



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

WILLITS CITY COUNCIL AGENDA

JUNE 8, 2011 ♦ 6:00 P.M. ♦ COUNCIL CHAMBERS

1. **OPENING MATTERS** – a) Call to Order; b) Pledge to Flag; c) Roll Call
2. **PUBLIC MATTERS**
 - a. Recognition of Building Inspector Frank Howard Upon His Retirement After 24 Years of Service to the City of Willits
 - b. Noticed Public Hearing to Conduct Annual Review of Proposed Changes in Certain City Fees and Charges for the Use of the Willits Center for the Arts Building and to Adopt a Resolution Establishing Said Fees and Charges, Effective July 1, 2011
 - c. Presentation by Mendocino Council of Governments (MCOG) Regarding County-Wide Pavement Management System
 - d. Discussion and Possible Direction Regarding Draft City of Willits Budget for Fiscal Year 2011-2012 and Proposed Use of Half-Cent Sales Tax to Fund Street Repair and Maintenance
3. **PUBLIC COMMUNICATIONS**

Council welcomes participation in its meetings. Comments shall be limited to five 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.
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:

 - a. City Council Minutes of May 25, 2011
 - b. Disbursements Journals:
 - Warrant Nos. 17817-17826, Totaling \$48,241.29
 - Warrant Nos. 17827-17892, Totaling \$183,501.80
 - c. Building Inspection Activity Reports – May 2011
 - d. Resolution Accepting the Construction Completion of the Van Lane and Vicinity Storm Drain Project, Contract No. 2011-01, and Authorizing the Filing of the Notice of Completion
5. **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.
6. **COMMISSIONS, AGENCIES AND AUTHORITIES**

The City of Willits City Council meets concurrently as the City of Willits Community Development Agency and Planning Commission.

7. **OLD BUSINESS**
8. **CITY MANAGER REPORTS AND RECOMMENDATIONS**
 - a. Other Reports – Verbal/No Action
9. **DEPARTMENT RECOMMENDATIONS**
 - a. Police Chief
 - (1) Informational Presentation About the “*Refuse to Be a Victim*” Crime Prevention Seminar, Scheduled for June 11, 2011, Co-Sponsored by the Willits Chamber of Commerce and the Willits Police Department
 - b. City Planner
 - c. City Attorney
 - d. Public Works Director
 - e. City Engineer
 - f. Finance Director/City Treasurer
 - (1) Discussion and Possible Action Approving Investment of Sewer Fund Bond Reserves in Government Agency Step Up Notes
 - g. City Clerk/Human Resources Director
10. **CITY COUNCIL AND COMMITTEE REPORTS**
 - a. Mendocino Council of Governments (MCOG)
 - b. Local Agency Formation Commission (LAFCO)
 - c. Mendocino Transit Authority (MTA)
 - d. Revit-ED Committee
 - e. Mendocino Solid Waste Management Authority-Joint Powers Authority (MSWMA-JPA)
 - f. Economic Development and Financing Corporation (EDFC)
 - g. League of California Cities
 - h. Water Resources Committee
 - i. Sewer System Committee
 - j. Finance Committee
 - k. Caltrans Ad Hoc Committee
 - l. Other Committee Reports
11. **COUNCIL MEMBER REPORTS AND RECOMMENDATIONS**
12. **ENACTMENT OF ORDINANCES**
13. **GOOD & WELFARE**
14. **CLOSED SESSION NOTICE**
 - a. Conference with Real Property Negotiators Pursuant to Government Code §54956.7 – Property: 285 North Lenore Avenue (APN 007-020-12-00); Agency negotiator: Paul Cayler, Tom Mannatt, and J.C. England; Negotiating Parties: William Goforth and Michelle Goforth; Under Negotiation: Price and Terms of Payment
 - b. Conference with Legal Counsel Pursuant to Government Code §54956.9 – Existing Litigation: Brooktrails Township Community Services District, a Public Agency vs. City of Willits, a General Law City; and DOES 1 through 100, Inclusive; Case No. SCUK CVG-1056037
 - c. 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)
 - d. Conference with Legal Counsel Pursuant to Government Code §54956.9 – Anticipated Litigation: Significant Exposure (One Case)
 - e. Conference with Labor Negotiators Pursuant to Government Code §54957.6 – Agency Negotiators: Paul Cayler and Adrienne Moore; Employee Organization(s): All

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 3rd day of June, 2011.
Adrienne Moore, City Clerk*

AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE

The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and need disability-related modifications or accommodations to participate in this meeting, please contact Adrienne Moore, City Clerk, at (707) 459-4601 or cityclerk@willitscity.com. Requests for such modifications or accommodations must be made at least two full business days prior to the meeting.

ADDITIONAL MEETING INFORMATION FOR INTERESTED PARTIES

Materials related to an item on this Agenda submitted to the Willits City Council, Planning Commission, or Community Development Agency after distribution of the agenda packet are available for public inspection at City Clerk's office at 111 E. Commercial Street, Willits, during normal business hours.



Item No. 2b

Meeting Date: June 8, 2011

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Willits Cultural Arts Commission

Agenda Title: NOTICED PUBLIC HEARING TO CONDUCT ANNUAL REVIEW OF PROPOSED CHANGES IN CERTAIN CITY FEES AND CHARGES FOR THE USE OF THE WILLITS CENTER FOR THE ARTS BUILDING AND TO ADOPT A RESOLUTION ESTABLISHING SAID FEES AND CHARGES, EFFECTIVE JULY 1, 2011

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 10 min.

Summary of Request: At the last Council meeting on May 25th, the City Council held a public hearing to conduct the annual review of the City's rates and fees and adopted a resolution establishing said rates and fees for the upcoming fiscal year. The Cultural Arts Commission was not able to submit their proposed fee changes in time to be included in the annual review. As such, the City Clerk published a Notice of Public Hearing for the June 8th Council meeting for the purpose of reviewing the proposed fees as presented by the Commission.

Attached are the proposed fees as presented by the Cultural Arts Commission for the use of the Center for the Arts building. An Arts Commissioner will be present to answer any questions regarding the proposed fee increases.

Recommended Action: Adopt a resolution establishing certain City fees and charges for the use of the Willits Center for the Arts building, effective July 1, 2011.

Alternative(s): Following a public hearing and discussion, adopt a resolution approving changes in certain fees and charges alternative to those recommended by City staff.

Fiscal Impact: All recommended changes are in accordance with staff's analysis of the need to keep pace with costs of providing necessary services and capital improvements, in accordance with law.

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. 2011-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLITS APPROVING CHANGES IN CERTAIN FEES AND CHARGES FOR USE OF WILLITS CENTER FOR THE ARTS BUILDING EFFECTIVE JULY 1, 2011

WHEREAS, the City Council for the City of Willits ("City") hereby finds as follows

1. Notice of the time and place of this meeting to consider the adoption of this resolution to increase City fees was given as required by Government Code Section 6062(a).
2. This Public Hearing is being held to meet the public hearing requirements of Government Code Section 66018(a).
3. The amount of the fee and service charges set forth in the attached Exhibit "A" do not exceed the estimated amount required to provide the service for which the fee or service charge is being levied.
4. Unless the recommended increased fee or service charge is approved, the City will not have sufficient funds to provide the service for which the fee or service charge is being levied.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willits that based upon the information provided to the City Council at the public hearing held prior to the adoption of this Resolution and upon the above findings of fact, the City Council hereby approves and adopts the attached Fee Schedule, a copy of which is hereby incorporated by reference and attached hereto as Exhibit "A" to be effective July 1, 2011.

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 8th day of June, 2011, by the following vote:

AYES:
NOES:
ABSENT:

BRUCE BURTON, Mayor
City Council of the City of Willits

ATTEST:

ADRIENNE MOORE, City Clerk

EXHIBIT A

WILLITS CENTER FOR THE ARTS BUILDING FEES	FY 10/11	FY 11/12
Great Room - Non-Educational Use:		
Basic Use Fee/per day	175.00	200.00
Use Fee with alcohol/per day (not to exceed 8 hours 4 hours or less/per day)	450.00	400.00
	50.00	-
Great Room - Non Educational /Non Profit Use		
Basic Use Fee/per day (more than 4 hours)	150.00	100.00
Use Fee with alcohol/per day (not to exceed 8 hours) 4 hours or less/per day	250.00	150.00
	50.00	75.00
4 hours or less with alcohol/per day	200.00	100.00
Memorial Services/per event		25.00
Memorial Services with Alcohol		50.00
Great Room - Deposits & Cleaning		
Cleaning & Damage Deposit (Refundable)/per day	200.00	300.00
Cleaning & Damage Deposit with alcohol (Refundable)/per day	600.00	500.00
Staff Member Cleanup/per hour per person	50.00	50.00
Great Room - Educational Use:		
Basic Educational Use - 2 hour per day minimum		10.00 per hr.
All day educational use		75.00
Educational Use Cleaning Deposit for ongoing classes		50.00
Cleaning & Damage Deposit (Refundable)/per day		300.00
Classroom Rental - Non Educational Use:		
2 hour per day minimum		12.00 per hr.
All day rental/per day	125.00	50.00
Cleaning Deposit - Refundable/per day		50.00
Classroom Rental - Non Profit Use:		
2 hour per day minimum	50.00	5.00 per hr.
All day rental/per day	100.00	50.00
Cleaning Deposit - Refundable/per day		50.00
Classroom Rental - Educational Use:		
2 hour per day minimum		8.00 per hr.
All day rental/per day		50.00
Cleaning Deposit - Refundable/per day	50.00	50.00
Staff Member Cleanup/per hour per person	50.00	50.00



Item No. **2c**
Meeting Date: **June 8, 2011**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Alan Falleri, Community Development Director

Agenda Title: PRESENTATION BY MENDOCINO COUNCIL OF GOVERNMENTS (MCOG) REGARDING COUNTY-WIDE PAVEMENT MANAGEMENT SYSTEM

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 20 min.

Summary of Request: As part of an effort to evaluate pavement conditions on streets within the four cities and the unincorporated area of Mendocino County, MCOG retained the services of Nichols Consulting Engineers to update the pavement management databases for those entities in accordance with the Metropolitan Transportation Commission (MTC) Pavement Management Program. The updated data will assist in analyzing existing conditions and developing street maintenance and rehabilitation strategies. This program will help the City of Willits identify maintenance priorities specific to our needs and budget.

MCOG Executive Director Phil Dow will describe the program and explain how the City can participate and take advantage of the benefits the program can provide.

Recommended Action: No action needed – informational presentation only.

Alternative(s): None recommended.

Fiscal Impact: None.

Personnel Impact: None.

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

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____



AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Joanne Cavallari, Finance Director/City Treasurer

Agenda Title: DISCUSSION AND POSSIBLE DIRECTION REGARDING DRAFT CITY OF WILLITS BUDGET FOR FISCAL YEAR 2011-2012 AND PROPOSED USE OF HALF-CENT SALES TAX TO FUND STREET REPAIR AND MAINTENANCE

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 20 min.

Summary of Request: The City Council held a budget workshop on May 19, 2011. Several changes have been made to the draft budget as presented including:

- Adjustment to Property Tax revenues based on estimates received from the County;
- Adjustment to Sales Tax revenues based on estimates from MuniServices;
- Addition of a temporary College Intern in Department 100.1001 to work on records management; and
- Addition of \$10,000 in Public Works Administration, Department 100.1040, for the Street Name-Change project.

The budget as presented to the Council on May 19th included funding of materials, supplies, and street maintenance contracts out of the Half-cent Sales Tax fund as opposed to the Traffic Safety and Street Maintenance Funds as has been past practice. Any deficits in these funds are traditionally closed into the General Fund at year end. The primary revenue source, Gas Tax, is not sufficient to pay for the increasing costs, and the General Fund can't continue to bear this burden and remain viable. Costs continue to increase for both materials and labor, but Gas Tax revenues remain the same or below past levels. All additional revenue sources, such as D1 funds, have been claimed.

Attached is a list of proposed adjustments that are included in the draft budget, including prior period adjustments, which will bring the Traffic Safety Fund to zero and reduce the deficit in the Street Maintenance Fund to \$310,141. If the City is required by the State Controller's office to close this fund into the General Fund, the reserves in the General Fund will drop below \$1 million. Without these adjustments the balance in the General Fund would drop to about \$750,000.

Unless some reliable revenue source is identified to pay for street maintenance and repairs, the General Fund reserves will continue to decline.

Recommended Action: Discuss the draft budget, including the use of Half-cent Sales Tax revenues, and give direction to staff. The final budget is scheduled for adoption on June 22, 2011.

Alternative(s): None recommended.

Fiscal Impact: As stated above.

Personnel Impact: Staff will make changes to the budget as directed and prepare the final document for adoption at the June 22nd meeting.

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

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

CITY OF WILLITS
DRAFT BUDGET
For Fiscal Year 2011-2012

BUDGET #5

Summary of Working Capital

Fund #	Fund Name	Beginning Working Capital 7/1/2011	2011-2012		Net Revenue (Cost)	Adjustments	Ending Working Capital 6/30/2012
			Projected Revenue	Budgeted Appropriations			
100	General	\$1,496,042	\$3,882,160	\$4,143,721	(\$261,561)		1,234,481
200	Traffic Safety	0	16,847	16,847	(0)		(0)
201	Gas Tax	(105,677)	167,906	372,370	(204,464)		(310,141)
202	Sales Tax Transport	3,012,652	766,522	1,223,744	(457,222)		2,555,430
203	Prop 1B Transp Bonds	0	0	0	0		0
206	RDA	499,458	899,519	921,991	(22,473)		476,985
207	W. Commercial Street	0	0	0	0		0
208	Regional Trans. Improve	0	875,825	875,825	0		0
210	RDA Low Mod Housing	574,984	222,238	374,297	(152,060)	75,964	498,888
212	Landfill Remediation	582,030	1,400	160	1,240		583,270
213	Landfill Post Closure	(1,038,100)	500	53,293	(52,793)		(1,090,893)
300	Debt Service	22,928	15,150	10,100	5,050		27,978
405	Ball Field Project	0	0	0	0		0
406	Willits Kids Club Project	(108,227)	108,227	0	108,227		0
428	WWTP EPA Grant	271,452	0	0	0		271,452
429	Small Communities WW	(414,848)	0	0	0		(414,848)
430	WWTP Construction	0	9,196,565	9,296,345	(99,780)	99,780	0
500	Airport	34,420	265,586	315,826	(50,240)	19,360	3,540
501	Sewer Enterprise	1,985,421	2,570,900	3,338,435	(767,535)	436,335	1,654,221
503	Water Enterprise	683,508	2,669,868	2,560,910	108,958	350,000	1,142,466
651	Narcotics Forfeiture State	310,578	1,650	4,500	(2,850)		307,728
652	Revolving Loan Business	113,814	450	2,792	(2,342)		111,472
653	Revolving Loan Housing	10,938	1,700	3,588	(1,888)		9,050
655	DNA Cost Reimbursmnt	24,146	0	0	0		24,146
	Totals	\$7,955,519	\$21,663,013	\$23,514,746	(\$1,851,732)		\$7,085,226

Adjustments:

Fund 210 - Principal Payment from RDA	\$75,964
Fund 430 - Transfer unreimbursed overhead to Sewer Fund Construction in Progress	99,780
Fund 500 - Add back depreciation	19,360
Fund 501 - Add back depreciation	436,335
Fund 503 - Add back depreciation	350,000

Transfers from 202 to 200 & 201

	200	201	202
Projected 06/30/11 Exhibit A Balance	-	(105,677)	3,012,652
<i>FY 2009/2010 Prior period adjustments</i>			
Whitlock & Weinberger Traffic Evaluations	(3,800)		3,800
WIPF vactor out sink hole		(375)	375
Rock, Gravel, Asphalt		(4,666)	4,666
Clearlake Lava		(491)	491
<i>FY 2010/11 adjustments</i>			
Curb paint	(1,511)		1,511
Pipe	(1,018)		1,018
Red EC Film	(598)		598
Cut down tree		(3,500)	3,500
CDF Crew		(2,105)	2,105
Pipe		(459)	459
Reverse Accrued Interest	(90,987)	(6,355)	97,342
Total Adjustments	(97,914)	(17,951)	115,865
<i>06/30/2011 Ending Balance without 202 support</i>			
Projected Revenues FY 2011/12	16,847	167,906	766,522
Projected Expenditures FY 2011/12	(16,847)	(372,370)	(1,223,744)
Adjusted Balance	(97,914)	(328,092)	2,671,295
	200	201	202
Projected 06/30/12 Exhibit A Adjusted Balance	(97,914)	(328,092)	2,671,295
<i>FY 2011/12 Budget</i>			
Striping contractor	(7,500)		7,500
Paint, signs, posts, thermo plastic	(26,600)		26,600
Street tree care		(4,000)	4,000
Rock, Gravel, Asphalt		(9,000)	9,000
Landscape material		(2,250)	2,250
CDF Crew		(800)	800
Storm drain & pot-hole repair		(5,500)	5,500
Reverse Estimated Interest	(11,827)	(6,173)	18,000
Total Adjustments	(45,927)	(27,723)	73,650
Ending Fund Balance without 202 support	\$ (143,841)	\$ (355,815)	\$ 2,744,945
Estimated Ending Fund Balance in General Fund	\$ 1,234,481		
Close Deficit Balance in 200	-		
Close Deficit Balance in 201	(310,141)		
Ending Fund Balance with 202 Support	\$ 924,340		
Estimated Ending Fund Balance in General Fund	\$ 1,234,481		
Close Deficit Balance in 200	(143,841)		
Close Deficit Balance in 201	(355,815)		
Ending Fund Balance without 202 Support	\$ 734,825		



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**WILLITS CITY COUNCIL
MINUTES
WEDNESDAY, MAY 25, 2011**

Mayor Burton called a regular meeting of the City Council to order at 6:01 p.m., in Council Chambers. The meeting was preceded by the pledge to the flag.

Roll Call: Councilmembers Larry Stranske, Ron Orenstein, Holly Madrigal, Victor Hanson, and Mayor Bruce Burton were present.

Also present were staff members: Paul Cayler, City Manager; Jim Lance, City Attorney; Alan Falleri, Community Development Director; Gerry Gonzalez, Police Chief; Tom Mannatt, City Engineer; Joanne Cavallari, Finance Director/City Treasurer; John Sherman, Code Enforcement Officer; J.C. England; Water/Sewer Supervisor; and Adrienne Moore, City Clerk/Human Resources Director.

2A. DISCUSSION AND POSSIBLE DIRECTION AND/OR ACTION REGARDING PROPOSAL TO CHANGE THE STREET NAME OF WEST AND EAST COMMERCIAL STREETS TO SEABISCUIT PARKWAY

City Manager Cayler introduced the matter, noting that the fiscal impacts are unknown at this time. Hal Wagenet, Chairman, Visit Mendocino, presented the request for the proposed name change, referencing a petition signed by the majority of Commercial Street businesses and residents in support of the name change.

Public Comment: John Pinches, 3rd District Supervisor, advocated for the proposed name change, stating tourism revenue will boost local businesses. Lynn Kennelly, Willits Chamber of Commerce, referenced other communities with streets named for Seabiscuit. She also commented on polling Chamber members regarding support or opposition, information from the local Postmaster, and overall support for the concept of honoring Seabiscuit.

Motion by Burton/Second by Madrigal and carried (3/2, with Stranske and Orenstein dissenting) to adopt Resolution (No. 2011-09) to change the name of East and West Commercial Streets to *Seabiscuit Parkway*.

2B. NOTICED PUBLIC HEARING TO CONDUCT ANNUAL REVIEW OF RATES AND CHARGES FOR VARIOUS CITY SERVICES AND ADOPT A RESOLUTION APPROVING CHANGES IN CERTAIN CITY FEES AND CHARGES, EFFECTIVE JULY 1, 2011

The City Manager introduced the matter, with the City Clerk noting that a separate public hearing will be held on June 8th to address proposed fee changes for the Willits Center for the Arts building use fees. The Finance Director/City Treasurer reviewed the proposed fee changes.

PUBLIC HEARING OPENED AND CLOSED WITH NO PUBLIC COMMENT RECEIVED.

Motion by Madrigal/Second by Orenstein and carried (3/2, with Hanson and Burton dissenting) to adopt Resolution (No. 2011-10) approving changes in certain City fees and charges, effective July 1, 2011.

3. PUBLIC COMMUNICATIONS

None presented.

4. CONSENT CALENDAR

- a. City Council Minutes of May 11, 2011 – **Approved**
- b. Disbursements Journals:
 - Warrant Nos. 17724-17732, Totaling \$115,228.64 – **Approved**
 - Warrant Nos. 17733-17816, Totaling \$1,085,843.44 – **Approved**
- d. Revised Expenditure Plan for Use of Proposition 1B Transportation Funds – **Approved**
- e. Authorize City Manager to Execute Agreement with Traffic Solutions, Inc., for Street Marking and Striping – **Approved**
- f. Resolution (No. 2011-11) Authorizing the Elimination of the Water Conservation Specialist Position and Directing Staff to Issue a Notice of Layoff to the Affected Incumbent – **Approved**

Motion by Hanson/Second by Stranske and carried unanimously to approve Consent Calendar items (a-b and d-f).

Removed for separate consideration:

- c. Resolution Authorizing Willits Frontier Days Parade Route for July 4, 2010, and Decorations on PG&E Poles

Motion by Madrigal/Second by Stranske and carried unanimously to adopt Resolution (No. 2011-12) authorizing Willits Frontier Days Parade Route for July 4, 2010, and decorations on PG&E Poles, as corrected replacing Madden Lane with Lenore Street.

5. RIGHT TO APPEAL

None presented.

8A. DISCUSSION AND POSSIBLE ACTION TO APPROVE TWO AGREEMENTS WITH MENDOCINO COUNTY HEALTH AND HUMAN SERVICES AGENCY FOR ANIMAL CONTROL SHELTER SERVICES FOR FISCAL YEARS 2010-2011 AND 2011-2012

Motion by Madrigal/Second by Hanson and carried unanimously to approve two agreements with Mendocino County Health and Human Services Agency for animal sheltering services, in amounts not to exceed \$17,757 in Fiscal Year 2011-2012 and \$22,879 for Fiscal Year 2010-2011, and authorize the City Manager to execute same.

8B. DISCUSSION AND POSSIBLE ACTION TO APPROVE AGREEMENT WITH SIERRA PACIFIC AVIATION TO PROVIDE AIRPORT MANAGEMENT SERVICES AT THE WILLITS MUNICIPAL AIRPORT

City Manager Cayler and John Sherman, Code Enforcement Officer, reviewed an updated draft agreement (distributed late this afternoon) and responded to questions and comments. City Attorney Lance provided clarification of the revisions.

Discussion ensued relative to fuel inventory revenue, expenses and transference of inventory; dealings with the FAA; competitive proposal process; 10-year term of agreement and mid-term review; performance bond and indemnification clause; cost of landslide repairs and sealing runway cracks; current condition of card reader and replacement costs; tie-down provision for Sierra Pacific; consultation with other local airports; estimated budget, including grants to cover the cost of necessary repairs; FAA consequences should repairs not be done; grant assurances, which requires return of grant money; and Sierra Pacific's economic vision for the airport and promotional efforts.

Public Comment: David Bowen, Sierra Pacific Aviation, described his vision for the airport. Paul Trexel commented on the last-minute revisions of the proposed agreement, suggesting review of the revisions by the City's aviation consultant. He also asked about the "not agents of the City" clause, citing FAA regulatory language; matching grant funding for the FAA grant if the City retains no revenue. Pete Swanton expressed support for revitalization of the airport. Nick Bishop, West Coast Wings, commented on his positive experience with the City of Ukiah regarding his business located at the Ukiah Airport. Mike Smith also commented on the vision for the Willits Airport.

Motion by Madrigal/Second by Hanson and carried (4/1, with Stranske dissenting) to approve an agreement with Sierra Pacific Aviation to provide airport facilities management at the Willits Municipal Airport, for a term through December 31, 2021, with the provision that the Contractor purchase the fuel from the City at the wholesale rate; inclusion of a 5-year review of the agreement; and inclusion of the City Attorney's revisions; and authorize the City Manager to negotiate revisions to the agreement with Sierra Pacific.

RECESS: 8:32 – 8:42 P.M.

8C. OTHER CITY MANAGER REPORTS

City Manager Cayler reported on the following:

- Receipt of notice of public comment period on the Harris Quarry project;
- Traffic Safety Committee working on issues relative to the outdoor dining, number of planters, ongoing maintenance of planters on West Commercial Street;
- Receipt of MSWMA Budget;
- Frank Howard's retirement party is June 11th; and
- Reminder that the City will be closed next Monday in observance of Memorial Day.

9. DEPARTMENT RECOMMENDATIONS

- a. Police Chief reported on the submittal of a federal COPS grant application and noted his department's participation in multi-agency active shooter training (for response to school-based violence incidences).
- b. City Planner presented the following:
 - (1) Discussion and Possible Action to Adopt a Resolution Prohibiting New Development within Areas of Special Flood Hazard Until Revised Floodplain Regulations are Adopted and Accepted by FEMA

Motion by Hanson/Second by Orenstein to adopt a resolution prohibiting development within the flood hazard areas identified on the FIRM until revised regulations and the revised digital FIRM have been adopted by the City and accepted by FEMA.

(Motion withdrawn, in order to allow staff to retrieve map for Council review.)

- c. City Attorney did not present a report.
- d. City Manager/Interim Public Works Director presented the following:
 - (1) Discussion and Possible Action to Approve Construction Contract Change Order No. 1 with Mendocino Construction Services, Inc., in an Amount Not to Exceed \$37,120.50, for Additional Water Line Work Related to the Railroad Avenue Bridge Project

Motion by Stranske/Second by Hanson and carried unanimously to approve Construction Contract Change Order No. 1 with Mendocino Construction Services, in the amount of \$37,120.50, for Additional Water Line Work Related to the Railroad Avenue Bridge Project.

(2) Discussion and Possible Action to Approve an Award of Contract to Mendocino Construction Services, Inc., to Construct ADA Ramps and Sidewalk on North Street

Motion by Madrigal/Second by Stranske and carried unanimously to approve an award of contract with Mendocino Construction Services, in an amount not to exceed \$24,889, to construct ADA ramps and sidewalk on North Street.

- e. City Engineer reported on staff's investigation and evaluation of sewer lines in the Barbara Lane vicinity, noting the potential need for extensions.

9b(1) CONTINUED – Discussion and Possible Action to Adopt a Resolution Prohibiting New Development within Areas of Special Flood Hazard Until Revised Floodplain Regulations are Adopted and Accepted by FEMA

Mr. Falleri recommended modifying the language within the resolution to prohibit development in areas of special flood hazard designated as Zone AE and Floodway.

Motion by Hanson/Second by Stranske and carried unanimously to adopt Resolution (No. 2011-13) prohibiting development within the flood hazard areas identified on the FIRM until revised regulations and the revised digital FIRM have been adopted by the City and accepted by FEMA, as amended.

- f. Finance Director/City Treasurer reported receipt of the final payment from the State Parks grant for the ball fields, and noted that the only outstanding grant payment is \$55,000 for the water conservation program.
- g. City Clerk/Human Resources Director provided an update on the recruitment process of the seasonal swimming pool staff.

10. CITY COUNCIL AND COMMITTEE REPORTS

- a. Mendocino Council of Governments (MCOG) did not meet.
- b. Local Agency Formation Commission (LAFCO) did not meet.
- c. Mendocino Transit Authority (MTA) is meeting tomorrow.
- d. Revit-ED Committee did not meet; however, Mr. Falleri recommended convening a meeting in the near future.
- e. Mendocino Solid Waste Management Authority-Joint Powers Authority (MSWMA-JPA) did not meet. Councilmember Madrigal asked about the joint powers agreement and the City's contribution, to which Mr. Cayler clarified the surcharge funding mechanism.
- f. Economic Development and Financing Corporation (EDFC) – Councilmember Orenstein reported on a presentation about MPIC services; and noted that plans for a meat packing plant are on track.
- g. League of California Cities – Councilmember Stranske did not attend the last meeting.
- h. Water Resources Committee did not meet.
- i. Sewer System Committee did not meet.
- j. Finance Committee did not meet.
- k. Caltrans Ad Hoc Committee did not meet;
- l. Other Committee Reports – no reports presented.

11. COUNCIL MEMBER REPORTS AND RECOMMENDATIONS

None presented.

12. ENACTMENT OF ORDINANCES

None presented.

13. GOOD & WELFARE

Mr. Falleri reported that several staff met with representatives from Howard Hospital to review their revised plans for the new hospital, with groundbreaking anticipated next summer. Councilmember Madrigal reported her attendance at the Farm Bureau's meeting relative to grazing and the bypass project.

ADJOURNED TO CLOSED SESSION AT 9:17 P.M.

14. CLOSED SESSION NOTICE

- a. Conference with Legal Counsel Pursuant to Government Code §54956.9 – Existing Litigation: Brooktrails Township Community Services District, a Public Agency vs. City of Willits, a General Law City; and DOES 1 through 100, Inclusive; Case No. SCUk CVG-1056037
- b. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6 – Agency Negotiators: Paul Cayler and Adrienne Moore; Employee Organization(s): All

Council reconvened to open session at 9:49 p.m., with no action to report from Closed Session.

Moved by Hanson/seconded by Stranske and carried unanimously to adjourn the meeting at 9:49 p.m.

BRUCE BURTON, Mayor

ATTEST:

ADRIENNE MOORE, City Clerk

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S	ACCOUNT
GENERAL CHECK FORM									
17817	05/18/11	PEAT/LESTER	4281 WATER OPERATOR III	1,020.00	511394	APRIL-MAY		P M H	503.5033.2081.030
17818	05/24/11	COUNTY OF MENDOCINO	197 OVERPAYMENT	4,488.30	511393	DEFERRED CREDI		P N H	100.204
17819	05/25/11	NORTHERN CA RIVER WA	4617 SETTLEMENT	10,000.00	511392	05252011		P M H	100.1004.3011.000
17820	05/27/11	MENDO-LAKE CREDIT UN	104 DIRECT DEPOSIT	1,750.00	511395	05272011		P N H	690.237
17821	05/27/11	AFLAC	4036 125 PLAN POLICY PREMI	869.90	511396	422255		P N H	690.246
17822	05/27/11	HARTFORD LIFE INSURA	709 DEFERRED COMPENSATI	2,110.00	511397	0109420		P N H	690.236
17823	05/27/11	MENDOCINO CHILD SUPP	1057 CHILD SUPPORT	295.00	511398	05272011		P N H	690.233
17824	05/27/11	FRANCHISE TAX BOARD	695 PAYROLL DEDUCTION	273.81	511401	112705		P N H	690.233
17825	05/27/11	PERS	256 EMPLOYER CONTRIBUT	19,232.33	511399	0876		P N H	690.229
17825	05/27/11	PERS	256 EMPLOYEE CONTRIBUTI	7,768.60	511399	0876		P N H	690.230
				27,000.93	*CHECK TOTAL				
17826	05/27/11	GLOBE/MIKE	4341 125 PLAN FLEX ONE	433.35	511400	112705		P N H	690.246
GENERAL CHECK FORM									
			TOTAL	48,241.29					

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
REPORT TOTALS:				48,241.29				

RECORDS PRINTED - 000011

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
17827	05/31/11	AFLAC	1018 125 PLAN FLEX ONE SVC	50.00	511320	716343ER		P N W 690.246
17828	05/31/11	ANTHEM BLUE CROSS	627 MEDICAL INS PREMIU	59,902.10	511328	000307932B		P N W 690.231
17829	05/31/11	AT&T	4123 POLICE	567.43	511323	2334150		P N W 100.1020.2015.000
17830	05/31/11	AT&T	4615 WATER	166.47	511321	96073902035551		P N W 503.5030.2015.000
17831	05/31/11	ATT MOBILITY	4253 ENGINEERING	91.53	511327	05312011		P N W 100.1042.2015.000
17831	05/31/11	ATT MOBILITY	4253 PUBLIC WORKS	68.05	511327	05312011		P N W 100.1040.2015.000
17831	05/31/11	ATT MOBILITY	4253 REDEVELOPMENT/PLANNING	59.93	511327	05312011		P N W 206.2060.2015.000
17831	05/31/11	ATT MOBILITY	4253 CODE ENFORCEMENT	12.46	511327	05312011		P N W 100.1011.2015.000
17831	05/31/11	ATT MOBILITY	4253 WATER	21.62	511327	05312011		P N W 503.5030.2015.000
17831	05/31/11	ATT MOBILITY	4253 SEWER	77.33	511327	05312011		P N W 501.5013.2015.000
17831	05/31/11	ATT MOBILITY	4253 BUILDING	29.43	511327	05312011		P N W 100.1015.2015.000
17831	05/31/11	ATT MOBILITY	4253 POLICE	111.63	511327	05312011		P N W 100.1020.2015.000
				471.98	*CHECK TOTAL			
17832	05/31/11	AUTO MART	750 VEHICLE OPERATIONS RE	136.90	511322	12110		P M W 501.5011.2044.000
17832	05/31/11	AUTO MART	750 VEHICLE MAINT UNIT 239	61.02	511324	12049		P M W 100.1022.2044.000
17832	05/31/11	AUTO MART	750 VEHICLE MAINT UNIT 229	49.15	511325	12051		P M W 100.1022.2044.000
17832	05/31/11	AUTO MART	750 VEHICLE MAINT UNIT 24	326.46	511326	12107		P M W 100.1022.2044.000
				573.53	*CHECK TOTAL			
17833	05/31/11	BANK OF AMERICA	10 AIRPORT FUEL TEST	30.00	511330	CC 5182011		P N W 500.5001.2081.030
17833	05/31/11	BANK OF AMERICA	10 ADVANCE WASTE TREATME	111.04	511330	CC 5182011		P N W 501.5013.2105.000
17833	05/31/11	BANK OF AMERICA	10 PRINTER/INK	243.60	511330	CC 5182011		P N W 100.1001.2199.000
17833	05/31/11	BANK OF AMERICA	10 REFERENCE BOOKS	20.16	511330	CC 5182011		P N W 100.1042.2055.000
17833	05/31/11	BANK OF AMERICA	10 MS OFFICE BOOK RETURN	18.29CR	511330	CC 5182011		P N W 100.1042.2055.000
17833	05/31/11	BANK OF AMERICA	10 WATER INTERNET	59.99	511330	CC 5182011		P N W 503.5030.2015.000
				446.50	*CHECK TOTAL			
17834	05/31/11	BANK OF AMERICA	4395 FINANCE COMM REFRESMEN	41.50	511329	941280		P N W 100.1002.2199.000
17835	05/31/11	BARTKIEWICZ,KRONICK	4073 LEGAL SERVICES	1,218.81	511331	8729.01		P N W 503.5033.2081.030
17836	05/31/11	CAINE/DENVEL	4447 CONTRACT OPERATOR	1,812.00	511333	MAY2011		P M W 503.5033.2081.030
17837	05/31/11	CALIFORNIA SURVEYING	410 SOFTWARE UPGRADE	990.00	511334	599132	003431	P N W 100.1042.2055.000
17838	05/31/11	CAYLER/PAUL	4259 CELL PHONE REIMBURSEM	100.00	511332	05312011		P N W 100.1002.2015.000
17838	05/31/11	CAYLER/PAUL	4259 HEALTH CLUB REIMBURSEM	40.00	511332	05312011		P N W 100.1002.2033.000
				140.00	*CHECK TOTAL			
17839	05/31/11	CHEVRON USA, INC.	27 POLICE FUEL	115.43	511336	29929455		P N W 100.1022.2044.000
17840	05/31/11	COAST RANGE DIGITAL	4048 VIDEO COUNCIL MEETING	300.00	511387	11 120		P M W 100.1001.2081.030

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S ACCOUNT
GENERAL CHECK FORM								
17841	05/31/11	COUNTY OF MENDOCINO	33 JC ELEC SVC APRIL 201	795.30	511337	2011-4		P N W 100.1020.2110.000
17841	05/31/11	COUNTY OF MENDOCINO	33 JC WATER SVC APRIL 201	78.12	511337	2011-4		P N W 100.1020.2110.000
17841	05/31/11	COUNTY OF MENDOCINO	33 JC GARBAGE SVC APRIL20	72.67	511337	2011-4		P N W 100.1020.2110.000
				946.09	*CHECK TOTAL			
17842	05/31/11	DEEP VALLEY SECURITY	40 WATER PLANT SECURIT	7,027.94	511339	202374		P N W 503.5033.4002.000
17843	05/31/11	DRIPWORKS INC	4082 REC GROVE PROJECT/IRRI	84.83	511338	342449		P N W 100.1050.2101.045
17844	05/31/11	EBA ENGINEERING INC	3985 YARD UST JOB# 11-1701	676.61	511340	22636		P N W 201.2011.2081.030
17845	05/31/11	FOLSOM LAKE FORD	4613 2007 CROWN VICTORI	18,450.00	511341	FL9731		P N W 100.1022.7250.000
17845	05/31/11	FOLSOM LAKE FORD	4613 BALANCE 2007 CROWN VI	538.31	511341	FL9731		P N W 100.1022.2044.000
				18,988.31	*CHECK TOTAL			
17846	05/31/11	GRANITE CONSTRUCTION	4024 DURAPATCH	347.39	511345	130704		P N W 503.5031.2101.035
17846	05/31/11	GRANITE CONSTRUCTION	4024 DURAPATCH	1,042.17	511345	130704		P N W 501.5011.2101.035
17846	05/31/11	GRANITE CONSTRUCTION	4024 DURAPATCH	1,042.17	511345	130704		P N W 201.2011.2101.035
17846	05/31/11	GRANITE CONSTRUCTION	4024 DURAPATCH	1,042.17	511345	130704		P N W 201.2012.2101.035
				3,473.90	*CHECK TOTAL			
17847	05/31/11	GROENIGER & CO INC.	4072 DORN PROJECT	173.48	511342	5046232-01		P N W 503.5031.2041.000
17847	05/31/11	GROENIGER & CO INC.	4072 CREDIT	361.59CR	511346	04272011		P N W 503.5031.2041.000
17847	05/31/11	GROENIGER & CO INC.	4072 EQUIP MAINT & SUPPLIE	262.63	511346	04272011		P N W 503.5031.2041.000
17847	05/31/11	GROENIGER & CO INC.	4072 EQUIP MAINT & SUPPLIE	467.63	511346	04272011		P N W 503.5031.2041.000
				542.15	*CHECK TOTAL			
17848	05/31/11	HACH COMPANY	70 WATER PLANT SUPPLIES	238.34	511348	7242330		P N W 503.5033.2041.000
17849	05/31/11	HARTFORD RETIREE PRE	4422 MED INSURANCE OBERDOR	882.82	511347	50016		P N W 690.231
17850	05/31/11	HENCKELL/JOHAN	4540 W COMMERCIAL LANDSC	1,509.00	511343	566		P M W 201.2011.2101.038
17851	05/31/11	I B E W	255 EMPLOYEE CONTRIBUTION	405.38	511349	05272011		P N W 690.235
17852	05/31/11	JDS	4324 PARKING CITATION ADMI	100.00	511344	2136		P N W 100.1020.2081.030
17853	05/31/11	KILLION/FRED	4607 CLEANING SERVICE	130.00	511389	PW&ENG10/11-11		P M W 100.1042.2081.030
17853	05/31/11	KILLION/FRED	4607 CLEANING SERVICE	130.00	511389	PW&ENG10/11-11		P M W 100.1040.2081.030
17853	05/31/11	KILLION/FRED	4607 JANITORIAL SERVICES	800.00	511390	1		P M W 100.1016.2061.020
				1,060.00	*CHECK TOTAL			
17854	05/31/11	LOCAL GOVERNMENT COM	4401 MEMBERSHIP RENEWAL	75.00	511350	34319-M		P N W 206.2060.2050.000
17855	05/31/11	MARSH USA INC. - SAN	4430 AIRPORT INS PREMUIIM	6,300.00	511351	510426		P N W 500.5001.2031.000
17856	05/31/11	MENDO MILL & LUMBER	284 HARDWARE	248.58	511352	221100		P N W 600.601

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S	ACCOUNT
GENERAL CHECK FORM									
17857	05/31/11	MICHIGAN SOFTWARE SE	4614 DATA CATALOGUE SVC	50.75	511353	3164		P N W	100.1020.2199.000
17858	05/31/11	NOR-CAL RECYCLED ROC	4067 NORTH ST FRENCH DRAIN	195.75	511354	4184		P N W	201.2012.2101.035
17859	05/31/11	OCE IMAGISTICS	158 MAINTENANCE	14.86	511356	986719		P M W	100.1040.2095.000
17859	05/31/11	OCE IMAGISTICS	158 ENG MAINTENANCE	14.86	511356	986719		P M W	100.1042.2095.000
17859	05/31/11	OCE IMAGISTICS	158 EQUIP LEASE/RENT AGREE	41.35	511386	993736		P M W	100.1042.2095.000
17859	05/31/11	OCE IMAGISTICS	158 EQUIP LEASE/RENT AGREE	41.35	511386	993736		P M W	100.1040.2095.000
				112.42	*CHECK TOTAL				
17860	05/31/11	OLENIK FENCE CO	4195 MISC SUPPLIES/FIX GAT	120.00	511355	1026		P M W	100.1040.2101.045
17861	05/31/11	P G & E COMPANY	114 ENGINEERING	79.34	511357	05202011		P N W	100.1042.2110.000
17861	05/31/11	P G & E COMPANY	114 SEWER	8.12	511357	05202011		P N W	501.5013.2110.000
17861	05/31/11	P G & E COMPANY	114 WATER	17.74	511357	05202011		P N W	503.5033.2110.000
17861	05/31/11	P G & E COMPANY	114 PW	79.34	511357	05202011		P N W	100.1040.2110.000
17861	05/31/11	P G & E COMPANY	114 PARKS	8.57	511357	05202011		P N W	100.1050.2110.000
				193.11	*CHECK TOTAL				
17862	05/31/11	PEAT/LESTER	4281 WATER OPERATOR III	2,380.00	511360	LPMAY2011		P M W	503.5033.2081.030
17863	05/31/11	PITNEY BOWES	4507 POSTAGE	600.00	511363	20415030		P N W	100.1002.2055.000
17864	05/31/11	PLATT	4506 WATER PLANT SUPPLIES	14.18	511362	9416132		P N W	503.5033.2041.000
17865	05/31/11	PMC INC	4040 HOUSING ELEMENT UPDAT	100.00	511361	33417		P N W	210.2100.2061.020
17866	05/31/11	PRINCIPAL MUTUAL LIF	629 LIFE INSURANCE PREMIU	867.06	511358	N85577-1		P N W	690.231
17867	05/31/11	PRINTING PLUS	127 PRINTING-CITATION BOO	516.02	511359	13072		P M W	100.1020.2055.000
17868	05/31/11	R E M I F	135 DENTAL INSURANCE	5,681.00	511365	JUNE 2011		P N W	690.231
17868	05/31/11	R E M I F	135 VISION INSURANCE	840.00	511365	JUNE 2011		P N W	690.231
17868	05/31/11	R E M I F	135 EAP INSURANCE	222.07	511365	JUNE 2011		P N W	690.231
				6,743.07	*CHECK TOTAL				
17869	05/31/11	REESE & ASSOCIATES I	4424 E VALLEY ST REVIEW	899.40	511388	11-0684		P N W	100.1010.2081.030
17870	05/31/11	RELIANCE ENTERPRISES	4490 HVAC SERVICE/DISPATCH	87.50	511364	17434		P N W	100.1020.2041.000
17871	05/31/11	RENTAL GUYS REDDING	4612 MOWER REPAIR PARTS	321.29	511366	443261		P N W	100.1050.2041.000
17872	05/31/11	SANTA ROSA FIRE INC	4167 FIRE EXT MAINT/OTHER	395.00	511367	134057/134058		P N W	100.1041.2081.030
17872	05/31/11	SANTA ROSA FIRE INC	4167 FIRE EXT MAINT/OTHER C	90.00	511367	134057/134058		P N W	201.2011.2101.045
17872	05/31/11	SANTA ROSA FIRE INC	4167 FIRE EXT MAINT/OTHER C	15.00	511367	134057/134058		P N W	501.5011.2081.030
17872	05/31/11	SANTA ROSA FIRE INC	4167 FIRE EXTINGUISHER MAIN	92.00	511367	134057/134058		P N W	100.1016.2041.000
				592.00	*CHECK TOTAL				

Disbursements Journal

WARRANT	DATE	VENDOR	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F 9 S	ACCOUNT
GENERAL CHECK FORM									
17873	05/31/11	SCOFIELD/MIKE	4481 PARKING/AIRPORT	36.00	511391	CONFERENCE		P N W	100.1022.2105.000
17873	05/31/11	SCOFIELD/MIKE	4481 FUEL FOR RENTAL CAR	7.75	511391	CONFERENCE		P N W	100.1022.2105.000
17873	05/31/11	SCOFIELD/MIKE	4481 MILEAGE-PERSONAL VEHI	149.94	511391	CONFERENCE		P N W	100.1022.2105.000
				193.69	*CHECK TOTAL				
17874	05/31/11	SHAW ENVIRONMENTAL I	4257 LANDFILL GROUNDWATER	435.00	511369	596440R800501		P N W	213.2133.2081.030
17875	05/31/11	SHN CONSULTING	1673 ENG & PROJECT MGMT	54,532.49	511368	74616		P N W	430.4330.2061.012
17876	05/31/11	SOLID WASTE OF WILLI	330 BIN SERVICE SEWER PLA	199.99	511370	78		P N W	501.5013.2199.000
17876	05/31/11	SOLID WASTE OF WILLI	330 BIN SERVICE WCAC	98.97	511370	78		P N W	600.601
				298.96	*CHECK TOTAL				
17877	05/31/11	STATE DEPT OF CONSER	275 BUILDING STANDARDS TAX	10.00	511335	JAN1MAR30 2011		P N W	600.605
17878	05/31/11	STATE OF CALIFORNIA	843 DUI ANALYSIS	210.00	511371	850540		P N W	100.1020.2061.014
17879	05/31/11	U.V.A.H. INC	1435 WCAC JANITORIAL SERVIC	90.00	511375	IN09915		P N W	600.601
17880	05/31/11	UKIAH PAPER SUPPLY I	164 PAPER PRODUCT/MISC	81.56	511373	880226-2		P N W	100.1041.2101.045
17880	05/31/11	UKIAH PAPER SUPPLY I	164 PAPER TOWELS	83.28	511373	880226-2		P N W	501.5013.2025.000
17880	05/31/11	UKIAH PAPER SUPPLY I	164 JANITORIAL SUPPLIES	884.99	511373	880226-2		P N W	100.1050.2101.045
				1,049.83	*CHECK TOTAL				
17881	05/31/11	UKIAH TOW	4616 TOW CAR - EVIDENCE	460.00	511374	2862		P N W	100.1022.2101.031
17882	05/31/11	UNDERGROUND SERVICE	430 OTHER SPEC DEPT EXP	123.00	511372	11050016		P N W	201.2012.2101.045
17883	05/31/11	W P O A	262 EMPLOYEE CONTRIBUTION	871.42	511377	MAY 2011		P N W	690.234
17884	05/31/11	WECO INDUSTRIES LLC	4044 SP EQUIP MAINTENACE	318.20	511376	0025111-IN		P M W	501.5011.2041.000
17885	05/31/11	WILLIAMS SCOTSMAN IN	4116 MOBILE OFFICE RENT SP	281.08	511384	95696430		P N W	501.5010.2096.000
17886	05/31/11	WILLITS KIDS CLUB	3981 PAYROLL DEDUCTION	40.00	511379	05272011		P N W	690.248
17887	05/31/11	WILLITS NEWS	179 1 YEAR SUBSCRIPTION	53.56	511378	05102011		P N W	600.601
17888	05/31/11	WILLITS ONLINE LLC	4108 WCAC INTERNET SERVICE	5.00	511380	366781		P M W	600.601
17889	05/31/11	WILLITS RENTAL CENTE	4100 THATCHER	61.00	511382	1100292		P N W	100.1050.2101.045
17890	05/31/11	WILLITS TIRE CENTER	183 TIRE REPAIR	42.65	511383	96853		P M W	201.2011.2041.000
17891	05/31/11	WINZLER & KELLY CONS	590 RR AVE DESIGN SUPPO	1,169.50	511381	58360		P N W	208.2080.2101.038
17892	05/31/11	XEROX CORP	185 PLANNING COPIER	109.17	511385	54792817		P N W	206.2060.2055.000
GENERAL CHECK FORM									
			TOTAL	183,501.80					

Disbursements Journal

WARRANT DATE VENDOR

DESCRIPTION

AMOUNT

CLAIM

INVOICE

PO#

F 9 S ACCOUNT

REPORT TOTALS:

183,501.80

RECORDS PRINTED - 000110

BUILDING INSPECTION ACTIVITY REPORT

FOR THE MONTH OF: May 2011**NEW CONSTRUCTION****LIVING UNITS****BLDG. PERMITS****VALUATION**

1) Single Family Dwellings

2) Two Family Dwelling

3) Three and Four Family Dwelling

4) Five or More Family Dwelling

5) Moved Dwellings and Modular Units

6) Hotels and Motels

7) Amusement and Recreation Buildings

8) Churches and Religious Buildings

9) Industrial Buildings

10) Private Garages and Carports

11) Service Station and Repair Garages

12) Office, Bank and Professional Buildings

13) Stores and Similar Buildings

14) Warehouse and Agriculture Buildings

MISCELLANEOUS CONSTRUCTION

15) Reroof, Siding, Windows, Etc.

16) Heating and Air Conditioning

17) Electric, Mechanical, Plumbing

18) Demolition

STRUCTURES OTHER THAN BUILDINGS

19) Foundations, Pools, Walls, Signs, etc.

CONVERSIONS

20) Non-Residential to Residential

21) Residential to Non-Residential

ADDITIONS AND ALTERATIONS

22) Residential Buildings

23) Non-Residential Buildings

TOTALS**COMPARISON****TYPE OF PERMIT AND OTHER REVENUE**

				#'s	FEE'S
Valuation This Month	\$ 475,000.00		Building	6	\$ 5,081.10
Same Month Last Year	\$ 176,800.00		Electrical	3	\$ 310.25
			Mechanical	2	\$ 162.00
Revenue This Month	\$ 5,553.00		Plumbing		
Same Month Las Year	\$ 3,273.42		Grading		
			Demolition		
Permits This Month	11		Plan Check		
Same Month Last Year	7		Late Fee		
			Bldg. Survey		
			Sewer Insp.		

TOTALS TO DATE THIS FISCAL YEAR

Construction Valuation \$ 2,174,750.00

Fees Collected \$ 29,991.90

No. of Permits 91

TOTALS: 11 \$ 5,553.35**TOTALS TO SAME DATE LAST YEAR**

Construction Valuation \$ 1,225,600.00

Fees Collected \$ 23,503.44

No. of Permits 83

Respectfully Submitted:

W. Frank Howard, Building Insp. / Date



Item No. **4d**

Meeting Date: **June 8, 2011**

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Paul Cayler, City Manager

Agenda Title: ADOPTION OF RESOLUTION ACCEPTING THE CONSTRUCTION COMPLETION OF THE VAN LANE AND VICINITY STORM DRAIN PROJECT, CONTRACT NO. 2011-01, AND AUTHORIZING THE FILING OF THE NOTICE OF COMPLETION

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: N/A

Summary of Request: On June 9, 2010, the City Council awarded a Construction Contract to Able General Engineering, Inc., for the construction of the Van Lane and Vicinity Storm Drain Project, Contract No. 2011-01, in the amount of \$163,153.98.

The City's Engineering Department has reviewed the project and determined that it has been completed in substantial compliance with the project plans and specifications. The only item remaining on the punch list is the striping of the new pavement. However, due to weather conditions, this work has been delayed. As a condition of the Notice of Substantial Completion, this work must be completed by June 30th. If the work is not completed by that date, the payment for this item will be retained from the retention amount.

The total cost of construction under this contract \$217,471.78. This amount includes all change orders, including the asphalt overlay of North Street. Due to the level of completion of this project, the Engineering Department recommends filing a Notice of Completion at this time. This will enable the City to pay the entire contract minus the retention fee out of the Prop 1B funds. The retention fee is budgeted in the Fiscal Year 2011/2012 Transportation Sales Tax fund.

Recommended Action: Adopt resolution accepting construction of the Van Lane and Vicinity Storm Drain Project, Contract No. 2011-01, and authorize the City Manager to file the Notice of Completion.

Alternative(s): None recommended.

Fiscal Impact: The total amount of this contract is \$217,471.78. Ninety percent of the total amount of the contract will be paid from Prop 1B funds (203-2030). These funds sunset on June 30, 2011. For this reason, it is important to deem this project complete to ensure payment of all but the retention amount prior to the fund expiration date. The 10% retention of \$21,747 is budgeted in the Fiscal Year 2011/2012 Transportation Sales Tax fund (202-2020-2101-038). If approved, the retention is anticipated to be released July 9, 2011.

Personnel Impact: Staff time is needed to finalize project documents and invoice payments.

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

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

RESOLUTION NO. 2011-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLITS ACCEPTING CONSTRUCTION OF THE VAN LANE AND VICINITY STORM DRAIN PROJECT, CONTRACT NO. 2011-01, AND AUTHORIZING THE FILING NOTICE OF COMPLETION

WHEREAS, the final inspection of the Van Lane and Vicinity Storm Drain Project, Contract No. 2011-01, was made by the City of Willits Engineering Department; and

WHEREAS, it was determined that the work for this project has been completed in substantial compliance with the project plans and specifications.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Willits that the Willits City Council does hereby accept the work performed by Able General Engineering, Inc., subject to all warranties and conditions of the contract.

BE IT FURHTER RESOLVED that the City Manager is authorized and directed to execute the Notice of Completion on behalf of the City of Willits and the City Clerk is directed to record said Notice of Completion with the County Clerk/Recorder of the County of Mendocino.

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 8th day of June, 2011, by the following vote:

AYES:
NOES:
ABSENT:

BRUCE BURTON, Mayor
City Council of the City of Willits

ATTEST:

ADRIENNE MOORE, City Clerk

CERTIFICATE OF SUBSTANTIAL COMPLETION

During the design phases and during the occupancy phase outstanding construction items noted as punch list items will be listed on a Certificate of Substantial Completion form. This form is used by the chief executive officer of the grantee. This certificate allows the grantee to ensure safe and effective utilization of the structure.

Issue Date: 05/26/11

Owner: City of Willits

Contractor: Able General Engineering, Inc.

Project Name: Van Lane & Vicinity Storm Drain Project

Project No.: 2011-01

Engineering Firm's Project No. (if applicable): N/A

This Certification of Substantial Completion applies to **all Work** under the Contract Documents.

This Certification of Substantial Completion **applies to the following specified parts** of the Contract Documents:

The Work to which this Certificate applies has been inspected by authorized representatives of the OWNER, CONTRACTOR and ENGINEER, and found to be substantially complete and is also the date of commencement of applicable warranties required by the Contract Documents (*except as attached if applicable.)

Work is hereby declared substantially complete with the Contract Documents on:

05/26/11
Date of Substantial Completion

A "Punch-List" of items to be completed or corrected is NOT attached hereto; all work is complete

A "Punch-List" of items to be completed or corrected is attached hereto. This list may not be all-inclusive, and the failure to include an item in it does not alter the responsibility of the CONTRACTOR to complete all Work in accordance with the Contract Documents. The items in the tentative list shall be completed or corrected by the CONTRACTOR by June 30, 2011.

A list of "excepted" Warranty items is attached hereto.

Thomas M. Mannatt
Owner's Signature

Thomas M. Mannatt
Engineer's Name

City of Willits
City of Willits

City Engineer
Title

Firm Name(if not owner) (or)

6/02/2011
Date

if Engineer is employed by owner

Date

Stamp



Construction Project Punch List

Owner: City of Willits Date: May 26, 2011
 Contractor: Able General Engineering, Inc.
 Project Name: Van Lane & Vicinity
 Project No.: 2011-01
 Punch List Start Date: May 26, 2011 Punch List Complete by Date: June 30, 2011

PUNCH LIST ITEMS:

ITEM	DETAILS OF COMPLETION
01. <u>30 & CCO#2</u>	<u>Road Markings</u>
02.	
03.	
04.	
05.	
06.	
07.	

It is hereby agreed that the above list of items will be completed will be completed by: **June 30, 2011**


It is further agreed that the following conditions shall apply to this agreement:

The aforementioned work shall be completed by June 30, 2011. If said work is not completed by this date, the City will withhold from the contractors retention \$1,000, which is the amount the City is remitting to the contractor as part of progress payment No. 2. The Substantial Notice of Completion shall also start the 30 day period by which a subcontractor and/or supplier would notify the City of any outstanding balances.

AS TO CONTRACTOR:

 TJ Williams President 5-26-11
 Signature Printed Name Title Date

AS TO CITY:

 Thomas M. Mannatt City Engineer 05/26/11
 Signature Printed Name Title Date

RECORDING REQUESTED BY:

City of Willits

AND WHEN RECORDED MAIL TO:

City of Willits

(NAME)

111 E. Commercial Street

(STREET ADDRESS)

Willits, CA 95490

(CITY, STATE, ZIP)

**NO FEE FOR GOVT. AGENCY
GOVERNMENT CODE 27383**

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is the OWNER or agent of the interest or estate stated below.

2. The FULL NAME of the owner is: City of Willits

3. The FULL ADDRESS of the owner is: 380 East Commercial Street

4. The nature of the interest or estate is: In Fee. Fee Simple

(if other than Fee, Strike "In Fee" and insert, for example, "Purchaser Under Contract of Purchase" or Lessee")

5. The FULL NAMES and ADDRESSES of all CO-OWNERS, if any, who hold any title or interest with the
aforementioned owner in the property are"

NAMES

ADDRESSES

6. A work of improvement on the property hereinafter described, was completed on: 05/26/11

(DATE)

The work done was (describe below):

Underground storm drain installation and replacement, drainage structure installation and removal, curbs, gutters,
sidewalks, driveways, ADA ramps, road grading, and paving

7. The name of contractor, of any, for such work of improvement is:

Able General Engineering, Inc.

(NAME)

April 1, 2011

(DATE OF CONTRACT)

The section of North Street between W. Mendocino and W. Commercial, the section of Van Lane between North Street and Catherine Lane, the section of Catherine Lane between Van Lane and W. Mendocino, and the section of W. Mendocino between Catherine Lane and North Street.

8. The street address of said property is: and North Street.

9. The property on which said work was completed is in the: Willits

(CITY OF)

California

(COUNTY OF)

State of California, and is described as follows:

Resolution No. 2011- **Adopted:** June 08, 2011

I, the undersigned, certify, under penalty of perjury under the laws of the state of California that the foregoing is true and correct.

*Signature of owner or
owner's representative as
identified in paragraph 2.*

Paul Cayler, City Manager
(TYPED NAME)

(SIGNATURE)

(DATE)



Item No. 9a(1)

Meeting Date: June 8, 2011

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Gerardo Gonzalez, Chief of Police

Agenda Title: INFORMATIONAL PRESENTATION ABOUT THE “*REFUSE TO BE A VICTIM*” CRIME PREVENTION SEMINAR, SCHEDULED FOR JUNE 11, 2011, CO-SPONSORED BY THE WILLITS CHAMBER OF COMMERCE AND THE WILLITS POLICE DEPARTMENT

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 15min

Summary of Request: This is a presentation to the City Council highlighting that on June 11, 2011, Ron Moorhead, Willits Chamber of Commerce, will present the first “*Refuse To Be A Victim*” personal safety program at the Willits Community Center from 9:00 a.m. to 1:00 p.m. The seminar will teach methods to avoid dangerous situations and prevent criminal confrontations. The program helps develop personal safety strategies and participants will receive important information about the psychology of criminal predators, home, phone, automobile, and physical security. Participants will be offered information about personal protections devices that are available. This is a crime prevention common sense program for the general public. While the program is produced by the National Rifle Association (NRA), membership will not be solicited. Officer(s) from the Willits Police Department will help facilitate the seminar with Mr. Moorhead.

Recommended Action: No action needed – informational presentation only.

Alternative(s): None recommended.

Fiscal Impact: Minimal.

Personnel Impact: Minimal.

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

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____



National Rifle Association of America, 11250 Waples Mill Road, Fairfax, VA 22030

FOR IMMEDIATE RELEASE
May 6, 2011

MEDIA CONTACT: Ronald Moorhead
info@willits.org (707) 459-7910

Refuse To Be A Victim® Crime Prevention Seminar to be Held in Willits, CA

Willits, Ca. –The award-winning crime prevention and personal safety seminar, Refuse To Be A Victim®, will be conducted on June 11, 2011, at the Willits Community Center, 111 E. Commercial St. from 9:00 am to 1:00 pm. Sponsored by the Willits Police Department and the Willits Chamber of Commerce, the seminar is open to the public for a modest fee of \$10.00 (seminar materials). Pre-registration is required.

Refuse To Be A Victim® Seminars teach methods to avoid dangerous situations and prevent criminal confrontations. Experts agree the most important factor in surviving a criminal attack is to have an overall safety strategy *before* you need it. Seminar topics address personal safety issues as well as home, business, automobile, telephone, technological, and travel security. Seminar participants are presented with a variety of common-sense crime prevention and personal safety strategies and devices they may integrate into their daily lives.

Refuse To Be A Victim® was developed by the National Rifle Association in 1993 in response to nationwide requests for crime prevention seminars. Members of the law enforcement community across the country have endorsed the program. The program is appropriate for teenagers and up. Tens of thousands of men and women, in all 50 states, have benefited from the program and its life saving message. Gerry Gonzalez, Willits Chief of Police said, "On behalf of the Willits Police Department I am pleased to partner with the Willits Chamber of Commerce on the presentation of the Refuse to Be a Victim® personal safety program presented by local resident Ron Moorhead. Keeping people safe is an important part of the mission of our department and giving our local residents the tools to protect themselves is an important part of this collaboration with the Chamber on behalf of the Willits community."

Persons interested in attending this Refuse To Be A Victim® Seminar must pre-register through the Refuse To Be A Victim® website using the following link by June 10, 2011.
<http://www.nrainstructors.org/SignupStudent.aspx?id=59026>.

Additional workshops will be available later this year. For more information contact the Willits Chamber at (707) 459-7910.

Note: NRA Certified Instructor, Ron Moorhead is available for interviews. Call the Chamber office (707) 459-7910 to schedule.

File:PR_Refuse_to_be_a_victim_workshop_rev2



Item No. 9f(1)

Meeting Date: June 8, 2011

AGENDA SUMMARY REPORT

To: Honorable Mayor and Council Members

From: Joanne Cavallari, Finance Director/City Treasurer

Agenda Title: DISCUSSION AND POSSIBLE ACTION APPROVING INVESTMENT OF SEWER FUND BOND RESERVES IN GOVERNMENT AGENCY STEP UP NOTES

Type: Presentation Consent Regular Agenda Public Hearing Urgent Time: 20 min

Summary of Request: At the Council meeting of April 27, 2011, Paul Stenard, Investment Advisor with Merrill Lynch, presented information on investment options for City funds. Upon his advice, staff is suggesting that we start with a small investment of funds that do not require instant liquidity. The Sewer Bond Reserve Fund is required to be maintained for the term of the Installment Sale Agreement, which is 40 years from 2007. This money is currently in LAIF earning approximately .5%. Mr. Stenard believes that we could earn approximately 1.5% to 2% on these funds to begin with, and possibly higher returns depending on the length of the term. This proposal is in compliance with the investment policy statement (*attached for your review*) previously adopted by the Council.

Recommended Action: Approve the investment of \$400,000 in bond reserve funds in Government Step-Up Notes.

Alternative(s): Leave the money in LAIF.

Fiscal Impact: Increase in annual interest revenue in the Sewer Fund of \$4,000 to \$6,000.

Personnel Impact: Minimal.

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

Council Action: Approved Denied Other: _____

Records: Agreement Resolution # _____ Ordinance # _____ Other _____

Step-Up Notes



INVESTMENTS

What are step-up notes?

Step-up notes are callable debt securities with interest rates that increase over time. If the notes are not called by the issuer, their coupons increase according to a predefined schedule.

When should you consider step-up notes?

If you want to obtain potentially higher current income as well as position your fixed-income portfolio for rising interest rates, consider step-up notes.

What are the benefits of step-up notes?

Increase potential income

- Step-up notes initially pay a fixed coupon for a certain period of time, typically until the first call date. If the issuer chooses not to redeem the notes, then the coupons rise to a predetermined rate. Depending upon the issue, the coupons may increase once or continue to rise according to a particular schedule until the notes mature or are called.
- Although step-up notes are generally subject to a call anytime after the first call date, the date of the call may vary. If the notes are not called, investors will receive par at maturity.
- In a declining interest-rate environment, there's a greater likelihood that the issuer will call the securities versus comparable fixed-rate callable securities.

Reduce interest-rate risk

Although step-up notes are sensitive to interest rate changes (i.e., their market price tends to decline when rates rise), they offer some protection against rising rates because, unlike fixed-rate bonds, step-up note coupons will increase over time. When rates rise, so does the likelihood that the issuer will not call the notes and the investor will receive the higher coupon.

Diversify your fixed-income portfolio

- Step-up notes offer you a way to diversify your fixed-income portfolio beyond conventional fixed-rate bonds.

- While the largest issuers of step-up notes are government agencies such as Fannie Mae, Freddie Mac and the Federal Home Loan Bank, some corporations issue step-up notes as well.
- You can balance a portfolio that's heavily weighted in fixed coupon notes with notes that will pay higher coupons over time, unless called by the issuer.
- You have a choice of issues with varying coupons, maturities and credit quality.

Make a small minimum investment

- To participate in the step-up note market, start with a low minimum investment of just \$1,000 per issue.
- Step-up notes typically are issued at par.

Hypothetical example of a step-up note¹

Corporation XYZ issues a step-up note with the following features:

Maturity date: February 25, 2025

Interest frequency: Semiannually

Initial call date: February 25, 2013

Initial interest rate: 5.25%

Subsequent interest rates:

Date from and including	Interest rate
February 25, 2013	5.25% (unless called)
February 25, 2016	5.50% (unless called)
February 25, 2019	5.75% (unless called)
February 25, 2022	6.24% (unless called)
February 25, 2025	6.88% (unless called)



Bank of America Corporation

Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation. Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------

MLPF&S is a registered broker-dealer, member Securities Investor Protection Corporation (SIPC) and a wholly owned subsidiary of Bank of America Corporation.

What else should you know about step-up notes?

- Payment on step-up notes is subject to the securities issuer's credit risk.
- Step-up notes are not listed on an exchange. Since they have limited liquidity, they are most suitable for purchasing and holding to maturity. If sold prior to maturity, the price at which they are sold in the secondary market may be higher or lower than the original purchase price due to market conditions and other factors.
- The timing of the principal payment of step-up notes is uncertain due to the call feature. In general, step-up notes will be called prior to maturity unless interest rates rise significantly.

How can you get started?

If you want to position your fixed-income portfolio for rising interest rates with securities that potentially offer increasing amounts of income, ask your Merrill Lynch Financial Advisor how step-up notes can help you pursue the life you've always envisioned. Your Financial Advisor, who is committed to understanding your specific needs, can help you develop customized strategies that fit your goals, risk tolerance, investing style and time horizon. To learn more about other Merrill Lynch services, visit www.totalmerrill.ml.com.

¹ Example is for illustrative purposes only.



Bank of America Corporation

L-04-10

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205609

Code 209451PM-0410



CITY OF WILLITS INVESTMENT POLICY STATEMENT

1. Policy

It is the policy of the City of Willits to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demand of the City and conforming to all California laws and local statutes governing the investment of public funds.

2. Scope

This Investment Policy applies to all the funds and investment activities under the direct authority of the City of Willits as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the City of Willits' pooled funds, but will also apply to all other funds under the City Treasurer's span of control, unless specifically exempted by statute or ordinance. This policy is applicable, but not limited to, all funds listed below:

- ❖ General Fund
- ❖ Enterprise Funds
- ❖ Special Revenue Funds
- ❖ Capital Project Funds
- ❖ Debt Service Funds
- ❖ Trust and Agency Funds

Excluded funds are those held with a fiscal agent, which has their own specific "permitted investments" section in the bond covenants. These funds include funds reserved for debt service and pension funds.

3. Prudence

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by the City's investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The City Treasurer and/or City Manager, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations that result in a loss of principal are reported to the City Manager immediately, and to the City Council at their next meeting addressing appropriate actions to be taken to control adverse developments.

4. Objective

The primary objectives in priority order of the City of Willits' investment activities shall be:

- 4.1 *Safety*. Safety of principal is the foremost objective of the investment program. Investments of the City of Willits shall be undertaken in a manner that seeks to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 *Liquidity*: The City of Willits' investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

4.3 *Return*: The City of Willits' investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

5. Delegation of Authority

Authority to manage the City's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the City Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not be limited to, references to: safekeeping, wire transfer agreements, collateral/depository agreements, banking services contracts, local banking preferences, and other investment-related activities. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. Delegation of authority shall expire one year from the date of adoption of this policy as required by State law.

6. Ethics and Conflicts of Interest

The City Council, City Manager and City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Council Members, City Manager and City Treasurer shall disclose to the City Attorney any material financial interests in financial institutions that conduct business within the jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. The City Attorney and City Treasurer shall review all disclosures made to insure there are no conflicts with any planned investment.

7. Authorized Financial Dealers and Institutions

The Treasurer will maintain a list of financial institutions and primary dealers authorized to provide investment services. "Primary" dealers include those that regularly report to the Federal Reserve Bank and should qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule).

All financial institutions, dealers and cash managers who desire to become qualified bidders for investment transactions must supply the City with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the City of Willits' investment policy and depository contracts.

8. Authorized Investments and Limitations of Investments

Investment of City funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest, There is no percentage limitation of the portfolio that can be invested in this category.

2. Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. Local Agency Investment Fund (LAIF) which is a State of California managed investment pool may be used up to the maximum permitted by LAIF.
4. Insured savings accounts are permitted without limitations.

Investments detailed in items 5 through 10 are further restricted to 5% of the purchase value of all investments and cash accounts (the portfolio), in any one issuer name. The total value invested in any one issuer shall also not exceed 5% of the issuer's net worth.

5. Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as banker's acceptances are permitted. Banker's acceptances purchased may not exceed 180 days to maturity or 40% of the cost value of the portfolio.
6. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided by Moody's Investor Services, Inc., Standard & Poor's, or Fitch Financial Services, inc. Commercial paper shall be issued by domestic corporations having assets in excess of \$500,000,000 and having a "AA" or better rating on its long term debentures as provided by Moody's, Standard & Poor's, or Fitch. Purchases of eligible commercial paper may not exceed 270 days to maturity nor represent more than 10% of the outstanding paper of the issuing corporation. Purchases of commercial paper may not exceed 25% of the City's portfolio.
7. Negotiable certificates of deposit issued by nationally or state chartered banks or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio.
8. Time deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the investment portfolio may be invested in this investment type.
9. Medium Term Corporate Notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Securities eligible for investment shall be rated "M" or better by Moody's or Standard & Poor's rating services. Purchase of medium term notes may not exceed 30% of the purchase value of the portfolio and no more than 5% of the purchase value of the portfolio may be invested in notes issued by one corporation.
10. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations authorized by Government Code section 53601 and with assets under management in excess of \$500,000,000. The purchase price of shares shall not exceed 15% of the investment portfolio.
11. California Asset Management Program

9. Ineligible Investments

The City shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool or mortgages, or in any security that could result in zero interest accrual if held to maturity, or any other investment not listed in this policy.

10. Safekeeping and Custody

All securities owned by the City, including collateral for repurchase agreements, shall be held in safekeeping by the City's custodian bank or a third party bank trust department, acting as agent for the City under the terms of a custody or trustee agreement executed by the bank and by the City. All securities will be received and delivered using standard delivery-versus-payment (DVP) procedures.

11. Percentage Limitations

Where a section specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase. Where a section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the City Council no less than three months prior to the investment.

12. Reporting Requirements

The Treasurer shall annually render to the City Council a statement of investment policy, which the Council shall review and approve at a public meeting. The Council at a public meeting shall also review and approve any changes to the policy.

The Treasurer shall render a quarterly investment report to the Council within 30 days after the end of the subject quarter. The quarterly report shall include for each individual investment:

- ❖ Description of investment instrument
- ❖ Issuer name
- ❖ Maturity date
- ❖ Purchase price
- ❖ Par value
- ❖ Current market value and the source of the valuation

The quarterly report also shall; (1) state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance, (II) include a description of any of the City's funds, investments or programs that are under the management of contracted parties, including lending programs, and (III) include a statement denoting the ability of the City to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not be available.