will invoice SWOW weekly with payments due in 30 days. Any payments due from SWOW and not made within 30 days of receipt of the invoice shall incur additionally a 1.5% per month late charge.
12. Cold Creek shall be open for deliveries Monday through Friday, 7 a.m. to 3:30 p.m., and Saturday from 7 a.m. to 1 p.m., excluding the following holidays: Christmas, New Year's Day, Labor Day, Memorial Day, 4th of July, Thanksgiving Day.
13. Cold Creek, its heirs and assigns, agrees to indemnify, hold harmless and defend SWOW and the City of Willits, their officers, agents and employees from and against any/or all losses, damages, costs, charges, expenses, suits, actions, claims, judgments, liabilities, and attorney fees directly or indirectly, resulting from delivery and processing of all acceptable organic waste delivered to Cold Creek by SWOW, arising out of/or related to Cold Creek's leasehold, operation, remediation, closure or post closure of Cold Creek's facility.
14. Cold Creek shall comply with all applicable laws pertaining to the operation of its compost facility including closure and post closure obligations and any financial assurances. Upon request, Cold Creek shall provide SWOW with copies of any regulatory inspection reports on its operation.
15. Cold Creek shall maintain general liability insurance in an amount not less than \$2,000,000 per occurrence.
16. Either Party shall be relieved of its obligations hereunder for the duration of a Force Majeure or a Change in Law, if, as a result of a Force Majeure or a Change in Law, such party is unable to perform. A Force Majeure shall include only events outside of the Party's control and which are either Acts of God or the unforeseeable.

17. Cold Creek acknowledges and declares that the City of Willits is and will be the Third Party beneficiaries of this Agreement, included without limitation.
18. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of both parties to this Agreement.
19. The Parties stipulate and agree that any litigation relating to the enforcement or interpretation of this Agreement, arising out of either Parties' performance or relating in any way to the work, shall be brought in Superior Court in Mendocino County.
20. In the event legal action is instituted by either Party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney fees and actual costs in connection with such action.
21. This Agreement and amendments and supplemental agreements hereto may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands on the day and year indicated:

Solid Wastes of Willits, Inc.

Cold Creek Compost, Inc.

Gerald W. Ward, President
Solid Wastes of Willits, Inc.
P.O. Box 1425
Willits, CA 95490

Martin Mileck, President
Cold Creek Compost Inc.
6000 Potter Valley Road
Ukiah, CA 95482

Date: _____

Date: _____

CITY AGREEMENT FOR COMPOSTING SERVICES

This Agreement is made and entered into as of the latest date of execution between the City of Willits (hereinafter, "City"), a California General Law City, and Cold Creek Compost, Inc. (hereinafter, "Cold Creek"), a California Corporation, who shall collectively be referred to as the "Parties."

1. The term of this Agreement shall be November 1, 2015 through December 31, 2022, unless amended in writing by the Parties.
2. Cold Creek warrants and represents that it operates a fully-permitted industrial compost facility at 6000 Potter Valley Road, Ukiah, CA 95482, which has capacity sufficient to perform its obligations hereunder and is subject to a valid ground lease on the facility which expires December 31, 2022. Any event pertaining to the potential interruption, termination, extension, or replacement of Cold Creek's ground lease shall be disclosed by Cold Creek in writing to the City within 14 days of Cold Creek gaining knowledge of such event. Cold Creek shall maintain all-weather access to its facility for tractor-trailer configured vehicles.
3. City provides for a green waste collection program under its exclusive City Solid Waste Franchise Contract (hereinafter, "Franchise Contract") and may expand it to add food waste, food-contaminated paper, and miscellaneous paper not suitable for recycling, which shall all together with green waste be described as "Mixed Organic Waste."
4. Should City elect to exercise its authority to designate Cold Creek as the destination for processing of Mixed Organic Waste collected by City's exclusive solid waste franchise contractor (hereinafter, "City's Franchisee"), Cold Creek agrees to accept the City's Mixed Organic Waste under the terms and conditions set forth herein. Any designation by City of Cold Creek as destination shall continue in effect for the duration of this Agreement, provided that Cold Creek performs its obligations stated herein.
5. City shall provide, either through the Franchise Contract or other means, all public information, monitoring, inspection and enforcement functions to minimize contamination of the Mixed Organic Waste by unacceptable materials deposited by customers in collection containers.

6. Cold Creek shall compost all City Mixed Organic Waste into marketable finished compost.
7. The acceptable materials to be received in the Mixed Organic Waste collections from City residential and commercial customers are described in Paragraph (3) above. Cold Creek will accept other organic waste that may be delivered by the City's Franchisee and the complete list of acceptable materials is: agricultural materials including, but not limited to manure and animal stall bedding, poultry mortalities, grape pomace, diatomaceous earth and culled fruit, green material including, but not limited to yard trimmings, brush, branches and stumps, wood materials including, but not limited to sawmill waste, source separated construction and demolition materials including sheetrock (nails, doorknobs, joist hangers OK), food materials including, but not limited to meat, fish, and dairy, soiled paper and waxed cardboard, fishery waste, grease trap waste, pet feces and cat litter, liquid wastes including, but not limited to wine lees, olive sludge, brewery waste, and pond sludge.
8. Any unacceptable materials delivered by City's Franchisee to Cold Creek shall be disposed of by Cold Creek either by backhaul by City's Franchisee to City Franchisee's own solid waste disposal facility or by disposal by Cold Creek at any solid waste disposal site, with the disposal fees billed to City's Franchisee. If a load is determined by Cold Creek upon initial inspection to be excessively contaminated to the extent that the cost of removing contaminants exceeds the value of the organic material, or to exceed the CalRecycle standard of no more than 1% contamination by weight, Cold Creek may reject the load at Cold Creek's sole discretion.
9. City Franchisee's deliveries of organic waste to Cold Creek shall be weighed at Cold Creek's truck scale to determine the net weight delivered. City Franchisee shall deliver in trucks with the capability to discharge their own load. Cold Creek may inspect each load prior to unloading.
10. Cold Creek shall charge City's Franchisee \$21.00 per ton for City's Mixed Organic Waste delivered for the first two (2) years of this Agreement, and thereafter \$26.00 per ton for one (1) year, adjusted up or down on each subsequent January 1 by a percentage factor equal to 0.9 of the change of the All Urban Consumers Consumer Price Index (CPI-U), all items, for the San Francisco-Oakland-San Jose, CA, Base Period 1982 – 1984 = 100, not seasonally

adjusted, compiled and published by the U.S. Department of Labor, Bureau of Labor Statistics or its successor, and its value twelve months before.

11. Cold Creek will invoice City's Franchisee weekly with payments due in 30 days. Any payments due from City's Franchisee and not made within 30 days of receipt of the invoice shall incur additionally a 1.5% per month late charge. Failure of City's Franchisee to pay charges due to Cold Creek within 90 days of invoicing shall constitute good cause for Cold Creek, at Cold Creek's sole discretion, to refuse additional deliveries. City shall incur no obligation to pay Cold Creek for charges, costs or penalties incurred by City's Franchisee unless City consents in writing to pay such charges.
12. Cold Creek shall be open for deliveries Monday through Friday, 7 a.m. to 3:30 p.m., and Saturday from 7 a.m. to 1 p.m., excluding the following holidays: Christmas, New Year's Day, Labor Day, Memorial Day, 4th of July, Thanksgiving Day.
13. Cold Creek, its heirs and assigns, agrees to indemnify, hold harmless and defend City and City's Franchisee, their officers, agents and employees from and against any/or all losses, damages, costs, charges, expenses, suits, actions, claims, judgments, liabilities, and attorney fees directly or indirectly, resulting from delivery and processing of all acceptable Mixed Organic Waste delivered to Cold Creek by City's Franchisee, arising out of/or related to Cold Creek's leasehold, operation, remediation, closure or post closure of Cold Creek's facility.
14. Cold Creek shall comply with all applicable laws pertaining to the operation of its compost facility including closure and post closure obligations and any financial assurances. Upon request, Cold Creek shall provide City with copies of any regulatory inspection reports on its operation.
15. Cold Creek shall maintain general liability insurance in an amount not less than \$2,000,000 per occurrence, naming City and City's Franchisee as additional insured.
16. Either Party shall be relieved of its obligations hereunder for the duration of a Force Majeure or a Change in Law, if, as a result of a Force Majeure or a Change in Law, such party is unable to perform. A Force Majeure shall include only

events outside of the Party's control and which are either Acts of God or the unforeseeable.

17. Cold Creek acknowledges and declares that the City's Franchisee is and will be the Third Party beneficiaries of this Agreement, included without limitation.
18. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by a duly authorized representative of both parties to this Agreement.
19. The Parties stipulate and agree that any litigation relating to the enforcement or interpretation of this Agreement, arising out of either Parties' performance or relating in any way to the work, shall be brought in Superior Court in Mendocino County.
20. In the event legal action is instituted by either Party to enforce this Agreement, the prevailing party shall be entitled to reasonable attorney fees and actual costs in connection with such action.
21. This Agreement and amendments and supplemental agreements hereto may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands on the day and year indicated:

City of Willits
111 E. Commercial Street
Willits, CA 95490

Cold Creek Compost Inc.
6000 Potter Valley Road
Ukiah, CA 95482

Bruce Burton, Mayor

Martin Mileck, President

Date: _____

Date: _____

Attest:

Approved as to form:

City Clerk

City Attorney

**AGREEMENT TO EXTEND THE TERM OF AND AMEND THE AGREEMENT
FOR TRANSFER STATION OPERATION AND
SOLID WASTE TRANSPORTATION AND DISPOSAL
BETWEEN THE CITY OF WILLITS
AND SOLID WASTES OF WILLITS, INC.**

This Agreement to amend the Transfer Station Operation and Solid Waste Transportation and Disposal is made this ____ day of _____, 2015 at Willits, California by Solid Wastes of Willits, Inc., (hereinafter “CONTRACTOR”) and the City of Willits (hereinafter “CITY”).

WHEREAS, in February and March, 2000, CONTRACTOR and CITY and other parties executed the Agreement for Transfer Station Operation and Solid Waste Transportation and Disposal (hereinafter, “Original Transfer Station Agreement”) for the Willits Solid Waste Transfer Station and Recycling Center (hereinafter “SWTS”); and

WHEREAS, the Original Transfer Station Agreement will expire on December 3, 2015; and

WHEREAS, CITY has granted CONTRACTOR a new Franchise Agreement for Solid Waste Collection within the CITY; and

WHEREAS, in consideration for, and contingent upon, the aforementioned Franchise Agreement being formally approved and executed by both CITY and CONTRACTOR, CITY AND CONTRACTOR agree to extend and amend the Original Transfer Station Agreement with **an new** expiration date of December 3, 2030, as set forth herein, to constitute a new agreement (hereinafter, “New Transfer Station Agreement”).

NOW, THEREFORE, for valuable and mutual consideration, it is agreed as follows:

1. CITY and CONTRACTOR hereby enter into a New Transfer Station Agreement that shall have the same terms and conditions of the Original Transfer Station Agreement except as follows:
 - A. **“CITY shall generally replace “Agencies”** insofar as the New Transfer Station Agreement shall be between only CONTRACTOR and CITY, and shall not include COUNTY and City of **Willits Fort Bragg** as parties. Any reference to the County of Mendocino and the City of Fort Bragg shall be inoperable.
 - B. Article 4, “Waste Flow to Transfer Station” shall be amended to include, and defined as **“Waste Flow only from the incorporated area city limits** of the City of Willits collected by CITY Franchise hauler.”
 - C. The Construction Cost Component of the gate fee, currently \$2.55 per ton, shall expire on December 3, 2015, and **the gate fee in effect at that date** shall be reduced by this amount.

D. The initial term of the New Transfer Station Contract shall be December 3, 2015 to December 3, 2030, and will run concurrently with the CONTRACTOR'S Franchise Agreement, including extensions of that agreement, if any.

2. All other terms and conditions of the New Transfer Station Agreement shall be the same as the Original Transfer Station Agreement. CONTRACTOR and CITY mutually state their intention to produce a correct and updated text for the New Transfer Station Agreement, incorporating all amendments made since its original execution, and consider in good faith future amendments to the Transfer Station Agreement in concert with the County of Mendocino and City of Fort Bragg, which ~~also possess~~ are party to a separate agreement for use of the SWTS.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands on the day and year this Agreement first above written.

CONTRACTOR:

CITY OF WILLITS

Gerald W. Ward, President
Solid Wastes of Willits, Inc.

Bruce Burton, Mayor

Date: _____

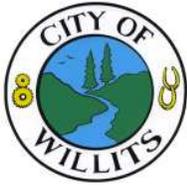
Date: _____

Approved as to Form:

Attest:

City Attorney

City Clerk



111 E. COMMERCIAL STREET
WILLITS, CALIFORNIA 95490
(707) 459-4601 TEL
(707) 459-1562 FAX

**WILLITS CITY COUNCIL
COUNCIL GOAL-SETTING WORKSHOP
SATURDAY, MARCH 28, 2015**

Mayor Burton called the meeting of the City Council to order at 9:10 a.m., in the Great Room at the Willits Cultural Art Center.

Roll Call: Councilmembers Larry Stranske, Madge Strong (Absent), Holly Madrigal, Ron Orenstein, and Mayor Brue Burton were present.

Also present were City staff members: Adrienne Moore, City Manager; Gerry Gonzalez, Police Chief; Rod Wilburn, Public Works Director; Susie Holmes, Finance Director/City Treasurer; Cathy Sanders, Deputy City Clerk.

Welcome and introduction of Bill Statler and Mike Multari, The HSM Team.

GOAL-SETTING WORKSHOP

In providing direction for preparation of the 2015-16 Budget, the City Council set 12 goals and organized into three priority categories: major City goals; other important objectives; and address as resources permit.

- ❶ **Major City Goals.** These represent the most important, highest priority goals for the City to accomplish over the next two years, and as such, resources to accomplish them should be included in the 2015-16 Budget. Detailed work programs will be prepared for all Major City Goals and presented in the Preliminary Budget. The City Manager must provide compelling reasons and justification if resources could not be made available in the Preliminary Budget to achieve Major City Goals.
- ❷ **Other Important Objectives.** Goals in this category are important for the City to accomplish, and resources should be made available in the 2015-2016 Budget if at all possible.
- ❸ **Address as Resources Permit.** While it is desirable to achieve these goals over the next two years, doing so is subject to current resource availability.

FISCAL INTEGRITY: FUNDAMENTAL FOUNDATION

In considering top priorities for the next two years, the Council adopted the following overarching goal:

Maintaining the City's fiscal integrity is fundamental to the City's mission and is an overarching goal that is the foundation of all other goals.

The goals set by the Council are presented below organized by priority category.

RECESS: 10:40 – 11:20 A.M.

❶ MAJOR CITY GOALS

Planning for “Post Bypass” Willits. Develop and begin implementing a comprehensive public improvement and economic development plan anticipating changes when the bypass is completed, focusing first on Main Street and downtown but eventually considering other areas of the City; identify the scope of improvements Caltrans will implement with the relinquishment of Main Street; assess the likely effects of decreased traffic on businesses (and tax revenue); continue working with the Main Street Merchants group and the Chamber of Commerce; work with Caltrans and property owners near bypass interchanges to site, design and install signage informing travelers of Willits services, events and the convenience of access; and identify specific projects for improving the streetscape, circulation, public safety and infrastructure, as well as possible business assistance programs.

Water Security: Water Supply, Infrastructure and Conservation. Complete the Emergency System and the environmental assessment for its full integration into the city water system; forecast future water demand; identify existing supply capacity and assess possible additional supply options; identify and implement measures to protect the Little Lake aquifer from over use or encroachment by outside agencies. Implement high priority infrastructure projects including the Main Street water line and 3,000,000 gallon tank relining. Concurrently, develop and implement a comprehensive water conservation program for residents and businesses, and assess the feasibility of City-sponsored programs related to water efficiency.

Brown's Corner Intersection Improvements. Continue working with Caltrans to design and implement improvements to the Brown's Corner intersection, including the possibility of a round-about.

❷ OTHER IMPORTANT OBJECTIVES

Comprehensive of Assessment of Circulation Needs. Assess circulation needs, including for instance: the Baechtel Road/Railroad connection and westside north/south connection, etc.

Assess the Formation of a New Parks and Recreation Special District. Prepare an assessment of the requirements and process for forming a new special district extending beyond the city limits that would help fund improvements, maintenance and management of a variety of recreation and related facilities and services; if deemed desirable and feasible, identify the City's possible roles in facilitating formation of such a district.

Job Retention and Creation. Prepare an economic development plan for retaining and attracting job-creating businesses appropriate to Willits; consider specifically appropriate and adequate zoning, permit expediting and the City's possible role in supporting entrepreneurial mentoring and financing for start-ups and expansions.

Bicycle and Pedestrian Trail System. Review the bicycle and pedestrian master plan and update to assess appropriate public access to the City-owned watershed lands as well as connections to the wastewater plant site; apply for additional transportation-related grants for the railroad right-of-way and other locations; the plan update should include specific implementation projects and coordination with other agencies.

❸ ADDRESS AS RESOURCES PERMIT

Organizational Assessment. Continue to evaluate the City's organizational needs balanced within the City's budget in order to improve both efficiency and delivery of services; consider hiring a grants staff person or contractor to more effectively identify and apply for extra-local funding for City projects and programs.

Support Completion of the Bypass. Support the bypass project and work to ensure that the potential benefits to the local community from this project are realized to the maximum extent possible.

Planning for a Well-Rounded Community. Identify those City services – in addition to police, water, wastewater and public works – that contribute to the quality of life for families, businesses and their employees, seniors and others; develop a plan for identifying priorities and for realistically providing for such services within the City’s financial and staffing capacities. (Note: see proposed goal re: new parks and recreation special district that seeks to examine the feasibility of an extra-local funding source for some of these services.)

Emergency Planning and Stockpiling of Essential Supplies. Continue to work with the relevant public agencies involved in emergency planning and preparedness; assess the City’s possible roles in supporting the stockpiling of food and other supplies in case of natural disasters or other emergencies.

Community Energy Self-Sufficiency. Conduct an energy audit of City-owned facilities and identify opportunities for feasible improvements for both efficiency and solar technologies; work with public utility companies to develop a public information program for energy conservation; investigate the scope and costs of a public information program for both residents and businesses encouraging clean energy options, including solar.

NEXT STEPS

As part of the Preliminary Budget, which will be issued in May 2015, the Council will consider detailed work programs for each of the Major City Goals in order to:

- Define and scope the adopted goal.
- Ensure that there is a clear understanding of the goal so appropriate resources are allocated, and progress can be measured in achieving it.

This is especially important in the case of objectives where fully achieving the goal is likely to extend beyond the one-year Budget and two-year goal setting period. However, the City can measure progress and success in accomplishing the goal by clearly defining the specific actions it plans to take over the next two years; and its resource allocation over the coming year via the budget process.

The work program for each Major City Goal should discuss the existing situation; work already completed to-date on the goal; challenges the City is likely to face in achieving the goal; key stakeholders and assumptions; an “action plan” detailing specific tasks and due dates over the next two years; and the financial and staff resources that will be required to accomplish these tasks.

Formal approval of the Major City Goal work programs will occur with budget adoption in June 2015. Accordingly, it is important to stress that goals identified at the March 28, 2015 workshop reflect the start of the budget process, not the end. They are subject to change during that process and even afterwards as progress is reported.

PUBLIC COMMENT

Ron Moorhead thanked the City for hold another workshop, stating that this process is beneficial to the community. Mr. Moorhead also mentioned that at one time the City was working on putting together a volunteer program, and what an asset it would be to both the City and our community. Mendocino County Board Supervisor, Tom Woodhouse commented that he sits on the Caltrans Board and is very committed to seeing changes at Brown’s Corner intersection.

Supervisor Woodhouse also commented on being proud of the City Council for making this workshop a positive experience, but is concerned that the City does not have a balanced budget. Linda Matz feels that water conservation, a grant writer and the possibility of adding a new tax for vacant buildings around town, are items that may be important to our community.

COUNCIL MEMBERS COMMENTS

Mayor Burton is looking for ways to generate revenue without a tax increase. Members of the City Council asked that quarterly updates be given on the progress of each goal, as well as work plans to be set for each of the other objectives. They also commented that the City needs to stay focused on its priorities.

Mayor Burton declared the meeting adjourned at 11:47 a.m.

BRUCE BURTON, Mayor

ATTEST:

CATHY SANDERS, Deputy City Clerk

CITY OF WILLITS
WILLITS, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Willits
Willits, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Willits, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Willits' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to City of Willits' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Willits' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and, where applicable, cash flows of City of Willits, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-11) and the required supplemental information (pages 46-47), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of City of Willits' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 31, 2015

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

This discussion and analysis of City of Willits' financial activities and performance provides an overview for the fiscal year ended June 30, 2014. Please read this in conjunction with City of Willits' financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statements

The Government-wide Statement of Net Position appearing as the first statement of the Basic Financial Statements and summarized in the Management's Discussion and Analysis shows City of Willits' (the City's) total assets to be \$55,240,270, total liabilities to be \$27,574,733 and total net position to be \$27,665,537.

The City's net capital assets, net of related debt, totaled \$22,131,685 at June 30, 2014. This amount represents capital assets net of the related debt to acquire the capital assets. As a "small" City under the definition of Governmental Accounting Standards Board Statement No. 34 (GASB No. 34), the City is not required to report, and has not reported, infrastructure (i.e. streets, streetlights, sidewalks, etc.) assets acquired prior to June 30, 2003 in accounting for capital assets.

The City's long-term debt (including current portion) totaled \$26,484,969 as of June 30, 2014. This amount includes the 2011 Waste Water USDA Loan and other items reported in previous years in the General Long-Term Debt column, capital leases, and accrued compensated absences, as well as debt related to business-type activities (see Note 5 of the financial statements).

Governmental Funds Financial Statements

At June 30, 2014, Governmental Fund balances totaled \$4,371,688, an increase of \$125,835 from June 30, 2013. This increase is primarily due to the timing of reimbursements in the Long Term Discharge and Regional Transportation Improvement Funds. The detailed components of revenues and expenditures can be found in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances.

The core operations of the City are accounted for in the General Fund, and the General Fund balance is a key measure of the financial health of the City. As of June 30, 2014, the General Fund balance was \$1,999,156, a decrease of \$160,925 from the July 1, 2013 balance of \$2,160,081.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Basic Financial Statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or diminishing.

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The Statement of Activities presents information that shows how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event causing the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses may be reported in this statement for some items that will result in cash flows in future fiscal periods, such as property taxes assessed but not collected by June 30 and interest expenses accrued but not paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of government entities can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and balances of these resources available for spending. This information may be useful in evaluating a government's short-term financing requirements. Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Funds Financial Statements.

The City maintains numerous individual governmental funds, which for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). Funds with expenditures exceeding 10% of the total expenditures for all governmental funds, or meet other specific criteria for determining their importance to the financial statement user, are designated Major Funds and are reported separately in the governmental funds statements. All other funds are grouped together as Non-Major Funds for reporting purposes. The City's Major governmental funds are:

- General Fund
- Sales Tax Transportation Improvement

All of the City's Enterprise Funds are reported as Major Funds.

Proprietary Funds

Proprietary funds generally account for services for which customer fees are intended to finance the costs of operations and can include enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary Funds Financial Statements are prepared on the full accrual basis, as in the past, and include all of their assets and liabilities, current and long-term.

The City does not have any internal service funds.

Fiduciary Funds

Fiduciary Statements are used to account for resources held for the benefit of parties outside of the reporting government for which the City acts solely as agent. These statements are separate from, and their balances are excluded from, the City's financial statements.

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

Tables 1 and 2 focus on the City's Governmental Statement of Net Position and Statement of Activities, while Tables 3 and 4 focus on the City's Business-type Statement of Net Position and Statement of Activities.

Governmental Activities

Table 1
Governmental Net Position at June 30

	Governmental Activities 2014	Governmental Activities 2013
Current and other assets	\$ 4,706,704	\$ 4,629,751
Capital assets	505,323	511,490
Total assets	5,212,027	5,141,241
Long-term liabilities	21,114	41,683
Other liabilities	446,869	527,791
Total liabilities	467,983	569,474
Net position:		
Invested in capital assets, net of related debt	484,209	469,807
Restricted	300,003	303,382
Unrestricted	3,959,832	3,798,578
Total net position	\$ 4,744,044	\$ 4,571,767

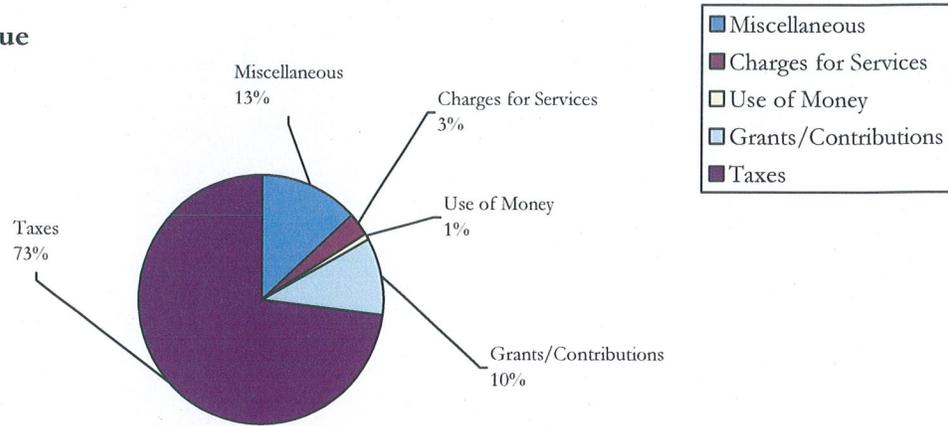
The City's governmental net position amounted to \$4,744,044 as of June 30, 2014, an increase of \$172,281 from 2013. This increase is the Change in Net Position in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net position as of June 30, 2014 comprised the following:

- Cash and investments were comprised of \$3,664,669 in the City treasury. Substantially all of these amounts were held in short-term investments in government securities, as detailed in Note 2 to the basic financial statements.
- Receivables were comprised of the following: \$1,038,020 current receivables, and \$4,015 of inventories.
- Capital assets were \$505,323 net of depreciation charges, which includes all the City's capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims, accrued liabilities, and other amounts currently due, totaled \$446,869.
- Long-term debt was \$21,114, of which \$6,114 is due in future years and \$15,000 is currently due.
- Net position invested in capital assets, net of related debt, was \$484,209, representing the City's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.

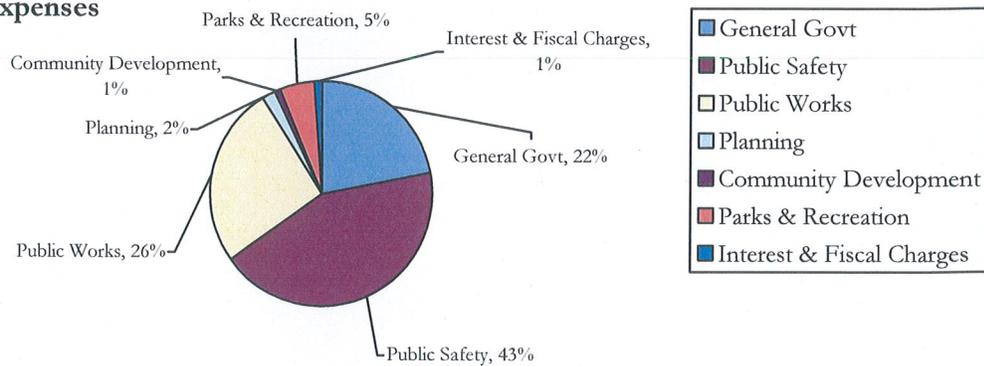
City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

- Restricted net position totaling \$300,003, which may be used only to construct specified capital projects or for debt service. The restrictions on these funds were placed there by outsiders and cannot be changed by the City.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$3,959,832 of unrestricted net position as of June 30, 2014.

Sources of Revenue



Functional Expenses



As the Sources of Revenue Chart above shows, \$4,094,337 or 73%, of the City's fiscal year 2014 governmental activities revenue came from taxes, while \$435,719 or 10%, came from grants and contributions, \$287,667, or 3%, came from charges for services, and the remainder came from a variety of sources, as shown above.

The Functional Expenses Chart above includes only current year expenses; it does not include capital outlays, which are now added to the City's capital assets. As the Chart shows, general government expenses are \$1,184,479, or 22%, of total government expenses, community development is \$79,589, or 1%, public safety is \$2,352,321 or 43%, public works is \$1,400,878, or 26%, parks and recreation is \$265,999, or 5%, and other governmental programs and functions are the remaining 3%.

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	<u>Governmental Activities 2014</u>	<u>Governmental Activities 2013</u>
<u>Expenses</u>		
General government	\$ 1,184,479	\$ 1,122,787
Public safety	2,352,321	2,388,238
Planning	129,193	126,145
Community development	79,589	66,746
Public works	1,400,878	2,629,251
Parks and recreation	265,999	237,428
Interest on long-term debt	<u>11,376</u>	<u>42,515</u>
Total expenses	<u>5,423,835</u>	<u>6,613,110</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	287,667	320,070
Operating grants and contributions	143,793	62,871
Capital grants and contributions	<u>291,926</u>	<u>536,992</u>
Total program revenues	<u>723,386</u>	<u>919,933</u>
General revenues:		
Taxes	4,094,337	3,931,625
Use of money and property	31,898	16,033
Other revenues and transfers	746,495	1,948,997
Extraordinary event	<u>-</u>	<u>4,059,061</u>
Total general revenues	<u>4,872,730</u>	<u>9,955,716</u>
Total revenues	<u>5,596,116</u>	<u>10,875,649</u>
Change in net position	<u>\$ 172,281</u>	<u>\$ 4,262,539</u>

As the Sources of Revenue Chart and Table 2 above show, \$723,386, or 13%, of the City's fiscal year 2014 governmental revenue, came from program revenues and \$4,872,730, or 87%, came from general revenues such as taxes and interest and transfers.

Program revenues were composed of charges for services of \$287,667, which includes permit revenues, fees and charges used to fund expenses incurred in providing services; \$143,793 of operating grants and contributions, which includes gas tax revenues and housing and police grants; and capital grants and contributions of \$291,926, that consist mainly of street project grants and developer impact fees restricted to capital outlay.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

Business-type Activities

The Statement of Net Position and Statement of Activities present a summary of the City's business-type activities that are composed of the City's enterprise funds.

Table 3
Business-Type Net Position at June 30

	Business-Type 2014	Business-Type 2013
Current and other assets	\$ 5,767,040	\$ 6,259,236
Capital assets	44,261,203	41,221,554
Total assets	50,028,243	47,480,790
Long-term debt outstanding	26,463,855	24,434,145
Other liabilities	642,895	448,115
Total liabilities	27,106,750	24,882,260
Net position:		
Invested in capital assets, net of debt	21,647,476	17,750,438
Restricted	2,158,681	2,396,222
Unrestricted	(884,664)	2,451,870
Total net position	\$ 22,921,493	\$ 22,598,530

Table 4
Changes in Business-Type Net Position

	Business-Type Activities 2014	Business-Type Activities 2013
<u>Expenses</u>		
Water	\$ 3,219,404	\$ 2,005,544
Sewer	3,443,048	1,973,945
Airport	85,522	96,329
Total expenses	6,747,974	4,075,818
<u>Revenues</u>		
Program revenues:		
Charges for services	5,220,625	5,189,670
Capital grants and contributions	-	10,000
Operating grants and contributions	1,803,554	1,457,209
Total program revenues	7,024,179	6,656,879
General revenues:		
Use of money and property	57,634	42,789
Other revenues and transfers	(10,876)	(1,210,401)
Total general revenues	46,758	(1,167,612)
Total revenues	7,070,937	5,489,267
Change in net position	\$ 322,963	\$ 1,413,449

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

Analyses of Major Funds

Governmental Funds

General Fund

General Fund revenues increased \$99,803 this fiscal year due primarily to increases in licenses and permits, charges for services and other revenue that offset decreases in taxes and intergovernmental revenue. Actual revenues were over budgeted amounts by \$31,258.

General Fund expenditures were \$4,233,430, an increase of \$28,017 from the prior year. Expenditures were \$248,757 less than budgeted.

As of June 30, 2014, the General Fund's fund balance totaled \$1,999,141. The unassigned portion of \$1,995,141 represents available liquid resources.

Sales Tax Transportation Improvement Fund

This fund is used to account for capital expenditures, maintenance, rehabilitation, reconstruction and construction of City streets and roads. The fund's fiscal year end fund balance was \$2,087,086.

Long-Term Discharge Project Fund

This fund is used to account for design and construction of the waste water treatment plant improvements.

Other Governmental Funds

These funds are not presented separately in the basic financial statements.

Proprietary Funds

Sewer Fund

The change in net position of the Sewer Fund resulted in a decrease of \$648,944 in fiscal year 2014. Operating revenues increased \$235,567 to \$2,765,529. Operating expenses increased \$783,992.

As of June 30, 2014, the fund's net position was \$14,418,797.

Water Fund

Operating revenues decreased \$210,975 to a total of \$2,399,540 in fiscal year 2014. Operating expenses increased \$1,346,090 to a total of \$3,166,755.

As a result the fund's net position increased \$989,493, to a new total of \$8,674,219.

CAPITAL ASSETS

GASB No. 34 requires the City to record all its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

In fiscal year 2014, the City reported the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2014 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 5 below:

Table 5
Capital Assets at Year-end

	Balance at June 30, 2014	Balance at June 30, 2013
<u>Governmental Activities</u>		
Land (not depreciated)	\$ 150,963	\$ 150,963
Buildings and improvements	1,650,020	1,650,020
Equipment	1,705,248	1,636,353
Less: accumulated depreciation	3,000,908	2,925,846
Governmental activity capital assets, net	\$ 505,323	\$ 511,490
<u>Business-type Activities</u>		
Land (not depreciated)	\$ 1,804,213	\$ 1,804,213
Buildings	7,695,901	7,695,901
Plant and equipment	8,988,680	8,988,680
Construction in progress (not depreciated)	31,675,576	27,306,436
Infrastructure	8,655,568	8,655,568
Less: accumulated depreciation	14,558,735	13,229,244
Business-type activity capital assets, net	\$ 41,261,203	\$ 41,221,554

Detail on capital assets, current year additions and construction in progress can be found in Note 4.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 4 to the basic financial statements.

City of Willits
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014

DEBT ADMINISTRATION

The City's debt issues are discussed in detail in Note 5 to the financial statements. As of June 30, 2014, the City's debt was comprised of the following:

Table 6
Outstanding Debt

	2014	2013
<u>Government Activity Debt:</u>		
Capital leases	\$ 21,114	\$ 41,683
Total Government Activity Debt	<u>\$ 21,114</u>	<u>\$ 41,683</u>
<u>Business-Type Activity Debt:</u>		
1994 Public Facilities Bonds, 2.5-5.1%, due 2015	\$ 340,000	\$ 665,000
1993 Sewer Bonds, 5.125%, due 2034	3,440,000	3,540,000
State Water Loan, 4%, due 2020	1,081,764	1,160,391
State Water Revolving Fund Loan	3,366,510	401,309
2007 Waste Water Sewer Loan A	8,405,500	8,515,500
2007 Waste Water Sewer Loan B	1,202,500	1,218,000
2011 Waste Water Bonds	7,920,000	8,049,000
Capital leases	223,950	323,218
Landfill post-closure	483,618	561,720
Total Business-Type Activity Debt	<u>\$ 26,463,842</u>	<u>\$ 24,434,138</u>

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

Overall, the City appears to be in a favorable position to continue attracting jobs, retail establishments, and new residents for the next several years. This will help increase and strengthen the City's tax base and increase the diversity of where those revenues are generated.

Next Year's Budget

- The City is faced with increases in the Public Employees Retirement Systems (PERS) and health insurance benefit costs.
- There are limited investment opportunities for idle cash reserves.

These factors were taken into consideration during the preparation of the City's budget for the fiscal year 2014-15.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this report should be directed to City of Willits, at 111 E. Commercial Street, Willits, CA 95490-3188.

City of Willits
STATEMENT OF NET POSITION
 June 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 3,664,669	\$ 2,789,916	\$ 6,454,585
Cash and investments with fiscal agent	-	1,858,959	1,858,959
Restricted cash and investments	-	299,722	299,722
Accounts receivable	1,038,020	793,164	1,831,184
Inventories	4,015	22,110	26,125
Prepaid items	-	3,169	3,169
Capital assets:			
Non-depreciable assets	150,963	33,479,789	33,630,752
Depreciable assets (net of depreciation)	<u>354,360</u>	<u>10,781,414</u>	<u>11,135,774</u>
Total assets	<u>5,212,027</u>	<u>50,028,243</u>	<u>55,240,270</u>
<u>LIABILITIES</u>			
Accounts payable	51,813	268,602	320,415
Accrued expenses	395,056	374,293	769,349
Long-term debt:			
Due within one year	15,000	973,196	988,196
Due in more than one year	<u>6,114</u>	<u>25,490,659</u>	<u>25,496,773</u>
Total liabilities	<u>467,983</u>	<u>27,106,750</u>	<u>27,574,733</u>
<u>NET POSITION</u>			
Investment in capital assets, net of related debt	484,209	21,647,476	22,131,685
Restricted	300,003	2,158,681	2,458,684
Unrestricted	<u>3,959,832</u>	<u>(884,664)</u>	<u>3,075,168</u>
Total net position	<u>\$ 4,744,044</u>	<u>\$ 22,921,493</u>	<u>\$ 27,665,537</u>

The accompanying notes are an integral part of these financial statements.

City of Willits
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
General government	\$ 1,184,479	\$ -	\$ -	\$ -	\$ (1,184,479)	\$ (1,184,479)
Public safety	2,352,321	26,677	143,793	-	(2,181,851)	(2,181,851)
Public works	1,400,878	209,549	-	291,926	(899,403)	(899,403)
Planning	129,193	3,300	-	-	(125,893)	(125,893)
Community services	79,589	-	-	-	(79,589)	(79,589)
Parks and recreation	265,999	48,141	-	-	(217,858)	(217,858)
Interest and fiscal charges	11,376	-	-	-	(11,376)	(11,376)
Total governmental activities	5,423,835	287,667	143,793	291,926	(4,700,449)	(4,700,449)
Business-type activities:						
Water	3,219,404	2,399,540	-	1,803,554	-	\$ 983,690
Sewer	3,443,048	2,761,405	-	-	-	(681,643)
Airport	85,522	59,680	-	-	-	(25,842)
Total business-type activities	6,747,974	5,220,625	-	1,803,554	-	276,205
Total	\$ 12,171,809	\$ 5,508,292	\$ 143,793	\$ 2,095,480	(4,700,449)	276,205
General revenues:						
Sales taxes					2,829,137	-
Property taxes					462,357	-
Gas taxes					172,628	-
Motor vehicle in lieu					403,267	-
Franchise taxes					226,948	-
Other revenues					731,495	4,124
Use of money and property					31,898	57,634
Transfers					15,000	(15,000)
Total general revenues					4,872,730	46,758
Change in net position					172,281	322,963
Net position beginning of period					4,571,763	22,598,530
Net position end of period					\$ 4,744,044	\$ 22,921,493

The accompanying notes are an integral part of these financial statements.

City of Willits
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014

	<u>General</u>	<u>Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,900,724	\$ 1,724,377	\$ 39,568	\$ 3,664,669
Accounts receivable	381,761	155,487	500,772	1,038,020
Due from other funds	-	210,485	-	210,485
Inventories	4,015	-	-	4,015
Total assets	<u>\$ 2,286,500</u>	<u>\$ 2,090,349</u>	<u>\$ 540,340</u>	<u>\$ 4,917,189</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 44,170	-	\$ 7,643	\$ 51,813
Leases payable	15,000	-	-	15,000
Accrued liabilities	228,174	3,263	36,766	268,203
Due to other funds	-	-	210,485	210,485
Total liabilities	<u>287,344</u>	<u>3,263</u>	<u>254,894</u>	<u>545,501</u>
<u>FUND BALANCES</u>				
Nonspendable	4,015	-	-	4,015
Restricted	-	-	300,003	300,003
Assigned for special projects	-	2,087,086	40,322	2,127,408
Unassigned	1,995,141	-	(54,879)	1,940,262
Total fund balances	<u>1,999,156</u>	<u>2,087,086</u>	<u>285,446</u>	<u>4,371,688</u>
Total liabilities and fund balances	<u>\$ 2,286,500</u>	<u>\$ 2,090,349</u>	<u>\$ 540,340</u>	<u>\$ 4,917,189</u>

The accompanying notes are an integral part of these financial statements.

City of Willits
 Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
 with the Governmental Activities
STATEMENT OF NET POSITION
 For the year ended June 30, 2014

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	4,371,688
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		505,323
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LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Leases payable (Modular Building)		(6,114)
Non-current portion of compensated absences		<u>(126,853)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>4,744,044</u>
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The accompanying notes are an integral part of these financial statements.

City of Willits
 GOVERNMENTAL FUNDS
STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
 For the year ended June 30, 2014

	<u>General</u>	<u>Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 2,767,620	\$ 927,141	\$ 161,955	\$ 3,856,716
Licenses and permits	436,497	-	-	436,497
Fines and forfeitures	10,698	-	15,979	26,677
Charges for services	51,441	-	10,673	62,114
Use of money and property	18,188	13,686	24	31,898
Intergovernmental revenue	143,793	-	291,926	435,719
Other revenues	703,041	-	28,454	731,495
Total revenues	<u>4,131,278</u>	<u>940,827</u>	<u>509,011</u>	<u>5,581,116</u>
Expenditures:				
Current:				
General government	1,081,801	-	90,168	1,171,969
Public safety	2,346,479	-	25,376	2,371,855
Public works	343,987	266,681	846,593	1,457,261
Planning	116,683	-	-	116,683
Community services	59,046	-	8,033	67,079
Parks and recreation	253,489	-	-	253,489
Debt service:				
Principal	20,569	-	-	20,569
Interest	11,376	-	-	11,376
Total expenditures	<u>4,233,430</u>	<u>266,681</u>	<u>970,170</u>	<u>5,470,281</u>
Excess (deficit) of revenues over (under) expenditures	<u>(102,152)</u>	<u>674,146</u>	<u>(461,159)</u>	<u>110,835</u>
Other financing sources (uses):				
Transfers in	15,000	-	876,914	891,914
Transfers out	<u>(73,773)</u>	<u>(803,141)</u>	<u>-</u>	<u>(876,914)</u>
Total other financing sources (uses)	<u>(58,773)</u>	<u>(803,141)</u>	<u>876,914</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES	(160,925)	(128,995)	415,755	125,835
Fund balances, beginning of period	<u>2,160,081</u>	<u>2,216,081</u>	<u>(130,309)</u>	<u>4,245,853</u>
Fund balances, end of period	<u>\$ 1,999,156</u>	<u>\$ 2,087,086</u>	<u>\$ 285,446</u>	<u>\$ 4,371,688</u>

The accompanying notes are an integral part of these financial statements.

City of Willits
 Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
STATEMENT OF ACTIVITIES
 For the year ended June 30, 2014

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	125,835
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance		68,895
Depreciation expense is deducted from the fund balance		(75,062)

LONG-TERM DEBT PROCEEDS AND PAYMENT

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance		20,569
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change):

Long-term compensated absences		32,044
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	172,281
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The accompanying notes are an integral part of these financial statements.

City of Willits
 PROPRIETARY FUNDS
STATEMENT OF NET POSITION
 June 30, 2014

	Business-type Activities				Totals
	Enterprise Funds				
	Sewer	Water	Solid Waste	Airport	
<u>ASSETS</u>					
Current assets:					
Cash and investments	\$ 1,031,928	\$ 1,634,784	\$ 108,955	\$ 14,249	\$ 2,789,916
Cash and investments with fiscal agent	1,327,913	531,046	-	-	1,858,959
Restricted cash and investments	244,022	55,700	-	-	299,722
Accounts receivable	135,543	656,446	-	1,175	793,164
Inventory	-	-	-	22,110	22,110
Prepaid items	-	-	-	3,169	3,169
Total current assets	<u>2,739,406</u>	<u>2,877,976</u>	<u>108,955</u>	<u>40,703</u>	<u>5,767,040</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	33,071,889	11,020,705	-	168,609	44,261,203
Total noncurrent assets	<u>33,071,889</u>	<u>11,020,705</u>	<u>-</u>	<u>168,609</u>	<u>44,261,203</u>
Total assets	<u>35,811,295</u>	<u>13,898,681</u>	<u>108,955</u>	<u>209,312</u>	<u>50,028,243</u>
<u>LIABILITIES</u>					
Current liabilities:					
Accounts payable	34,293	232,055	-	2,254	268,602
Accrued expenses	166,242	204,133	88	3,830	374,293
Current maturities of long-term debt:					
California Dept of Water Resources loan	-	165,686	-	-	165,686
USDA WWTP Loan	131,000	-	-	-	131,000
2011 USDA WWTP	133,000	-	-	-	133,000
1994 Public Facilities Corp bond	-	340,000	-	-	340,000
1993 Sewer bond	105,000	-	-	-	105,000
Capital lease	98,510	-	-	-	98,510
Total current liabilities	<u>668,045</u>	<u>941,874</u>	<u>88</u>	<u>6,084</u>	<u>1,616,091</u>
Long-term liabilities:					
California Dept of Water Resources loan	-	916,078	-	-	916,078
State Revolving Fund	-	3,366,510	-	-	3,366,510
2007 USDA WWTP Loan	9,477,000	-	-	-	9,477,000
2011 USDA WWTP	7,787,000	-	-	-	7,787,000
Landfill post closure	-	-	483,618	-	483,618
Capital Lease	125,452	-	-	-	125,452
1993 Sewer bond	3,335,001	-	-	-	3,335,001
Total noncurrent liabilities	<u>20,724,453</u>	<u>4,282,588</u>	<u>483,618</u>	<u>-</u>	<u>25,490,659</u>
Total liabilities	<u>21,392,498</u>	<u>5,224,462</u>	<u>483,706</u>	<u>6,084</u>	<u>27,106,750</u>
<u>NET POSITION</u>					
Invested in capital assets, net of related debt	11,879,926	9,598,941	-	168,609	21,647,476
Restricted	1,571,935	586,746	-	-	2,158,681
Unrestricted	966,936	(1,511,468)	(374,751)	34,619	(884,664)
Total net position	<u>\$ 14,418,797</u>	<u>\$ 8,674,219</u>	<u>\$ (374,751)</u>	<u>\$ 203,228</u>	<u>\$ 22,921,493</u>

The accompanying notes are an integral part of these financial statements.

City of Willits
 PROPRIETARY FUNDS
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION
 For the year ended June 30, 2014

	Sewer	Water	Solid Waste	Airport	Total
Operating revenues:					
Charges for services	\$ 2,761,405	\$ 2,399,540	\$ -	\$ 59,680	\$ 5,220,625
Other	4,124	-	-	-	4,124
Total operating revenues	<u>2,765,529</u>	<u>2,399,540</u>	<u>-</u>	<u>59,680</u>	<u>5,224,749</u>
Operating expenses:					
Administration	234,516	348,898	-	-	583,414
Operations	851,155	745,546	-	66,164	1,662,865
Maintenance	213,425	1,499,877	-	-	1,713,302
Engineering	89,893	176,435	-	-	266,328
Depreciation	980,700	329,434	-	19,358	1,329,492
Other	201,156	66,565	-	-	267,721
Total operating expenses	<u>2,570,845</u>	<u>3,166,755</u>	<u>-</u>	<u>85,522</u>	<u>5,823,122</u>
Operating income (loss)	<u>194,684</u>	<u>(767,215)</u>	<u>-</u>	<u>(25,842)</u>	<u>(598,373)</u>
Non-operating revenues (expenses):					
Intergovernmental	-	1,803,554	-	-	1,803,554
Interest income	28,575	20,803	8,236	20	57,634
Interest expense	(872,203)	(52,649)	-	-	(924,852)
Total non-operating revenues (expenses)	<u>(843,628)</u>	<u>1,771,708</u>	<u>8,236</u>	<u>20</u>	<u>936,336</u>
Income (Loss) before contributions and transfers	<u>(648,944)</u>	<u>1,004,493</u>	<u>8,236</u>	<u>(25,822)</u>	<u>337,963</u>
Transfers out	-	(15,000)	-	-	(15,000)
Change in net position	(648,944)	989,493	8,236	(25,822)	322,963
Net position, beginning of period	<u>15,067,741</u>	<u>7,684,726</u>	<u>(382,987)</u>	<u>229,050</u>	<u>22,598,530</u>
Net position, end of period	<u>\$ 14,418,797</u>	<u>\$ 8,674,219</u>	<u>\$ (374,751)</u>	<u>\$ 203,228</u>	<u>\$ 22,921,493</u>

The accompanying notes are an integral part of these financial statements.

City of Willits
 PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
 For the year ended June 30, 2014

	Solid				Total
	Sewer	Water	Waste	Airport	
Cash flows from operating activities:					
Receipts from customers	\$ 2,797,136	\$ 2,076,582	\$ -	\$ 58,513	\$ 4,932,231
Payments to suppliers	(973,644)	(2,299,288)	(375,932)	(66,572)	(3,715,436)
Payments to employees	(234,516)	(348,898)	-	-	(583,414)
Net cash provided (used) by operating activities	<u>1,588,976</u>	<u>(571,604)</u>	<u>(375,932)</u>	<u>(8,059)</u>	<u>633,381</u>
Cash flows from noncapital financing activities:					
Transfers	-	(15,000)	-	-	(15,000)
Intergovernmental revenue	-	1,803,554	-	-	1,803,554
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,788,554</u>	<u>-</u>	<u>-</u>	<u>1,788,554</u>
Cash flows from capital and related financing activities:					
Principal payments on capital debt	(453,758)	(403,633)	(78,101)	-	(935,492)
Debt proceeds	-	2,965,201	-	-	2,965,201
Interest paid on capital debt	(872,203)	(52,649)	-	-	(924,852)
Inventory	-	-	-	4,268	4,268
Acquisition of capital assets	(1)	(4,369,139)	-	(1)	(4,369,141)
Net cash provided (used) by capital and related financing activities	<u>(1,325,962)</u>	<u>(1,860,220)</u>	<u>(78,101)</u>	<u>4,267</u>	<u>(3,260,016)</u>
Cash flows from investing activities:					
Interest earned	28,575	20,803	8,236	24	57,638
Net cash provided by investing activities	<u>28,575</u>	<u>20,803</u>	<u>8,236</u>	<u>24</u>	<u>57,638</u>
Net increase (decrease) in cash and cash equivalents	291,589	(622,467)	(445,797)	(3,768)	(780,443)
Cash and cash equivalents - beginning of period	2,312,274	2,843,996	554,752	18,017	5,729,039
Cash and cash equivalents - end of period	<u>\$ 2,603,863</u>	<u>\$ 2,221,529</u>	<u>\$ 108,955</u>	<u>\$ 14,249</u>	<u>\$ 4,948,596</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:					
Operating income (loss)	\$ 194,684	\$ (767,215)	\$ -	\$ (25,842)	\$ (598,373)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	980,700	329,434	-	19,358	1,329,492
Amortization	-	-	-	-	-
Changes in certain assets and liabilities:					
Accounts receivable	31,607	(322,958)	-	(1,167)	(292,518)
Accrued expenses	8,170	14,891	(342)	2,470	25,189
Prepaid items	-	-	-	-	-
Due from/Due to other funds	371,185	-	(371,185)	-	-
Accounts payable	2,630	174,244	(4,405)	(2,878)	169,591
Total adjustments	<u>1,394,292</u>	<u>195,611</u>	<u>(375,932)</u>	<u>17,783</u>	<u>1,231,754</u>
Net cash provided (used) by operating activities	<u>\$ 1,588,976</u>	<u>\$ (571,604)</u>	<u>\$ (375,932)</u>	<u>\$ (8,059)</u>	<u>\$ 633,381</u>
Cash and investments					\$ 2,789,916
Cash and investments with fiscal agent					1,858,958
Restricted cash and investments					299,722
Total cash and cash equivalents					<u>\$ 4,948,596</u>

The accompanying notes are an integral part of these financial statements.

City of Willits
 FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2014

	Expendable Trust	Private Purpose Trust Fund	Agency Funds
<u>ASSETS</u>			
Cash and investments	\$ 484,622	\$ 1,155,765	\$ 83,236
Accounts receivable	1,632	182	2,549
Loans receivable	277,708	-	-
Total assets	763,962	1,155,947	\$ 85,785
 <u>LIABILITIES</u>			
Liabilities:			
Accounts payable	1,768	4,327	\$ 85,785
Due to City of Willits	-	299,723	-
Accrued interest payable	-	53,633	-
Long Term liabilities:			
Due within one year	-	200,000	-
Due in more than one year	-	3,210,000	-
Total liabilities	1,768	3,767,683	\$ 85,785
 <u>NET POSITION</u>			
Held in trust for successor agency and other purposes	762,194	(2,611,736)	
Total net position	\$ 762,194	\$ (2,611,736)	

City of Willits
 FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended June 30, 2014

	<u>Expendable Trust</u>
Additions:	
Use of money and property	\$ 6,964
Other revenue	196,847
Total additions	<u>203,811</u>
Deductions:	
Other services	31,866
Narcotics forfeiture	90,826
Total deductions	<u>122,692</u>
Change in net position	81,119
Net position, beginning of period	<u>681,075</u>
Net position, end of period	<u>\$ 762,194</u>

City of Willits
 FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended June 30, 2014

	<u>Private Purpose Trust Fund</u>
Additions:	
Taxes	\$ 635,842
Use of money and property	<u>937</u>
Total additions	<u>636,779</u>
Deductions:	
Project costs	50,053
Debt service:	
Interest	<u>167,292</u>
Total deductions	<u>217,345</u>
Change in net position	419,434
Net position, beginning of period	<u>(3,031,170)</u>
Net position, end of period	<u>\$ (2,611,736)</u>

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of City of Willits (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

A. Description of Financial Reporting Entity

The City is a general law City incorporated in the State of California. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); streets; drinking water; wastewater collection, treatment and disposal; public improvements, parks and recreation; planning and zoning; and general administrative services.

As required by U.S. generally accepted accounting principles, these financial statements present the City as the primary government, and the component units for which the City is financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationships with the City.

B. Description of Joint Powers Agreements

The City participates in several joint power agreements (JPAs) as described in Note 12. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

C. Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, and revenues and expenditures. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

D. Government-wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities and business-type activities for the City, accompanied by a total column. These financial statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Governmental activities are financed generally through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed generally through user fees.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore are clearly identifiable to a particular function. Program revenues include three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Government-wide Financial Statements (concluded)

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB No. 34) in regards to inter-fund activities, payables and receivables.

E. Governmental Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

F. Major Funds

GASB No. 34 defines major funds and requires that the City's major governmental funds be identified and presented separately in the fund financial statements. All other governmental funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as governmental funds that have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total or five percent of the grand total. The general fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds, although no such funds were selected in fiscal year 2014.

The major governmental funds of the City are:

General Fund:

The General Fund is used to account for the resources to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation, which are not required to be accounted for in another fund.

Sales Tax Transportation Improvement Fund:

This fund is used to account for sales tax revenues set aside for transportation improvements.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Major Funds (concluded)

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water Fund:

This fund accounts for all financial transactions relating to the City's water service. Services are on a user charge basis to residents and business owners located in Willits.

Sewer Fund:

This fund accounts for all financial transactions relating to the City's wastewater collection and treatment. Services are on a user charge basis to residents and business owners located in Willits and Brooktrails Township.

Solid Waste Fund:

This fund accounts for all financial transactions relating to the City's solid waste post-closure maintenance.

Airport Fund:

This fund accounts for all financial transactions relating to the City's airport.

Fiduciary Funds:

The City uses an Expendable Trust Fund and Agency Funds to account for assets held by the City as a fiscal agent. The City has one Private Purpose Trust Fund, which is used to report the resources held and administered by the Successor Agency to the former Community Development Agency of the City. Agency Funds have no measurement focus and are excluded from the Government-wide financial statements but are presented in separate Fiduciary Fund financial statements.

G. Basis of Accounting

The government-wide, proprietary and fiduciary funds financial statements required by GASB No. 34 are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Basis of Accounting (concluded)

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with GASB pronouncements. The reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach of GASB No. 34.

H. Budgetary Policies

Each year, all departments of the City submit a request for appropriation to the City Manager so a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Before June 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Manager or the revenue estimates must be changed by an affirmative vote of a majority of the City Council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deposits and Investments

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City's investment policy and section 53601 of the California Government Code allow the following investments:

- a) Certificates of Deposit;
- b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

Cash and Cash Equivalents:

Cash and investments are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

J. Inventories

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Restricted Assets

Certain proceeds of enterprise fund loans (as well as certain resources set aside for their repayment) and resources set aside for repayment of capital leases are classified as restricted assets on the balance sheet because their use is limited by applicable loan or other covenants.

L. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$10,000. Gifts or contributions of capital assets are recorded at fair market value on the date donated. Depreciation of capital assets is charged as an expense each year, and the total amount of accumulated depreciation taken over the years is reported on the Statement of Net Position as a reduction in the book value of capital assets.

M. Compensated Absences

Full-time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time. However, upon an employee's retirement after 5 years of employment with the City, an employee is paid 30% of unused sick leave and after 10 years of employment they are paid 50%. In both cases the limit is 1,000 hours. Therefore, a liability has been recorded for the estimated benefits that will be taken as a result of retirement.

The City does not currently provide post-employment benefits.

N. Deposits

The City collects refundable deposits on behalf of the enterprise funds for general purposes that are primarily accounted for in enterprise funds.

O. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Net Position

Government-wide net position consists of the following:

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of “invested in capital assets, net of related debt” or “restricted net position”.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Net Position (concluded)

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Governmental fund balance consists of the following:

Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB No. 54, the components of the fund balances of governmental *funds* now reflect the component classifications described below. In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level decision-making authority. The City Council serves as the City's highest level decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minute's action.

Assigned fund balance includes amounts intended to be used by the City for specific purposes, subject to change, as established either directly by the City Council or by management officials to whom the assignment authority has been delegated by the City Council.

Unassigned fund balance is the residual classification that includes the spendable amounts in the General fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy specifies that restricted revenues will be applied first. When expenditures are incurred for the purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balances first, then apply assigned fund balances, and finally unassigned fund balances.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Property Tax

The County of Mendocino assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

R. Inter-fund Transactions

A description of the two basic types of the City’s inter-fund transactions during the fiscal year and the related accounting policies are set forth as follows:

- a) Transactions related directly to services rendered, or facilities provided, are recorded as revenues in the fund providing the service or facility and as expenditures (or expenses) in the fund receiving them.
- b) Transactions to allocate resources from one fund to another, not contingent on the occurrence of specific expenditures in the receiving fund, are recorded appropriately as transfers in and transfers out in the respective funds.

S. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

T. Revenue Recognition for Water and Sewer Funds

Revenues are recognized based on cycle billings rendered to customers. All residential and commercial utility customers are billed once per month. There is one billing cycle per month that includes all types of customers, based on their location within the City. Revenues for services provided but not billed at the end of a fiscal year are accrued. Contributions of cash or assets to proprietary funds from state and federal agencies, developers and others are recorded as revenue.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

U. Deferred Outflows and Inflows of Resources

Pursuant to GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The City has no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has no items that qualify for reporting in this category.

NOTE 2 - CASH AND INVESTMENTS

A. Pooled Cash and Investments

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

Investments are carried at fair value and are categorized as follows at June 30, 2014:

Restricted cash and investments with fiscal agent	\$ 1,858,959
State of California Local Agency Investment Fund	2,033,094
Cash deposits with banks	<u>6,444,836</u>
Total City cash and investments	<u>\$ 10,336,889</u>

The City's total cash and investments consist of:

City Treasury	\$ 6,454,585
Fiduciary Funds	1,723,623
Fiscal Agent	1,858,959
Restricted	<u>299,722</u>
Total City cash and investments	<u>\$ 10,336,889</u>

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (continued)

A. Pooled Cash and Investments (continued)

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

Authorized Investments

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles.

The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material and it includes the effects of these adjustments in income for that fiscal year.

Investments Authorized by Debt Agreements

Investments of bond proceeds, held by bond trustees, are governed by the provisions of the debt agreements, rather than the general provisions for the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
Money Market Accounts	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater its fair value sensitivity to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 2 - CASH AND INVESTMENTS (concluded)

A. Pooled Cash and Investments (concluded)

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13-24 Months	25-60 Months	More than 60 Months
Held by Fiscal Agent:					
Money Market Accounts	\$ 1,858,959	\$ 1,858,959	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized rating organization. Presented below is the minimum rating required by the California Government Code, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	AA	Not Rated
Held by Fiscal Agent:						
Money Market Accounts	\$ 1,858,959	N/A	\$ -	\$ -	\$ -	\$ 1,858,959

NOTE 3 - LOANS RECEIVABLE

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

These loans receivable were comprised of the following at June 30, 2014:

Housing Rehabilitation and Affordable Housing Notes (fiduciary funds)	\$ 277,708
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Housing Rehabilitation, Business Enterprise and Affordable Housing:

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is \$59,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by a reservation of fund balance. The balance of these notes receivable at June 30, 2014 was \$277,708.

NOTE 4 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed.

With the implementation of GASB No. 34, the City has begun recording costs and depreciation of current infrastructure assets. The City does not record depreciation in the year of acquisition and records a full year of depreciation in the year of disposition for capital assets related to governmental activities.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - CAPITAL ASSETS (continued)

GASB No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of the depreciation is to spread the cost of the capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro-rata share of the cost of the capital assets. Depreciation is provided using the straight-line method over its expected useful life. Capital assets with a value of \$10,000 or more are capitalized.

The City has assigned the following useful lives to capital assets: Buildings and Improvements (10-75 years); Vehicles and Equipment (3-40 years); Infrastructure (10-50 years); and Utility Plant (10-50 years).

The following is a summary of capital assets activity for governmental activities as of June 30, 2014:

	Balance 7/1/13	Additions	Deletions	Balance 6/30/14
Land (not depreciated)	\$ 150,963	\$ -	\$ -	\$ 150,963
Buildings and improvements	1,650,020	-	-	1,650,020
Equipment	1,636,353	68,895	-	1,705,248
Total cost	3,437,336	\$ 68,895	\$ -	3,506,231
Accumulated depreciation	(2,925,846)			(3,000,908)
Net capital assets	<u>\$ 511,490</u>			<u>\$ 505,323</u>

The changes in proprietary fund types fixed assets for the fiscal year are:

	Balance 7/1/13	Additions	Deletions	Balance 6/30/14
Land (not depreciated)	\$ 1,804,213	\$ -	\$ -	\$ 1,804,213
Construction in progress (not depreciated)	27,306,436	4,369,140	-	31,675,576
Buildings	7,695,901	-	-	7,695,901
Infrastructure	8,655,568	-	-	8,655,568
Plant and equipment	8,988,680	-	-	8,988,680
Total cost	54,450,798	\$ 4,369,140	\$ -	58,819,938
Accumulated depreciation	(13,229,244)			(14,558,735)
Net book value of enterprise funds	<u>\$ 41,221,554</u>			<u>\$ 44,261,203</u>

Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program, are as follows:

Governmental Activities

General government	\$ 12,510
Public safety	12,510
Public works	12,510
Planning	12,510
Community development	12,510
Parks and recreation	12,510
Total Governmental Activities	<u>\$ 75,060</u>

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 4 - CAPITAL ASSETS (concluded)

Business-type Activities

Water	\$ 329,434
Airport	19,358
Sewer	<u>980,700</u>
Total Business-type Activities	<u>\$ 1,329,492</u>

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in long-term obligations and debt for the fiscal year ended June 30, 2014 are as follows:

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion
Governmental Activity Debt:						
Capital Leases	\$ 116,112	\$ 41,683	\$ -	\$ 20,569	\$ 21,114	\$ 15,000
Total Governmental Activity Debt	<u>\$ 116,112</u>	<u>\$ 41,683</u>	<u>\$ -</u>	<u>\$ 20,569</u>	<u>\$ 21,114</u>	<u>\$ 15,000</u>
Business-type Activity Debt:						
1994 Public Facilities Bond	\$ 4,765,000	\$ 665,000	\$ -	\$ 325,000	\$ 340,000	\$ 340,000
1993 Sewer Bonds	4,710,000	3,540,000	-	100,000	3,440,000	105,000
California Dept. Water Loan	3,375,000	1,160,391	-	78,627	1,081,764	165,686
State Water Revolving Fund loan	-	401,309	2,965,201	-	3,366,510	-
2007 Waste Water Sewer Loan A	9,000,000	8,515,500	-	110,000	8,405,500	114,500
2007 Waste Water Sewer Loan B	1,285,000	1,218,000	-	15,500	1,202,500	16,500
2011 Waste Water Bonds	51,000	8,049,000	-	129,000	7,920,000	133,000
Capital Lease	394,923	323,218	-	99,268	223,950	98,510
Landfill Post-closure	<u>1,147,553</u>	<u>561,720</u>	<u>-</u>	<u>78,102</u>	<u>483,618</u>	<u>-</u>
Total Business-type Activity Debt	<u>\$24,728,476</u>	<u>\$ 24,434,138</u>	<u>\$ 2,965,201</u>	<u>\$ 935,497</u>	<u>\$ 26,463,842</u>	<u>\$ 973,196</u>

Bonds and Notes Payable

Long-term debt at June 30, 2014 consists of the following:

<u>Year Ending</u> <u>June 30</u>	<u>1994 Public Facilities Bond</u>		<u>1993 Sewer Bonds</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2015	\$ 9,500	\$ 340,000	\$ 173,609	\$ 105,000
2016	-	-	168,100	110,000
2017	-	-	162,335	115,000
2018	-	-	156,313	120,000
2019	-	-	150,035	125,000
2020-2024	-	-	644,467	730,000
2025-2029	-	-	432,653	935,000
2030-2034	-	-	159,902	1,200,000
2035-2039	-	-	-	-
2040-2044	-	-	-	-
2045-2049	-	-	-	-
2050-2054	-	-	-	-
Totals	<u>\$ 9,500</u>	<u>\$ 340,000</u>	<u>\$ 2,047,414</u>	<u>\$ 3,440,000</u>

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

<u>Year Ending</u> <u>June 30</u>	<u>State Water Resource Loan</u>		<u>2007B Sewer WW Treatment</u>		<u>2007A Sewer WW Treatment</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2015	\$ 39,814	\$ 165,643	\$ 50,649	\$ 16,500	\$ 354,801	\$ 114,500
2016	32,943	172,514	49,937	17,000	349,828	119,500
2017	25,601	179,856	49,204	17,500	344,643	124,500
2018	18,126	187,331	48,439	18,500	339,235	130,000
2019	10,281	195,176	47,632	19,500	333,593	135,500
2020-2024	2,101	181,244	224,836	109,500	1,574,688	768,000
2025-2029	-	-	198,888	135,500	1,393,161	946,500
2030-2034	-	-	166,960	166,000	1,169,619	1,165,000
2035-2039	-	-	127,764	204,500	894,371	1,434,000
2040-2044	-	-	79,316	252,500	555,591	1,765,500
2045-2049	-	-	21,188	245,500	148,464	1,702,500
2050-2054	-	-	-	-	-	-
Totals	<u>\$ 128,866</u>	<u>\$ 1,081,764</u>	<u>\$ 1,064,813</u>	<u>\$ 1,202,500</u>	<u>\$ 7,457,994</u>	<u>\$ 8,405,500</u>

<u>Year Ending</u> <u>June 30</u>	<u>Capital Leases</u>		<u>2011 A Sewer WW Treatment</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2015	\$ -	\$ 109,067	\$ 196,338	\$ 133,000
2016	-	119,650	192,976	136,000
2017	-	16,347	189,538	139,000
2018	-	-	186,013	143,000
2019	-	-	182,401	146,000
2020-2024	-	-	854,541	789,000
2025-2029	-	-	749,576	892,000
2030-2034	-	-	630,877	1,010,000
2035-2039	-	-	496,551	1,142,000
2040-2044	-	-	344,576	1,292,000
2045-2049	-	-	172,740	1,461,000
2050-2054	-	-	16,013	637,000
Totals	<u>\$ -</u>	<u>\$ 245,064</u>	<u>\$ 4,212,140</u>	<u>\$ 7,920,000</u>

Compensated Absences Payable

There is no fixed payment schedule to pay the liability of \$400,980 for compensated absences through June 30, 2014.

The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

Capital Leases: The City leases equipment under various capital lease agreements with interest rates ranging from 0-6.5%.

	\$ 245,064
Less current portion	<u>113,510</u>
	<u>\$ 131,554</u>

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

2007 Waste Water Sewer Loans Series A and B: On May 1, 2008, the City issued \$10,285,000 in debt to provide funds for the construction of a Waste Water Treatment Plant. Interest is payable semi-annually on May 1 and November 1, at a rate of 4.25%. The outstanding principal balance is payable in annual installments, due each November 1, ranging from \$100,000 to \$516,500 through the fiscal year 2047.

Less current portion

\$	8,405,500	
	114,500	
	8,291,000	
	8,291,000	

2011 Waste Water Sewer Loans Series: On March 1, 2011, the City issued \$8,300,000 in debt to provide funds for the construction of a Waste Water Treatment Plant. Interest is payable semi-annually on May 1 and November 1, at a rate of 2.5%. The outstanding principal balance is payable in annual installments, due each November 1, ranging from \$125,000 to \$322,000 through the fiscal year 2050.

Less current portion

\$	7,920,000	
	133,000	
	7,787,000	
	7,787,000	

Loan Payable to Other Agency: The City has obtained a loan from the California Department of Water Resources to finance an upgrade of the water treatment plant to comply with safe drinking water standards. The debt is required to be serviced through water system user charges. The maximum loan amount is \$3,375,000 plus a 4% administrative fee of \$135,000. Principal and interest are payable semi-annually on April 1 and October 1. The rate of interest is 4.1439%. Semi-annual principal payments range from \$48,107 to \$100,657, and continue through the fiscal year 2020.

Less current portion

\$	1,081,764	
	165,686	
	916,078	
	916,078	

Long-term obligations for the business-type activities at June 30, 2014 by individual issue are as follows:

Loan payable: The City has a loan agreement with City of Willits Public Facilities Corporation (the Corporation). The loan was for the purchase of the City's water system which was formerly being leased from the Corporation under a capital lease agreement. The Corporation has issued \$4,765,000 in Refunding Certificates of Participation Series 1994, the proceeds of which were used to advance refunds of prior Corporation certificates issued to acquire the City's water system and serviced through the City's capital lease payments. The 1994 series certificates will be serviced through the loan payments made by the City. The terms of the loan to the City require semi-annual interest payments on September 1 and March 1, at annual rates ranging from 2.5-5.1%. The remaining loan principal balance will be paid annually on September 1, in amounts ranging from \$190,000 to \$340,000 through the fiscal year 2015.

Less current portion

\$	340,000	
	340,000	
	-	
	-	

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 5 - LONG-TERM OBLIGATIONS (concluded)

City of Willits Sewer Revenue Bonds of 1993: On November 23, 1993, the City issued \$4,710,000 in serial bonds whereby the City pledges revenue derived from the acquired or constructed assets to pay debt service. The entire bond issue was purchased by the U.S. Farmers Home Administration. The proceeds from the bond issue were used to repay \$4,710,000 of Sewer Bond Anticipation Notes which had been issued in 1992. Interest is payable semi-annually on November 1 and May 1, at a rate of 5.125%. The outstanding principal is payable in annual installments, due each November 1, ranging from \$55,000 to \$265,000 through the fiscal year 2034.

Less current portion

\$	3,440,000	
	105,000	
\$	3,335,000	

Loan payable: In November of 2011, the City Council adopted a Resolution approving funding in the amount of \$5,779,623 for the Water Plant Improvements Project. The funding is through the California Department of Public Health revolving loan fund, consisting of loan principal of \$3,366,510 and a grant in the amount of \$3,000,000. The term of the loan is 30 years, with interest at zero (0%) percent. The loan is currently in distribution and the final amortization schedule is not currently available. The loan balance at June 30, 2014 was \$3,366,510.

NOTE 6 - SUCCESSOR AGENCY DISCLOSURES

Long-term Liabilities

In accordance with the provisions of ABX1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former Community Development Agency became vested with the funds established for the Successor Agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former Community Development Agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

2002 Tax Allocation Bonds: On September 10, 2002, the City's Community Development Agency issued \$4,310,000 in Tax Allocation Bonds to provide funds for improvement projects, establish a reserve fund for the Bonds, and pay expenses related to the issuance of the Bonds. Interest is payable semi-annually on March 1 and September 1, at rates ranging from 4-5%.

The debt of the Successor Agency as of June 30, 2014 is as follows:

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion
Successor Agency:						
2002 Tax Allocation Bonds	\$ 4,310,000	\$ 3,610,000	\$ _____	\$ 200,000	\$ 3,410,000	\$ 200,000

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 6 - SUCCESSOR AGENCY DISCLOSURES (concluded)

Allocation Bonds 2002

As of February 1, 2012, the bonds were transferred to the Successor Agency of the Willits Community Development Agency due to ABX1 26, which dissolved redevelopment agencies in the State of California as of January 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds). Since the Community Development Agency no longer exists, the bonds have been removed from the City's government-wide financial statements.

The annual requirements to amortize the 2002 Tax Allocation Bonds outstanding as of June 30, 2014, are as follows:

<u>Year Ending June 30</u>	<u>2002 Tax Allocation Bonds</u>	
	<u>Interest</u>	<u>Principal</u>
2015	\$ 160,898	\$ 200,000
2016	151,179	250,000
2017	139,748	265,000
2018	127,460	275,000
2019	114,320	290,000
2020-2024	334,249	1,725,000
2025-2029	<u>10,631</u>	<u>405,000</u>
Totals	<u>\$ 1,038,485</u>	<u>\$ 3,410,000</u>

NOTE 7 - FUND EQUITY

The following funds have deficits in fund balances or net position at June 30, 2014:

Governmental Funds:	
Regional Transportation Improvement Program	\$ 34,560
Gas Tax	20,319
Business-type – Solid Waste	374,751

The governmental funds are expected to have their deficit eliminated through grant and loan reimbursements and transfers from the General Fund and Enterprise Funds. The Solid Waste fund deficit is related to the future post-closure costs estimated liability, which may be funded through grant reimbursements, reduction to the estimated liability and transfers from the General Fund.

NOTE 8 - INTERFUND BALANCES

Current interfund balances arise in the normal course of business; resources may be transferred from one City fund to another. The purpose of the majority of the balances is to reimburse a fund that has made an expenditure on behalf of another fund.

At June 30, 2014, interfund balances were comprised of the following:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Governmental Funds:		
Sales Tax	Regional Transportation Improvement	\$ 210,485

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 8 - INTERFUND BALANCES (concluded)

Transfers

The following schedule summarizes the transfers in and out for the fiscal year ended June 30, 2014:

	Transfers in	Transfers out
Major Funds:		
General Fund	\$ 15,000	\$ 73,773
Sales Tax	-	803,141
Other Governmental Funds:		
Traffic Safety	29,231	-
Gas Tax	187,287	-
Regional Transportation Improvement Program	246,042	-
W. Commercial Street	414,354	
Proprietary Funds:		
Water	-	15,000
Totals	\$ 891,914	\$ 891,914

NOTE 9 - LANDFILL CLOSURE AND POST-CLOSURE COSTS

The City's solid waste landfill was closed during the 1997/98 fiscal year. State and federal laws and regulations require that the City place a final cover (closure) on its landfill when closed, and perform certain maintenance and monitoring functions (post-closure) at the landfill site for thirty years after closure. At June 30, 2000, the City had completed its landfill closure activities and, therefore, no closure liability is included in the accompanying financial statements. The City's estimated liability for the continuing landfill post-closure care costs at June 30, 2014 was \$483,618.

The estimated total current cost of the landfill post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2014. However, the actual cost of post-closure care may change due to inflation, changes in technology, or changes in landfill laws and regulations.

NOTE 10 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City had a legal action pending in the Superior Court of Mendocino filed in April of 2010 and transferred to Sonoma County Superior Court in 2012. The Brooktrails Community Services District (the District) was disputing a land purchase made by the City in 2003 to be used as environmental mitigation in its waste water treatment plant project. The District further sought to recover payments it made to the City toward the capital costs of the waste water treatment plant project.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 10 - CONTINGENCIES (concluded)

As of June 30, 2014, the City was aggressively defending this action brought by the District to recover damages for alleged accounting errors and alleged overbilling by the City in connection with the City's construction and operation of a wastewater treatment facility that serves both communities. In this action the District also claimed that it had no responsibility to pay its contractual share of the costs incurred by the City to construct substantial improvements to the facility that were completed in 2012. The City filed a cross complaint in the action to compel the District to pay amounts owed under the parties' contract for operations and construction expenses. A jury trial of these issues commenced in March 2015, and during the course of the trial the parties reached a settlement agreement. Under the terms of the settlement agreement no payment is owed by the City to the District; the District has acknowledged its obligation to pay 36% of the City's loans from USDA to finance construction of the improvements; the District will pay a reduced amount for the delinquent operational costs and loan payments claimed by the City, and the parties have agreed to a new method of sharing operational costs.

A claim was asserted by Northern California River Watch which alleged that the City was in violation of the Clean Water Act due to alleged unpermitted discharges from its sewer collection system and treatment plant. Subsequent to June 30, 2013, this claimant filed suit against the City and seeks to enjoin the alleged violations of the Act, impose penalties against the City pursuant to the Act, and recover its attorney fees. The City has filed an answer denying that it is in violation of the Act. The City settled the case in mediation and paid \$60,000 on June 13, 2014 to California River Watch.

There are other pending lawsuits in which the City is involved. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City Attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11 - CONTRACTED SERVICES

The City has entered into an agreement to provide services to persons living outside the City limits. The general purpose and description of this contract agreement is as follows:

Brooktrails Township Community Services District:

The City has made an agreement with the District to provide the District with sewage treatment. Under the terms of the agreement, the District is to reimburse the City for costs allocated to the District based on the ratio of total flow entering the treatment plant. The allocation percentage was estimated to be 27.3% for the fiscal year ended June 30, 2014, but this is currently a topic of the lawsuit discussed in Note 10. During the fiscal year ended June 30, 2014, the City received \$18,172 each month from the District, resulting in revenues totaling \$218,061 for operations.

NOTE 12 - JOINT POWERS AGREEMENTS

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB No. 14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB No. 14. The names and general functions of these joint powers are as follows:

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 - JOINT POWERS AGREEMENTS (concluded)

Redwood Empire Municipal Insurance Fund (REMIF):

A group of Northern California cities participate in this agreement to provide themselves with various levels of liability, property and workers' compensation insurance. REMIF is administered by a commission comprised of one member and one alternate appointed by each member city. The City provides for its general insurance needs through REMIF. During the fiscal year ended June 30, 2014, the City paid \$406,861 to REMIF for insurance coverage.

Mendocino Solid Waste Management Authority:

Mendocino Solid Waste Management Authority consists of three (3) Mendocino County cities and the County of Mendocino. Mendocino Solid Waste Management Authority was created for the purpose of: (a) siting, licensing, developing, constructing, maintaining, and operating disposal sites and sanitary landfills and (b) preparing and implementing a solid waste management plan. Mendocino Solid Waste Management Authority is governed by a commission comprised of one member from each city and two members who are appointed by the Mendocino County Board of Supervisors.

Mendocino Emergency Services Authority:

Mendocino Emergency Services Authority (the Authority) consists of four (4) Mendocino County cities and the County of Mendocino. The Authority was created for the purpose of coordinating disaster and other emergency preparedness planning and recovery programs, training of employees and volunteers, administration of disaster recovery assistance programs, and other related activities. The Authority is governed by a commission comprised of one member from each member agency.

Solid Waste Disposal Facility Operations Agreement:

The City and the County of Mendocino have entered into an agreement for the purpose of joint ownership, maintenance and operation of the solid waste landfill serving the City and certain unincorporated areas of the County of Mendocino. The City has been granted complete control of and authority over the administration, operation and maintenance of the landfill. The City and County will equally share the costs associated with the landfill including the purchase of equipment and closure/post-closure costs. Due to the City's overall control of the landfill activity, the accompanying financial statements include 100% of the landfill activity, including the liability for closure/post-closure costs described in Note 9 above.

NOTE 13 - DEFERRED COMPENSATION PLAN

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements.

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 14 - DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time and part-time permanent City employees and certain extra-help employees who have worked over 1,000 hours in a fiscal year are required to participate in the Public Employees' Retirement Fund (the Fund) of the State of California's Public Employees Retirement System (CalPERS). The Fund is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees' benefits vest after five years of service and employees may receive retirement benefits at age fifty (Safety Plan) and age fifty-five (Miscellaneous Plan). These benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the Fund's annual financial report may be obtained from their executive office at 400 "P" Street, Sacramento, CA 95814.

Funding Policy

Police and miscellaneous employees have an obligation to contribute 9% and 8%, respectively, of their annual covered salary to the Fund. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rate for fiscal year ended June 30, 2014 was 38.395% for police employees and 18.804% for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by the Fund.

Annual Pension Cost

The City's annual pension cost for the Fund was equal to the City's required and actual contributions which were determined as part of the June 30, 2014 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: a) a 7.50% expected long-term investment rate of return (net of administrative expenses) and b) projected salary increases of 3.30% to 14.20%. Both a) and b) include an inflation component of 2.75%. The actuarial value of the City's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Fund's unfunded actuarial accrued liability (or excess assets) is being amortized over a closed period equal to the average amortization period at the plan's date of entry into the CalPERS risk pool. Subsequent plan amendments are amortized as a level percentage of pay over a 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 20-year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 15-year amortization period.

Three-Year Trend Information for PERS:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/14	\$ 619,836	100%	\$ -0-
6/30/13	\$ 632,188	100%	\$ -0-
6/30/12	\$ 555,354	100%	\$ -0-

City of Willits
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2014

NOTE 14 - DEFINED BENEFIT PENSION PLAN (concluded)

Required Supplementary Information – Safety Plan (in hundreds)

	(A)	(B)	(C)	(D)	(E)	(F)
Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets) [(A)-(B)]	Funded Status [(B)/(A)]	Annual Covered Payroll	UAAL as a % of Payroll {[(A) - (B)] / (E) }
6/30/2012	\$11,724,021	\$9,854,787	\$ 1,869,233	84.1%	\$ 947,734	197.2%
6/30/2011	\$10,951,745	\$9,135,654	\$ 1,816,090	83.4%	\$ 949,833	191.2%
6/30/2010	\$10,165,475	\$ 8,470,235	\$ 1,695,240	83.3%	\$ 955,981	177.3%

Required Supplementary Information - Miscellaneous Plan (in hundreds)

	(A)	(B)	(C)	(D)	(E)	(F)
Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets) [(A)-(B)]	Funded Status [(B)/(A)]	Annual Covered Payroll	UAAL as a % of Payroll {[(A) - (B)] / (E) }
6/30/2012	\$ 2,680,181	\$ 2,178,799	\$ 501,381	81.3%	\$ 417,600	120.1%
6/30/2011	\$ 2,486,708	\$ 1,981,073	\$ 505,635	79.7%	\$ 427,300	118.3%
6/30/2010	\$ 2,297,871	\$ 1,815,672	\$ 482,200	79.0%	\$ 434,023	111.1%

City of Willits
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
For the year ended June 30, 2014
(UNAUDITED)

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues:				
Taxes	\$ 2,971,112	\$ 2,971,112	\$ 2,767,620	\$ (203,492)
Licenses and permits	219,400	219,400	436,497	217,097
Fines and forfeitures	8,200	8,200	10,698	2,498
Charges for services	56,500	56,500	51,441	(5,059)
Use of money and property	24,150	24,150	18,188	(5,962)
Intergovernmental revenue	146,887	146,887	143,793	(3,094)
Other revenues	<u>673,771</u>	<u>673,771</u>	<u>703,041</u>	<u>29,270</u>
Total revenues	<u>4,100,020</u>	<u>4,100,020</u>	<u>4,131,278</u>	<u>31,258</u>
Expenditures:				
Current:				
General government	937,809	937,809	1,081,801	(143,992)
Public safety	2,582,674	2,582,674	2,346,479	236,195
Public works	594,538	594,538	343,987	250,551
Planning	109,061	109,061	116,683	(7,622)
Community services	46,275	46,275	59,046	(12,771)
Parks and recreation	196,662	196,662	253,489	(56,827)
Debt service:				
Principal	13,340	13,340	20,569	(7,229)
Interest	<u>1,828</u>	<u>1,828</u>	<u>11,376</u>	<u>(9,548)</u>
Total expenditures	<u>4,482,187</u>	<u>4,482,187</u>	<u>4,233,430</u>	<u>248,757</u>
Excess of revenues over (under) expenditures	<u>(382,167)</u>	<u>(382,167)</u>	<u>(102,152)</u>	<u>280,015</u>
Other financing sources (uses):				
Transfers in	39,400	39,400	15,000	(24,400)
Transfers out	<u>(112,376)</u>	<u>(112,376)</u>	<u>(73,773)</u>	<u>38,603</u>
Total other financing sources (uses)	<u>(72,976)</u>	<u>(72,976)</u>	<u>(58,773)</u>	<u>14,203</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>\$ (455,143)</u>	<u>\$ (455,143)</u>	(160,925)	<u>\$ 294,218</u>
Fund balance, beginning of period			<u>2,160,081</u>	
Fund balance, end of period			<u>\$ 1,999,156</u>	

City of Willits
SALES TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Budget and Actual
For the year ended June 30, 2014
(UNAUDITED)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 866,292	\$ 866,292	\$ 927,141	\$ 60,849
Other revenues	15,000	15,000	13,686	(1,314)
Total revenues	<u>881,292</u>	<u>881,292</u>	<u>940,827</u>	<u>59,535</u>
Expenditures:				
Current:				
Public works	218,958	218,958	266,681	(47,723)
Total expenditures	<u>218,958</u>	<u>218,958</u>	<u>266,681</u>	<u>(47,723)</u>
Excess of revenues over (under) expenditures	<u>662,334</u>	<u>662,334</u>	<u>674,146</u>	<u>11,812</u>
Other financing sources (uses):				
Transfers out	<u>(1,852,858)</u>	<u>(1,852,858)</u>	<u>(803,141)</u>	<u>1,049,717</u>
Total other financing sources (uses)	<u>(1,852,858)</u>	<u>(1,852,858)</u>	<u>(803,141)</u>	<u>1,049,717</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>\$ (1,190,524)</u>	<u>\$ (1,190,524)</u>	(128,995)	<u>\$ 1,061,529</u>
Fund balance, beginning of period			<u>2,216,081</u>	
Fund balance, end of period			<u>\$ 2,087,086</u>	

CITY OF WILLITS
MANAGEMENT REPORT

For the Year Ended
JUNE 30, 2014

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Honorable Members of the City Council
City of Willits
Willits, California

In planning and performing our audit of the basic financial statements of City of Willits for the fiscal year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of City of Willits' internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist City of Willits in implementing the recommendations.

This report is intended solely for the information and use of management of City of Willits and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank City of Willits' staff for its cooperation during the course of our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 31, 2015

City of Willits
MANAGEMENT REPORT
For the Year Ended June 30, 2014

We have audited the basic financial statements of City of Willits for the year ended June 30, 2014. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 28, 2014, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of City of Willits. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of Willits are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by City of Willits during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The most sensitive estimate(s) affecting the financial statements were:

- Accrual and disclosure of compensated absences;
- Capital asset lives and depreciation expense;
- Liability for solid waste landfill post closure costs;
- Pension plan actuarial assumptions;
- Accrual and disclosure of leases;
- Amortization of deferred costs;
- Fair value of investments and financial instruments.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

City of Willits
MANAGEMENT REPORT
For the Year Ended June 30, 2014

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Of the misstatements detected as a result of audit procedures and corrected by management most were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 23, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Willits' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year, prior to retention as City of Willits' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

City of Willits
MANAGEMENT REPORT
For the Year Ended June 30, 2014

Current Year Observations

1) Approval of Vendor Invoices

Observation:

During the course of the audit we noted that the approval of vendor invoices by a department head was not documented on the invoice.

Recommendation:

We recommend City of Willits (the City) document the approval of vendor invoices by the appropriate department head by either initialing the invoice or an attached approval form.

Prior Years' Observations

1) GASB 54 Formal Policy

Observation:

During the course of the audit we noted the City has not adopted a formal GASB 54 fund balance policy as discussed in the notes to the audited financial statements.

Recommendation:

We recommended the City formalize their fund balance policy and have it approved by the City Council.

Status:

This recommendation has not been implemented.

Management Response:

Management agrees that a formal, Council adopted fund balance policy is desirable for the City. Review of this recommendation will be on the task list for the new Finance Director.

2) City Finance Committee

Observation:

Although not required by professional standards, the City Finance Committee does not perform periodic analysis of the City's monthly financial statements with previous months or quarters as needed.

Recommendation:

The City's Finance Committee provides oversight of the management of the City. The Finance Committee should compare current financial information with previous months, quarters, years and current budget as needed. Written responses from management should be provided to document explanation of fluctuations. The Finance Committee should be knowledgeable of the City's internal control systems and policies and ensure the controls are working.

City of Willits
MANAGEMENT REPORT
For the Year Ended June 30, 2014

Status:

This recommendation has not been implemented.

Management Response:

Management agrees that periodic review of monthly financial statements can be beneficial. Review of this recommendation will be on the task list for the new Finance Director.

3) Pool Cash Collections

Observation:

During the course of our audit it was noted that controls over Pool Cash Receipts are weak. The Pool Manager does not use a sign-in sheet with a liability waiver. In addition, prenumbered duplicate copy cash receipts are not used for concession sales. A reconciliation of daily cash receipts to the related sign-in sheet and prenumbered cash receipts is not prepared.

Recommendation:

We recommended the Pool Manager have all customers sign a sign-in sheet with a liability waiver. Prenumbered cash receipts should be given to customers of concession sales. Further, reconciliation should be prepared to reconcile cash receipts each day to the related sign-in sheet and copies of prenumbered cash receipts.

Status:

This recommendation has not been implemented.

Management Response:

Review of this recommendation will be on the task list for the new Finance Director.

4) Written Accounting, Administrative and Fraud Procedures Manual

Observation:

During the course of our audit it was noted that the City does not have a formal accounting, administrative and fraud procedures manual. This manual would document the City's internal controls to safeguard assets and accounting records. This manual would also note the City's policies regarding prevention, detection and deterrence of fraud and would serve as a training guide for new employees.

Recommendation:

We recommended the City develop and maintain an up to date accounting, administrative policies and procedures manual.

Status:

The City completed a cash handling policy but has not formally documented the other controls over assets.

City of Willits
MANAGEMENT REPORT
For the Year Ended June 30, 2014

Management Response:

Management agrees that an up-to-date accounting, administrative policies and procedures manual is desirable. Review of this recommendation will be on the task list for the new Finance Director. Limitations of staff resources to prepare such a comprehensive manual may make this recommendation difficult to accomplish.

5) Non Recurring General Journal Entries and Bank Reconciliation Review

Observation:

During the course of the audit we noted that the review of non-recurring general journal entries was not always documented. We also noted the monthly bank reconciliations and related statements are not reviewed by someone outside the Finance Department.

Recommendation:

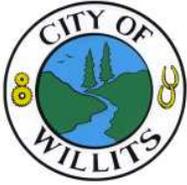
We recommended the Finance Committee and/or the City Manager perform a periodic review of non-recurring journal entries, bank statements and related reconciliations. This control procedure will help mitigate the risk of management's override of internal controls as well as collusion.

Status:

This recommendation has not been implemented.

Management Response:

Management agrees that periodic review of significant non-recurring journal entries, bank statements and related reconciliations, is a good procedure. Review of this recommendation will be on the task list for the new Finance Director.



Item No. **4c**

Meeting Date: **April 22, 2015**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Cathy Sanders, Deputy City Clerk

Agenda Title: ADOPTION OF RESOLUTION AUTHORIZING WILLITS FRONTIER DAYS PARADE ROUTE FOR JULY 4, 2015 AND DECORATIONS ON PG&E POLES

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: N/A

Summary of Request: Frontier Days has requested that the City approve the parade route for their annual parade on July 4th. The parade route will start at East Commercial Street and Highway 101, proceed south on Highway 101 to East Valley, and disband at Madden Lane and East Valley Street. PG&E has been contacted regarding placing the July 4th decorations on their poles.

Recommended Action: Adopt resolution authorizing Willits Frontier Days parade route for July 4, 2015 and decorations on PG&E poles.

Alternative(s): None recommended.

Fiscal Impact: N/A

Personnel Impact: N/A

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

RESOLUTION NO. 2015-

RESOLUTION OF THE WILLITS CITY COUNCIL AUTHORIZING FRONTIER DAYS PARADE ROUTE – JULY 4, 2015, AND DECORATIONS ON PG&E POLES

WHEREAS, the Willits Frontier Days Association has applied to the State of California to conduct the annual Frontier Days Parade on State property; and

WHEREAS, said parade will begin at 11:00 a.m., on July 4, 2015, commencing at the City Park at East Commercial Street and Humboldt Street and proceed west on East Commercial Street, south on Highway 101 to East Valley Street, and disband at Madden Lane and East Valley Street; and

WHEREAS, the Frontier Days Parade will require the temporary closure of State Highway Route 101 on July 4, 2015, between Commercial Street and East Valley Street beginning at approximately 9:00 a.m. until approximately 1:00 p.m.; and

WHEREAS, said temporary closure will cause the re-routing of vehicular traffic on Main Street (Highway 101), as follows: Main Street west on Commercial Street to School Street; School Street south to Pine Street; Pine Street east to Coast Street; Coast Street south to West Valley Street; West Valley Street east to Highway 101; northbound traffic to follow same detour route in northerly direction; and

WHEREAS, in order for the parade to be held, Willits Frontier Days Association needs to seek permission from the Willits City Council, pursuant to the Caltrans and California Highway Patrol's Joint Policy Guidelines for Special Events on State Conventional Highway Rights-of-Ways to conduct a parade; and

WHEREAS, Willits Frontier Days Association also requests approval to install Frontier Days decorations on PG&E light poles on Highway 101 from Commercial Street south to the intersection of Highway 20, provided authorization is received from the PG&E Company.

NOW, THEREFORE, BE IT RESOLVED that the Willits City Council approves and consents to the proposed Frontier Days Parade and recommends approval of and consents to the proposed re-routing of traffic onto and over the described city streets upon terms and conditions deemed appropriate and necessary by the State of California, Department of Transportation.

BE IT FURTHER RESOLVED that the Willits City Council does hereby approve the installation of Frontier Days decorations on PG&E Company light poles on Highway 101 from Commercial Street south to the intersection of Highway 20, provided authorization is received from the PG&E Company.

The above and foregoing Resolution was introduced by Councilmember _____ seconded by Councilmember _____, and passed and adopted at a regular meeting of the Willits City Council, held on the 22nd day of April, 2015, by the following vote:

AYES:
NOES:
ABSENT:

Bruce Burton, Mayor
City of Willits

ATTEST:

CATHY SANDERS, Deputy City Clerk

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26263	03/31/15	YOKUM'S BODY SHOP/JI	640 VEHICLE MAINT	1,918.56CR	522950	3293		P M H 100.1022.2044.000
26263	03/31/15	YOKUM'S BODY SHOP/JI	640 VEHICLE MAINT	626.78CR	522951	3359		P M H 100.1022.2044.000
26263	03/31/15	YOKUM'S BODY SHOP, I	4609 VEHICLE MAINT	1,918.56	522952	3293		P N H 100.1022.2044.000
26263	03/31/15	YOKUM'S BODY SHOP, I	4609 VEHICLE MAINT	626.78	522953	3359		P N H 100.1022.2044.000
				0.00	*CHECK TOTAL			
26264	04/03/15	COUNTY OF MENDOCINO	198 MIT NEG DEC REACH P	2,260.00	522948	150403		P N H 100.1010.2090.000
26265	04/07/15	NORTHERN AGGREGATES	326 COMM CNTR RENT REFUND	100.00	522949	150407		P N H 100.1016.7250.000
26266	04/07/15	THIRD DEGREE COMMUNI	.09405 TUITION/REGISTRATION	225.00	522954	150406		P N H 100.1020.2105.000
26267	04/10/15	MENDO-LAKE CREDIT UN	104 DIRECT DEPOSIT	350.00	522955	150410		P N H 690.237
26268	04/10/15	AFLAC	4036 125 PLAN POLICY PRE	1,316.28	522956	581326		P N H 690.246
26269	04/10/15	MASSMUTUAL RETIREMEN	4870 DEFERRED COMPENSATI	3,990.50	522957	150410		P N H 690.236
26270	04/10/15	PERS	256 EMPLOYER CONTRIBUT	22,701.58	522958	150410		P N H 690.229
26270	04/10/15	PERS	256 EMPLOYEE CONTRIBUTI	7,604.47	522958	150410		P N H 690.230
				30,306.05	*CHECK TOTAL			
26271	04/10/15	PACIFIC METAL BUILDI	4962 LITTLE LEAGUE SHADE	4,302.20	522960	4135		P N H 100.1050.2101.045
GENERAL CHECK FORM			TOTAL	42,850.03				

Disbursements Journal

WARRANT DATE VENDOR

DESCRIPTION

AMOUNT

CLAIM

INVOICE

PO#

F 9 S ACCOUNT

REPORT TOTALS:

42,850.03

RECORDS PRINTED - 000013

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S	ACCOUNT
GENERAL CHECK FORM									
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	160.00	522815	5031056		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	157.00	522816	5031289		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	105.00	522817	5031951		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	157.00	522818	5032715		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	50.00	522819	5033176		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	160.00	522820	5033212		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	105.00	522821	5033330		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 WATER TEST	157.00	522822	5033629		P N W	503.5033.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	582.00	522823	5031090		P N W	501.5013.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	194.00	522824	5031091		P N W	501.5013.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	830.00	522825	5031097		P N W	501.5013.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	88.00	522826	5031277		P N W	501.5013.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	108.00	522827	5031312		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	84.00	522829	5031317		P N W	501.5013.2061.015
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	194.00	522830	5031460		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	108.00	522831	5031873		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	84.00	522832	5031887		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	88.00	522833	5031982		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	194.00	522834	5032231		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	88.00	522835	5032617		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	108.00	522836	5032618		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	84.00	522837	5032629		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	763.00	522838	5032755		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	624.00	522839	5033046		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	194.00	522840	5033047		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	539.00	522841	5033048		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	88.00	522842	5033243		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	108.00	522843	5033244		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	84.00	522844	5033245		P N W	501.5013.2061.012
26272	04/15/15	ALPHA ANALYTICAL LAB	7 SEWER TEST	194.00	522845	5033607		P N W	501.5013.2061.012
				6,479.00	*CHECK TOTAL				
26273	04/15/15	ARAMARK UNIFORM SERV	4065 MATS/RAGS/MOP HEADS	646.02	522814	150331		P N W	100.1016.2199.000
26273	04/15/15	ARAMARK UNIFORM SERV	4065 MATS/RAGS	470.79	522814	150331		P N W	501.5013.2199.000
26273	04/15/15	ARAMARK UNIFORM SERV	4065 MATS	18.26	522814	150331		P N W	100.1040.2081.030
26273	04/15/15	ARAMARK UNIFORM SERV	4065 MATS	18.26	522814	150331		P N W	100.1042.2081.030
				1,153.33	*CHECK TOTAL				
26274	04/15/15	AT&T	4123 POLICE DEPT	621.75	522813	6438590		P N W	100.1020.2015.000
26274	04/15/15	AT&T	4123 PUBLIC WORKS	90.74	522813	6438590		P N W	100.1040.2015.000
26274	04/15/15	AT&T	4123 ENGINEERING	90.74	522813	6438590		P N W	100.1042.2015.000
26274	04/15/15	AT&T	4123 POOL	15.45	522813	6438590		P N W	100.1030.2015.000
26274	04/15/15	AT&T	4123 SEWER	102.34	522813	6438590		P N W	501.5013.2015.000
26274	04/15/15	AT&T	4123 WATER	67.97	522813	6438590		P N W	503.5030.2015.000
26274	04/15/15	AT&T	4123 AIRPORT	34.54	522813	6438590		P N W	500.5001.2110.000
26274	04/15/15	AT&T	4123 WCAC	32.44	522813	6438590		P N W	600.601
26274	04/15/15	AT&T	4123 4601-2-3 40%	375.65	522813	6438590		P N W	100.1002.2015.000
26274	04/15/15	AT&T	4123 24%	225.40	522813	6438590		P N W	265.2650.2015.000
26274	04/15/15	AT&T	4123 12%	112.70	522813	6438590		P N W	265.2650.2015.000
26274	04/15/15	AT&T	4123 12%	112.70	522813	6438590		P N W	100.1015.2015.000

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26274	04/15/15	AT&T	4123 12%	112.70	522813	6438590		P N W 100.1010.2015.000
26274	04/15/15	AT&T	4123 PLANNING 9341 2/3	23.12	522813	6438590		P N W 265.2650.2015.000
26274	04/15/15	AT&T	4123 1/3	11.56	522813	6438590		P N W 100.1010.2015.000
				2,029.80	*CHECK TOTAL			
26275	04/15/15	BROOKTRAILS TOWNSHIP	491 AIRPORT WATER & SEWER	117.02	522848	CIT0001		P N W 500.5001.2111.000
26276	04/15/15	C. OVERAA & CO.	4515 WTP CONST 5% RETE	257,081.71	522947	BILLING #22		P M W 409.4090.4003.000
26277	04/15/15	CALIFORNIA BUILDING	4318 1ST QTR FEES 2015	33.00	522862	150403		P N W 600.605
26278	04/15/15	CANON SOLUTIONS AMER	4784 COPIER LEASE	172.77	522849	14820402		P N W 100.1040.2095.000
26278	04/15/15	CANON SOLUTIONS AMER	4784 COPIER LEASE	172.76	522849	14820402		P N W 100.1042.2095.000
26278	04/15/15	CANON SOLUTIONS AMER	4784 COPIER LEASE	42.87	522855	4015588848		P N W 503.5033.2055.000
				388.40	*CHECK TOTAL			
26279	04/15/15	CERATTO/MICHAEL	4787 WCAC JANITORIAL	90.00	522859	882782		P M W 600.601
26280	04/15/15	CLEARLY MENDOCINO WA	4221 WATER MARCH 2015	67.50	522857	150331		P M W 100.1020.2199.000
26281	04/15/15	COAST RANGE DIGITAL	4048 MEETING RECORDING S	1,250.00	522861	15 11		P M W 100.1001.2081.030
26282	04/15/15	COMCAST	4575 CITY HALL INTERNET	133.65	522856	150404		P N W 100.1003.2041.000
26283	04/15/15	COMPUTER WORKS OF UK	4230 IT SERVICE	248.02	522860	3542		P M W 100.1003.2041.000
26284	04/15/15	COUNTY OF MENDOCINO	33 JC ELECTRIC SVC FEB	1,309.28	522867	2015-2		P N W 100.1020.2110.000
26284	04/15/15	COUNTY OF MENDOCINO	33 JC WATER SVC FEB 2015	90.00	522867	2015-2		P N W 100.1020.2110.000
26284	04/15/15	COUNTY OF MENDOCINO	33 JC GARBAGE SVC FEB 201	78.50	522867	2015-2		P N W 100.1020.2110.000
				1,477.78	*CHECK TOTAL			
26285	04/15/15	COUNTY OF MENDOCINO	4133 MO SVC AGREE FEB 2015	660.00	522865	20152-2		P N W 100.1020.2081.030
26285	04/15/15	COUNTY OF MENDOCINO	4133 HOURLY SUPPORT FEB 20	718.06	522865	20152-2		P N W 100.1020.2081.030
26285	04/15/15	COUNTY OF MENDOCINO	4133 SERVICE CREDIT	250.00CR	522865	20152-2		P N W 100.1020.2081.030
26285	04/15/15	COUNTY OF MENDOCINO	4133 MO SVC AGREE MARCH 20	660.00	522866	20153-2		P N W 100.1020.2081.030
26285	04/15/15	COUNTY OF MENDOCINO	4133 HOURLY SUPPORT MAR	1,466.94	522866	20153-2		P N W 100.1020.2081.030
26285	04/15/15	COUNTY OF MENDOCINO	4133 SERVICE CREDIT	250.00CR	522866	20153-2		P N W 100.1020.2081.030
				3,005.00	*CHECK TOTAL			
26286	04/15/15	CURRY'S DISCOUNT INC	4198 OFFICE SUPPLIES	758.41	522864	150331		P N W 100.1002.2055.000
26286	04/15/15	CURRY'S DISCOUNT INC	4198 OFFICE SUPPLIES	30.80	522864	150331		P N W 503.5033.2055.000
26286	04/15/15	CURRY'S DISCOUNT INC	4198 OFFICE SUPPLIES	175.96	522864	150331		P N W 501.5013.2055.000
26286	04/15/15	CURRY'S DISCOUNT INC	4198 INVESTIGATION SUPPLIE	120.58	522864	150331		P N W 100.1022.2101.031
26286	04/15/15	CURRY'S DISCOUNT INC	4198 OFFICE SUPPLIES	368.65	522864	150331		P N W 100.1020.2055.000
				1,454.40	*CHECK TOTAL			
26287	04/15/15	CYDZIK/MATTHEW	4770 TUITION DRIVER TRAI	1,098.00	522858	3483-SR		P N W 100.1020.2106.000
26287	04/15/15	CYDZIK/MATTHEW	4770 PER DIEM 3/30-4/03/20	200.00	522858	3483-SR		P N W 100.1020.2106.000
26287	04/15/15	CYDZIK/MATTHEW	4770 BRIDGE TOLL 5 DAYS	25.00	522858	3483-SR		P N W 100.1020.2106.000
26287	04/15/15	CYDZIK/MATTHEW	4770 FUEL TO AND FROM COURS	41.23	522858	3483-SR		P N W 100.1020.2106.000

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
		GENERAL CHECK FORM		1,364.23		*CHECK TOTAL		
26288	04/15/15	DEEP VALLEY SECURITY	40 SECURITY	43.95	522871	275131		P N W 100.1042.2081.030
26288	04/15/15	DEEP VALLEY SECURITY	40 SECURITY	43.95	522871	275131		P N W 100.1041.2081.030
26288	04/15/15	DEEP VALLEY SECURITY	40 POLICE ALARM SYS APR2	140.00	522872	274945		P N W 100.1020.2081.030
				227.90		*CHECK TOTAL		
26289	04/15/15	DIV. OF THE STATE AR	4796 DISABILITY ACCESS AND E	4.20	522869	150331		P N W 600.614
26290	04/15/15	DMV	4591 NON-OP REG/OFF RD VEHI	20.00	522868	80X35L		P N W 501.5013.2044.000
26291	04/15/15	DURAN/HAZEL	.09401 WATER DEPOSIT REFUND	34.20	522870	10402802017		P N W 503.111
26292	04/15/15	EEL RIVER FUELS	28 FUEL	802.69	522874	385720		P N W 100.125
26292	04/15/15	EEL RIVER FUELS	28 DIESEL FUEL	71.78	522875	385722		P N W 100.126
26292	04/15/15	EEL RIVER FUELS	28 FUEL	1,019.72	522876	388570		P N W 100.125
				1,894.19		*CHECK TOTAL		
26293	04/15/15	ENGLAND/JC	4322 TRAINING MILEAGE	140.88	522873	150403		P N W 501.5013.2105.000
26293	04/15/15	ENGLAND/JC	4322 TRAINING LODGING	153.95	522873	150403		P N W 501.5013.2105.000
26293	04/15/15	ENGLAND/JC	4322 PER DIEM	40.00	522873	150403		P N W 501.5013.2105.000
26293	04/15/15	ENGLAND/JC	4322 BOOT ALLOWANCE	200.00	522873	150403		P N W 501.5011.2010.000
				534.83		*CHECK TOTAL		
26294	04/15/15	EUREKA OXEGYN CO.	4492 FIRE EXT. MAINT	463.75	522877	415137		P N W 100.1020.2041.000
26295	04/15/15	FISHER WIRELESS	4105 PD RADIO MAINT MAY	1,266.30	522878	1570		P N W 100.1020.2041.000
26296	04/15/15	GAMBLE/BRANDI	4480 PER DEIM 5/2/2015	20.00	522880	150414		P N W 100.1020.2105.000
26296	04/15/15	GAMBLE/BRANDI	4480 BFAST PER DIEM 5/6/2015	8.00	522880	150414		P N W 100.1020.2105.000
				28.00		*CHECK TOTAL		
26297	04/15/15	GHD INC.	4697 ENG & REG ASSISTANCE	544.00	522881	90179		P M W 501.5017.6001.000
26298	04/15/15	GOLDEN STATE OVERNIG	4728 EVIDENCE SHIPPING	6.21	522882	2795339		P N W 100.1022.2101.031
26299	04/15/15	GRAINGER	173 TOOLS	798.99	522879	833150337		P M W 100.1041.2101.045
26300	04/15/15	HEIKEN/ERIK	4342 PER DIEM 4/20/2015	40.00	522883	150414		P N W 100.1020.2106.000
26301	04/15/15	HOUSE DOCTOR PAINT S	281 PAINT/SUPPLIES	66.59	522884	7809		P N W 651.6510.2199.000
26301	04/15/15	HOUSE DOCTOR PAINT S	281 PAINT/SUPPLIES	37.56	522885	7810		P N W 100.1041.2101.045
26301	04/15/15	HOUSE DOCTOR PAINT S	281 PAINT/SUPPLIES	141.68	522886	7817		P N W 100.1042.2101.045
26301	04/15/15	HOUSE DOCTOR PAINT S	281 PAINT/SUPPLIES	141.67	522886	7817		P N W 100.1040.2041.000
				387.50		*CHECK TOTAL		
26302	04/15/15	KILLION/FRED	4607 CITY HALL JANITORIAL	800.00	522889	150407		P M W 100.1016.2061.020

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26303	04/15/15	LANCE/JAMES H.	4054 BROOKTRAILS LEGAL	20,900.00	522894	3101		P M W 501.5017.6001.000
26303	04/15/15	LANCE/JAMES H.	4054 LEGAL SERVICES	3,195.00	522895	3100		P M W 100.1004.2081.030
				24,095.00	*CHECK TOTAL			
26304	04/15/15	LEEF/KEVIN	4809 PER DIEM 5/2/2015	20.00	522890	150414		P N W 100.1020.2105.000
26304	04/15/15	LEEF/KEVIN	4809 PER DIEM 5/6/2015	8.00	522890	150414		P N W 100.1020.2105.000
				28.00	*CHECK TOTAL			
26305	04/15/15	LEIGHTON STONE CORP	4960 WATER MAINT SUPPLIES	124.40	522891	1099403		P N W 503.5031.2041.000
26306	04/15/15	LITTLE LAKE AUTO PAR	46 AUTO MAINT SUPPLIES	144.89	522892	150331		P N W 100.1022.2044.000
26306	04/15/15	LITTLE LAKE AUTO PAR	46 AUTO MAINT SUPPLIES	92.42	522892	150331		P N W 501.5011.2041.000
26306	04/15/15	LITTLE LAKE AUTO PAR	46 AUTO MAINT SUPPLIES	8.10	522892	150331		P N W 501.5013.2041.000
26306	04/15/15	LITTLE LAKE AUTO PAR	46 EQUIP MAINT PARTS	147.94	522892	150331		P N W 201.2011.2041.000
26306	04/15/15	LITTLE LAKE AUTO PAR	46 AUTO MAINT SUPPLIES	128.67	522892	150331		P N W 503.5031.2044.000
26306	04/15/15	LITTLE LAKE AUTO PAR	46 VEHICLE MAINT	64.86	522892	150331		P N W 100.1050.2041.000
				586.88	*CHECK TOTAL			
26307	04/15/15	LUNDE/LISA	.09402 WATER DEPOSIT REFUND	6.22	522893	10202760004		P N W 503.111
26308	04/15/15	MANNATT/TOM	4357 MAP SCANNING (LANDFIL	287.86	522897	150406		P N W 100.1042.2041.000
26309	04/15/15	MCC CONTROL SYSTEMS	4682 EQUIP MAINT	1,080.00	522896	2001751		P N W 501.5013.2041.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	233.27	522901	153103		P N W 100.1016.2025.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	10.37	522901	153103		P N W 100.1041.2101.033
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	81.87	522901	153103		P N W 100.1041.2101.045
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	162.26	522901	153103		P N W 100.1050.2101.045
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	27.58	522901	153103		P N W 100.1050.2045.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	20.81	522901	153103		P N W 100.1050.2041.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	163.48	522901	153103		P N W 501.5011.2041.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	152.52	522901	153103		P N W 501.5013.2041.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	39.52	522901	153103		P N W 503.5031.2041.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	34.48	522901	153103		P N W 503.5033.2041.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	243.63	522901	153103		P N W 651.6510.2199.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	8.88	522901	153103		P N W 651.6510.1003.000
26310	04/15/15	MENDO MILL & LUMBER	101 MONTHLY STATEMENT	99.39	522901	153103		P N W 651.6510.1003.000
				1,278.06	*CHECK TOTAL			
26311	04/15/15	MENDOCINO CONSTRUCTI	4500 COLD MIX DELIVERY	341.00	522898	2395		P N W 202.2020.2101.035
26312	04/15/15	MOTION INDUSTRIES IN	705 ROLLER	230.23	522899	CA23-491102		P N W 501.5013.2041.000
26312	04/15/15	MOTION INDUSTRIES IN	705 ROLLER	118.11	522900	CA23-490883		P N W 501.5013.2041.000
				348.34	*CHECK TOTAL			
26313	04/15/15	NATIONAL METER & AUT	4196 WTR METER PARTS/SUP	1,663.81	522905	S1059962.001		P N W 503.5031.2041.000
26314	04/15/15	NOTTHOFF UNDERWATER	.09400 ADD CITY TO LIAB INS	154.80	522846	2246		P N W 503.5033.2081.030

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26315	04/15/15	NTU TECHNOLOGIES	211 SEWER PLANT CHEMICA	6,670.00	522902	8977		P N W 501.5013.2101.034
26315	04/15/15	NTU TECHNOLOGIES	211 WATER PLANT CHEMICALS	726.00	522903	8981		P N W 503.5033.2101.034
				7,396.00	*CHECK TOTAL			
26316	04/15/15	P G & E COMPANY	114 CITY HALL	1,096.71	522908	150327		P N W 100.1016.2110.000
26316	04/15/15	P G & E COMPANY	114 PD RADIO	9.53	522908	150327		P N W 100.1020.2110.000
26316	04/15/15	P G & E COMPANY	114 PUBLIC WORKS	417.05	522908	150327		P N W 100.1040.2110.000
26316	04/15/15	P G & E COMPANY	114 ENGINEERING	70.93	522908	150327		P N W 100.1042.2110.000
26316	04/15/15	P G & E COMPANY	114 PARKS	898.79	522908	150327		P N W 100.1050.2110.000
26316	04/15/15	P G & E COMPANY	114 STREET LIGHTS	5,505.16	522908	150327		P N W 201.2010.2110.000
26316	04/15/15	P G & E COMPANY	114 AIRPORT	297.83	522908	150327		P N W 500.5001.2110.000
26316	04/15/15	P G & E COMPANY	114 SEWER	11,156.89	522908	150327		P N W 501.5013.2110.000
26316	04/15/15	P G & E COMPANY	114 SP COLLECTIONS	42.30	522908	150327		P N W 501.5011.2110.000
26316	04/15/15	P G & E COMPANY	114 WATER	1,297.26	522908	150327		P N W 503.5033.2110.000
				20,792.45	*CHECK TOTAL			
26317	04/15/15	PACIFIC COAST CUTTER	4965 MAIN ST WATERLINE WOR	780.00	522911	50098		P N W 503.5031.2101.038
26318	04/15/15	PAXXO (USA) INC.	4855 LONGOPAC CASSETTE	682.74	522909	F15-072		P N W 501.5013.2041.000
26319	04/15/15	PERPETUAL ENERGY SYS	4254 WATER PLANT SOLAR	9,645.66	522910	WIL-1503		P N W 503.5033.2110.000
26320	04/15/15	PLATT	4506 CONDUIT/LOCKNUT	25.98	522912	G463149		P N W 503.5031.2041.000
26320	04/15/15	PLATT	4506 FUSE 600V	150.57	522913	G334916		P N W 501.5013.2041.000
26320	04/15/15	PLATT	4506 BREAKER	34.81	522914	G392758		P N W 651.6510.2199.000
				211.36	*CHECK TOTAL			
26321	04/15/15	R E M I F	135 DENTAL INS PREMIUM	5,049.00	522916	150501		P N W 690.231
26321	04/15/15	R E M I F	135 VISION INS PREMIUM	907.50	522916	150501		P N W 690.231
26321	04/15/15	R E M I F	135 EAP INS PREMIUM	232.56	522916	150501		P N W 690.231
26321	04/15/15	R E M I F	135 LIFE INS PREMIUM	488.96	522916	150501		P N W 690.231
26321	04/15/15	R E M I F	135 4TH QTR WC PREMIUM	43,792.50	522919	150401		P N W 690.228
				50,470.52	*CHECK TOTAL			
26322	04/15/15	R J RICCIARDI INC	4153 AUDIT SERVICES	19,177.34	522917	9010		P N W 100.1003.2081.030
26323	04/15/15	R. EMMETT JONES	4354 LEGAL SVCS BROOKTRA	3,300.00	522888	150402		P M W 501.5017.6001.000
26324	04/15/15	RAMMING/TIM	127 BIKE TAGS	50.82	522906	3150		P M W 100.1020.2055.000
26324	04/15/15	RAMMING/TIM	127 BUILDING PERMITS	117.86	522907	3188		P M W 100.1015.2055.000
				168.68	*CHECK TOTAL			
26325	04/15/15	RAMSEY/DAN	4773 AIRPORT MGMT SERVIC	1,833.00	522920	150331		P M W 500.5001.2081.030
26326	04/15/15	REDWOOD TOXICOLOGY I	291 LAB SCREENING MARCH 20	52.50	522915	193020153		P N W 100.1020.2061.014
26327	04/15/15	REGIONAL GOVERNMENT	4953 CONTRACT SERVICES	947.10	522918	4900		P N W 100.1005.2081.030

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26328	04/15/15	SAL	.09403 CLEANING DEPOSIT REFU	300.00	522927	150406		P N W 600.602
26329	04/15/15	SCHULZ CONSTRUCTION	4638 METAL BLDG CONST	26,541.00	522931	150331		P M W 503.5031.4003.038
26330	04/15/15	SHELTON/LAURA	.09404 WATER DEPOSIT REFUND	75.00	522928	10303004703		P N W 503.111
26331	04/15/15	SIERRA DISPLAY INC	4555 MNTE XMAS DECORATIONS	78.48	522930	19618		P N W 100.1050.2101.045
26332	04/15/15	SILVA SEPTIC INC	4577 PORTABLE RESTROOM REN	210.84	522924	59119		P N W 501.5011.2095.000
26333	04/15/15	SOLID WASTE OF WILLI	330 BIN SERVICE	216.02	522929	90		P M W 501.5013.2199.000
26334	04/15/15	STATE BOARD OF EQUAL	4317 USE TAX 1ST QTR 2015	5.00	522925	150401		P N W 100.1020.2055.000
26334	04/15/15	STATE BOARD OF EQUAL	4317 USE TAX 1ST QTR 2015	24.00	522925	150401		P N W 100.1022.2101.033
26334	04/15/15	STATE BOARD OF EQUAL	4317 USE TAX 1ST QTR 2015	58.00	522925	150401		P N W 100.1050.2045.000
26334	04/15/15	STATE BOARD OF EQUAL	4317 USE TAX 1ST QTR 2015	17.00	522925	150401		P N W 202.2020.2101.035
26334	04/15/15	STATE BOARD OF EQUAL	4317 USE TAX 1ST QTR 2015	10.00	522925	150401		P N W 500.5001.2041.000
26334	04/15/15	STATE BOARD OF EQUAL	4317 USE TAX 1ST QTR 2015	40.00	522925	150401		P N W 651.6510.2199.000
				154.00	*CHECK TOTAL			
26335	04/15/15	STATE CONTROLLER'S O	4398 13/14 ANNUAL STREET	1,473.08	522937	44685		P N W 100.1003.2081.030
26336	04/15/15	STATE DEPT OF CONSER	275 SMIP FEES	88.11	522863	150403		P N W 600.605
26337	04/15/15	STATE OF CALIFORNIA	843 LIVESCAN	66.00	522923	91005		P N W 100.1005.2061.013
26338	04/15/15	STATE WATER RESOURCE	4392 ANNUAL PERMIT	1,632.00	522926	SW-0100041		P N W 213.2130.2001.002
26339	04/15/15	STATLER/WILLIAM	4798 GOAL SETTING SERVIC	5,696.70	522887	150402		P M W 100.1001.2081.030
26339	04/15/15	STATLER/WILLIAM	4798 GOAL SETTING SERVIC	1,300.00	522887	150402		P M W 100.1001.2105.000
26339	04/15/15	STATLER/WILLIAM	4798 GOAL SETTING SERVIC	1,000.00	522887	150402		P M W 100.1002.2105.000
26339	04/15/15	STATLER/WILLIAM	4798 GOAL SETTING SERVIC	1,000.00	522887	150402		P M W 100.1003.2105.000
				8,996.70	*CHECK TOTAL			
26340	04/15/15	SYAR INDUSTRIES INC	4964 COLD MIX	3,827.33	522921	559902		P N W 202.2020.2101.035
26341	04/15/15	THOMSON REUTERS - WE	4122 LEGAL UPDATES	424.64	522933	831561868		P N W 100.1004.2050.000
26341	04/15/15	THOMSON REUTERS - WE	4122 2015 GOVT CODE VOL I	51.04	522934	6099792428		P N W 100.1020.2050.000
26341	04/15/15	THOMSON REUTERS - WE	4122 2015 GOVT CODE VOL II	51.04	522935	6099197710		P N W 100.1020.2050.000
				526.72	*CHECK TOTAL			
26342	04/15/15	THRIFTY SUPPLY COMPA	403 VALVE REPAIR KIT	313.35	522936	2129829-01		P N W 503.5031.2041.000
26343	04/15/15	TOSHIBA	4263 COPIER USAGE	475.37	522932	276107695		P N W 100.1002.2095.000
26343	04/15/15	TOSHIBA	4263 COPIER USAGE	33.52	522932	276107695		P N W 100.1010.2055.000
26343	04/15/15	TOSHIBA	4263 COPIER USAGE	33.52	522932	276107695		P N W 100.1011.2055.000
26343	04/15/15	TOSHIBA	4263 COPIER USAGE	33.52	522932	276107695		P N W 100.1015.2055.000
26343	04/15/15	TOSHIBA	4263 COPIER USAGE	33.52	522932	276107695		P N W 265.2650.2055.000
				609.45	*CHECK TOTAL			

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
26344	04/15/15	WECO INDUSTRIES LLC	4044 EQUIP MAINT	371.80	522939	33640-IN		P N W 501.5011.2041.000
26345	04/15/15	WEED TECH	4204 AIRPORT SPRAY FOR W	1,000.00	522944	150401		P M W 500.5001.2045.000
26346	04/15/15	WILLITS KIDS CLUB	3981 PAYROLL DEDUCTION	20.00	522938	150410		P N W 690.248
26347	04/15/15	WILLITS NEWS	179 BIDDERS LIST LEGAL AD	238.93	522942	5415634		P N W 100.1040.2055.000
26347	04/15/15	WILLITS NEWS	179 HUMBOLDT & VAC REHA	1,998.11	522943	5435007		P N W 207.2070.4003.002
				2,237.04	*CHECK TOTAL			
26348	04/15/15	WILLITS POWER	1245 EMERG WATER LINE	15.12	522940	301445		P M W 503.5031.4003.038
26348	04/15/15	WILLITS POWER	1245 EMERG WATER LINE	43.21	522941	301562		P M W 503.5031.4003.038
				58.33	*CHECK TOTAL			
26349	04/15/15	WITZEL/ALLEN	591 HUMB & VACINITY PLANS	270.31	522847	51319		P M W 207.2070.4003.002
26350	04/15/15	ZAP MANUFACTURING IN	4327 SIGN MAINT	57.80	522946	43659		P N W 202.2020.2101.045
26351	04/15/15	ZFA STRUCTURAL ENGIN	4220 CLARIFIER COVER	227.70	522945	21766		P N W 409.4090.4003.000
GENERAL CHECK FORM			TOTAL	478,225.69				

Disbursements Journal

WARRANT DATE VENDOR

DESCRIPTION

AMOUNT

CLAIM

INVOICE

PO#

F 9 S ACCOUNT

REPORT TOTALS:

478,225.69

RECORDS PRINTED - 000206

**WILLITS BYPASS PROJECT
2015 CONSTRUCTION SEASON
April 2015 UPDATE**

The following is a summary of the construction activities that have been completed up to April 17, 2015

- **Contractor has completed approximately 67 % of work on the project.**

Southern Segment (Beginning of Project to Center Valley Road) – STA "A" 96+00 to 149+00 (3.3 miles):

- Repair to winter damage slopes near the south interchange is complete.
- Construction of crossover detour for northbound freeway traffic to U1 line is complete.
- Haehl Creek realignment and fish passage improvement work is complete.
- An active treatment system has been installed and is being operated during storms to remove turbidity from storm water run-off.
- Right and Left bridges for 101/20 Separation are complete, except for concrete barriers, joint seals, and deck grooving. These items of work will not begin until late in 2015 or early 2016.
- Haehl Creek Bridge foundations and abutments are complete. Due to a short work window and temporary suspension of Corps permit in June 2014, work on Haehl Creek Bridges is suspended and will resume in June 2015, and be completed in October 2015.
- Northbound onramp E20/N101 Connector Bridge is complete, except for concrete barriers, joint seals, and deck grooving.
- East Hill Road Undercrossing Bridge is complete except for concrete barriers, joints, and deck grooving.
- North Haehl Creek Bridge is complete except for concrete barriers, joint seals, and deck grinding.
- Pond relocation at Rutledge property is complete.
- Baechtel Creek Retaining Wall is complete. Concrete barrier, backfill and embankment will be completed in 2015.
- Embankment between Haehl Creek and Center Valley Road started, but is suspended until summer 2015.
- Erosion control materials are being monitored and maintained at all locations.

Floodway Viaduct - STA "A" 149+00 to 167+50 (1.2 miles):

- Foundations and columns are complete for all 8 frames.
- Bent 4 columns damaged in the January falsework collapse are reconstructed.
- Frame 1 Falsework is also reconstructed and forms and reinforcing placement is in progress.
- Frames 2, 3, 4, and 5 are complete except for concrete barriers, deck grooving, and surface finishing. Hinges 8, 13, and 17 are complete.
- Falsework forms and reinforcing for Frames 6, 7, and 8 are under construction.
- Completion of the Viaduct by September 2015 is anticipated.
- City of Willits and Caltrans continue to coordinate work near WWTP facilities at Frames 6, 7, and 8.

North Segment (Viaduct to End of Project – STA "A" 167+50 to 191+10 (1.5 miles):

- Excavation and foundation pile driving has begun at Bridge 10-0171- Quail Meadows Overhead.
- Redesign of the North interchange is complete.
- Construction of embankment from MFP borrow site will resume as soon as weather and ground conditions permit.
- Utility relocation work is ongoing.
- Work on Quail Meadows Undercrossing and three Upp Creek Bridges will begin in May 2015.
- Completion of all mainline and interchange bridges in October 2015 is anticipated.
- Erosion control is being monitored and maintained at all locations.



AGENDA SUMMARY REPORT

To: Honorable Mayor and Fellow Council Members

From: Council Member Madge Strong

Agenda Title: DISCUSSION AND POSSIBLE ADOPTION OF RESOLUTION OPPOSING USE OF PESTICIDES IN LITTLE LAKE VALLEY MITIGATION AREAS

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 30 min

Summary of Request: Caltrans has recently proposed using herbicides, and possibly insecticides and rodenticides, on approximately 67 acres of the wetland mitigation areas of Little Lake Valley.

In the 2006 Bypass FEIS/EIR, Appendix A, Caltrans stated: "If, during the three-year monitoring program, invasive weeds show evidence of spreading, Caltrans will develop an Invasive Weed Eradication Plan, targeting identified invasive species on the CDFA list. *Herbicides would not be used since Caltrans does not use herbicides in Mendocino County.*" (Page 13 of 26)

The use pesticides was also prohibited in early versions of the State and Federal Mitigation & Monitoring Plans (MMPs) but later, in 2012, was modified to allow them only if hand, mechanical or other non-toxic methods had been persistently tried and were ineffective. Caltrans also consistently assured the public, on the FAQs on their website until November 2014, that herbicides would not be used on the Willits Bypass project. Use of pesticides, however, is now included in the request for proposals for the current phases of mitigation work, in order to expedite eradication of Himalayan blackberries and other invasive species.

Caltrans expects to award a contract for the first and major phase of mitigation work in mid-May. The contractor selected would then likely apply for the permit required by the State Water Board for use of pesticides in or near watercourses, with a 30 day public comment period from the time this permit is applied for. The contractor is responsible for choosing which chemicals and methods of application are used, subject to any conditions in the contract and the Water Board permit. (See attached list of potentially allowed pesticides referenced in the RFP.)

The acreage on which these pesticides would be used is mostly on seasonal wetlands and along stream banks in the northern Valley, some of which is used for grazing. Residue from the pesticides can seep into or accumulate in soil and surface or underground water, with likely adverse impacts on salmon-spawning streams, wildlife, grazing animals, and quality of well water, which could include the City's Elias well and many private wells in the area.

If passed by the City Council, this advisory resolution would be submitted as the City's comments to Caltrans, the Water Board and other relevant State and Federal agencies, and other elected officials.

Recommended Action: Adopt the resolution as proposed, or with amendments, opposing the use of pesticides in Little Lake Valley mitigation areas.

Alternative(s): Take no action.

Fiscal Impact: None.

Personnel Impact: Minimal staff time to send copies of the resolution to the relevant agencies and officials.

Reviewed by: City Manager City Attorney Finance Director Human Resources Risk

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

RESOLUTION NO. 2015-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLITS OPPOSING USE OF PESTICIDES IN LITTLE LAKE VALLEY MITIGATION AREAS

WHEREAS, the purpose of the Willits Bypass Mitigation and Monitoring Plan (MMP) is to enhance the existing beneficial wetland functions of the Little Lake Valley for the benefit of the natural and human environment to compensate for wetland functions lost to the construction of the Willits Bypass; and

WHEREAS, those functions include ground water and surface water recharge, water purification, enhanced water quality and quantity and improved habitat for native species, including salmon and steelhead; and

WHEREAS, Little Lake Valley has not been previously subjected to the broad-scale use of pesticides, including herbicides, insecticides or rodenticides as a management tool, and is currently a functioning seasonal wetland providing habitat and forage for both native species and ranching and farming enterprises; and

WHEREAS, Little Lake Valley is the source of many residential water wells, and a potential source of supplemental municipal water; provides natural, unsprayed forage for local grass-fed beef and lamb, artisan goat dairy products as well as natural compost and hay; and Little Lake Valley streams provide fish passage and habitat to three threatened salmonids; and

WHEREAS, Little Lake Valley food and forage producers are now excellently positioned to take advantage of the growing natural and organic food markets.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willits opposes the use of pesticides, including herbicides, insecticides and rodenticides, as a management tool on the Caltrans mitigation properties. We request that, prior to finalizing contracts for this work, Caltrans stand by its prior commitment that pesticides not be used in the mitigation areas. We call on other elected officials and agencies to join in assuring that pesticides not be used on these lands and waterways..

The above and foregoing Resolution was introduced by Councilmember _____ seconded by Councilmember _____, and passed and adopted at a regular meeting of the City Council of the City of Willits, held on the 22nd day of April, 2015, by the following vote:

AYES:
NOES:
ABSENT:

BRUCE BURTON, Mayor
City Council of the City of Willits

ATTEST:

CATHY SANDERS
Deputy City Clerk

**APPENDIX C2-A
CALTRANS APPROVED CHEMICAL LIST**

SVS Part Number	EPA Number (without extra 0's) & IMMS Code	Product Name (Brand Name)	Chemical Name	Common Name	MoA	Manufacturer
HERBICIDES						
6840-10349	0062719-00324-ZA-0000000	Accord Concentrate	53.8% Glyphosate	IPA	9	Dow AgroSciences LLC
6840-10352	0062719-00517-ZC-0000000	Accord XRT	53.8% Glyphosate	IPA	9	Dow AgroSciences LLC
6840-10364	0062719-00556-AA-0000000	Accord XRT II	50.3% Glyphosate	DMA	9	Dow AgroSciences LLC
6840-11683	0000524-00343-ZF-0000000	AquaMaster	53.8% Glyphosate	IPA	9	Monsanto Company
6840-16948	0000100-01060-AA-0070506	Devrinol 50 DF Orn Sel	50.0% Napropamide		15	United Phosphorus, Inc.
6840-17852	0062719-00542-AA-0000000	Dimension 2EW	24.0% Dithiopyr		3	Dow AgroSciences LLC
6840-17801	0062719-00445-ZA-0000000	Dimension Ultra 40 WP	40.0% Dithiopyr		3	Dow AgroSciences LLC
6840-18171	0062719-00311-AA-0000000	Diuron 4L IVM	40.0% Diuron		7	Dow AgroSciences LLC
6840-19134	0000228-00398-AA-0000000	Riverdale Endurance	65.0% Prodiamine		3	NuFarm America's Inc.
6840-16001	0083220-00002-AA-0000000	EZ-JECT Copperhead Herbicide Shells	83.5% Imazapyr		2	EZ-JECT Inc.
6840-21468	0000100-01084-AA-0000000	Fusilade II Turf & Orn	24.5% Fluazilop-P-Butyl		1	Sygenta Crop Protection Inc.
6840-21443	0062719-00145-AA-0000000	Gallery 75 DF	75.0% Isoxaben		21	Dow AgroSciences LLC
6840-21583	0062220-00028-AA-0000000	Galigan 2E	22.2% Oxyfluorfen		14	Makhteshim-Agan of North America Inc.
6840-21633	0062719-00527-AA-0000000	Garlon 4Ultra	60.5% Triclopyr ester		4	Dow AgroSciences LLC
6840-21759	0062719-00424-AA-0000000	Goal 2XL	22.3% Oxyfluorfen		14	Dow AgroSciences LLC
6840-19161	0062719-00447-ZA-0000000	Goaltender	41.0% Oxyfluorfen		14	Dow AgroSciences LLC
6840-22205	0000352-00692-AA-0000000	Karmex XP	80.0% Diuron		7	DuPont De Nemours & Co.
6840-22128	0000352-00505-AA-0000000	Krovar I DF	40.0% Bromacil + 40.0% Diuron		5 7	DuPont De Nemours & Co.
6840-23854	0000352-00621-AA-0000000	Landmark MP	50.0% Sulfometuron + 25.0% Chlorosulfuroil		2 2	DuPont De Nemours & Co.
6840-23841	0000352-00645-AA-0000000	Landmark XP	50.0% Sulfometuron + 25.0% Chlorosulfuroil		2 2	DuPont De Nemours & Co.
6840-23981	0062719-00305-AA-0000000	Lontrel Turf & Orn	40.9% Clopyralid	MEA	4	Dow AgroSciences LLC

SVS Part Number	EPA Number (without extra 0's) & IMMS Code	Product Name (Brand Name)	Chemical Name	Common	MoA	Manufacturer
HERBICIDES – Continued						
6840-24502	0000352-00556-AA-0000000	Matrix	25.0% Rimsulfuron		2	DuPont De Nemours & Co.
6840-25606	0062719-00537-AA-0000000	Milestone VM	40.6% Aminopyralid		4	Dow AgroSciences LLC
6840-25772	0062719-00572-AA-0000000	Milestone VM Plus	16.2% Triclopyr amine + 2.2% Aminopyralid		4	Dow AgroSciences LLC
6840-27636	0000352-00601-AA-0000000	Oust XP	75.0% Sulfometuron		2	DuPont De Nemours & Co.
6840-27206	0000524-00500-AA-0000000	Outrider	75.0% Sulfosulfuron		2	Monsanto Company
6840-27586	0072167-00015-AA-0074477	Veg Mgr Oryzalin 4 Pro	41.0% Oryzalin		3	Vegetation Management
6840-28083	0062719-00176-ZA-0000000	Pathfinder II	13.6% Triclopyr ester		4	Dow AgroSciences LLC
6840-19173	0059639-00120-ZA-0000000	Payload	51.0% Flumioxazin		14	Valent USA Corporation
6840-28133	0000241-00416-AA-0000000	Pendulum AquaCap	37.8% Pendimethalin		3	BASF Corporation
6840-29186	0007969-00058-AA-0000000	Poast	18.0% Sethoxydim		1	BASF Corporation
6840-25760	0000524-00535-AA-0000000	QuikPRO	73.3% Glyphosate + 2.9% Diquat		9 22	Monsanto Company
6840-30479	0062719-00324-ZB-0000000	Rodeo	53.8% Glyphosate IPA		9	Dow AgroSciences LLC
6840-30493	0000100-01091-AA-0000000	Reward Lndsp & Aquatic	37.3% Diquat		22	Sygenta Crop Protection Inc.
6840-30517	0000432-01465-AA-0000000	Ronstar Flo	34.1% Oxydiazon		14	Bayer Environmental Science
6840-25796	0000524-00529-AA-0000000	Roundup Pro Concentrate	50.2% Glyphosate IPA		9	Monsanto Company
6840-30543	0000524-00475-ZA-0000000	Roundup Pro	41.0% Glyphosate IPA		9	Monsanto Company
6840-30556	0000524-00505-AA-0000000	Roundup Pro Dry	71.4% Glyphosate MSA		9	Monsanto Company
6840-30568	0000524-00579-AA-0000000	Roundup PROMAX	48.7% Glyphosate K salt		9	Monsanto Company
6840-31420	0019713-00060-AA-0000000	Drexel Simazine 4L	40.0% Simazine		5	Drexel Chemical Company
6840-32206	0000228-00408-AA-0000000	Riverdale Spyder	75.0% Sulfometuron		2	NuFarm America's Inc.
6840-13410	0000241-00398-ZA-0000000	Stalker	27.6% Imazapyr		2	BASF Corporation
6840-33121	0070506-00044-AA-0000000	Surflan AS Specialist	40.4% Oryzalin		3	United Phosphorus, Inc.
6840-33412	0000352-00522-ZA-0000000	Telar DF	75.0% Chlorsulfuron		2	DuPont De Nemours & Co.
6840-33424	0000352-00654-AA-0000000	Telar XP	75.0% Chlorsulfuron		2	DuPont De Nemours & Co.

SVS Part Number	EPA Number (without extra 0's) & IMMS Code	Product Name (Brand Name)	Chemical Common Name	MoA	Manufacturer
HERBICIDES – Continued					
6840-34186	0062719-00259-AA-0000000	Transline	40.9% Clopyralid MEA	4	Dow AgroSciences LLC
6840-34642	0062719-00258-AA-0000000	Turfion Ester	61.6% Triclopyr ester	4	Dow AgroSciences LLC
PLANT GROWTH REGULATORS					
6840-19387	0002217-00759-AA-0000000	Embark 2-S	28.0% Mefluidide		PBI / Gordon Corporation
TREE GROWTH REGULATORS					
6840-13802	0000100-50076-AA-0074779	Cambistat 2SC	22.3% Paclobutrazol		Rainbow Treecare Scientific
6840-29402	0067690-00022-AA-0000000	Profile 2SC	21.8% Paclobutrazol		Advancements Sepro Corporation
BIOLOGICAL CONTROL - FOR USE BY VECTOR CONTROL AGENCIES ONLY					
not applicable (Do Not Buy or Apply)	0073049-00020-AA-0000000	Vectolex CG Biological Larvicide	Bacillus sphaericus, serotype H-5A5B, strain 2362	n/a	Valent Biosciences Corp.
INSECTICIDES AND RODENTICIDES					
6840-00300		Insecticide House Hold			Any
6840-21381	0012455-00091-AA-0000000	Final Rodenticide Ready-to-Use Place Pac	0.005% Brodifacoum		Bell Laboratories, Inc.
6840-21708		Gopher Bait			
6840-33362	0036029-00017-AA-0000000	Ground Squirrel Bait by Wilco Ag - Restricted Use	0.005% Diphacinone		Wilco Distributors
6840-22179	0007946-00016-AA-0000000	Imicide 4ML	10.0% Imidacloprid		J.J. Mauget Company
6840-22181	0007946-00016-AA-0000000	Imicide 3 ML	10.0% Imidacloprid		J.J. Mauget Company
6840-24209	0007173-00189-AA-0000000	Maki Paraffin Blk Rat Bait	0.005% Bromadiolone		Lipha Tech Inc.
6840-32319	0065328-50001-AA-0000000	Spray Tech Oil	none		Spray Tech Inc.
6840-30238	0000056-00042-AA-0000000	Rat Bait (Diphacinone)	0.005% Diphacinone		JT Eaton & Company, Inc
6840-30378	0010965-50003-ZA-0000000	Rodent Bait Diphacinone Treated Grain	0.01% Diphacinone		California Dept of Food & Ag (Fresno County Ag)
6840-30455	0010965-50001-ZA-0000000	Rodent Bait Diphacinone Treated Grain	0.005% Diphacinone		California Dept of Food & Ag (Tulare County Ag)
6840-25428	0000432-01318-AA-0000000	Merit 75 WSP Insecticide	75.0% Imidacloprid		Bayer Environmental Science