

Willits City Council
111 East Commercial St.
Willits, CA 95490

6:00 pm.
Wednesday
January 27, 2010

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: Council Members Victor Hanson, Greg Kanne, Holly Madrigal, Larry Stranske, and Mayor Bruce Burton were present.

Also present were staff members: City Manager Paul Cayler; City Attorney Jim Lance; Finance Director Joanne Cavallari; Community Development Director Alan Falleri; Police Chief Gerry Gonzalez; City Engineer Tom Mannatt; Interim Water Supervisor Danny Allen; and Code Enforcement Officer John Sherman.

Off-Agenda Item (Closed Session) – Pursuant to Government Code Section 54954.2. – Conference with Legal Counsel Pursuant to Government Code Section 54956.9b – Anticipated Litigation: Significant Exposure to Litigation (One Case)

Motion by Madrigal/Seconded by Strankse and carried unanimously to amend the agenda to accept an off-agenda item that arose subsequent to the agenda being published, pursuant to Government Code Section 54954.2.

2A. DISCUSSION AND POSSIBLE ACTION TO RECEIVE REPORTS OF AUDITORS ON BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2008

2B. DISCUSSION AND POSSIBLE ACTION TO RECEIVE REPORTS OF AUDITORS ON BASIC FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2009

Finance Director Joanne Cavallari introduced the matter, inviting Michael O'Connor, R.J. Ricciardi, Inc., to present the audit report. Mr. O'Connor noted for the record that the audit reports reflects the opinion of the independent auditor, who works for the Council. He proceeded with a review of the 2009 audit report, referencing net assets; summation of activities; balance sheet of governmental activities (modified accrual); balance sheet of governmental activities (full accrual); expenditures; sewer/water; trust accounts; notes to audits statements; and related matters.

Discussion ensued with Mr. O'Connor and Ms. Cavallari responding to Council Member comments, also describing governmental activities since 2004. Community Development Director Alan Falleri and Ms. Cavallari clarified that a \$5,592,000 deficit in the Community Development Fund represents a bond issuance and long-term discharge of capital projects, but does not include enterprise funds.

Mayor Burton referenced the Management Report, with Mr. O'Connor commending Ms. Cavallari for her excellent oversight of the City's finances.

Motion by Madrigal/Second by Kanne and carried unanimously to receive and file the audited financial reports for 2008 and 2009.

2C. REVIEW AND DISCUSSION OF DECEMBER 31, 2009 MID YEAR FINANCIAL REPORT

Finance Director Joanne Cavallari provided an overview of the report, which summarizes the financial position of the various City funds as of December 31, 2009. Ms. Cavallari noted that sales tax revenue is down and property tax revenue is up due to securitization allocations, also

commenting on the projections for the end of the fiscal year. In preparation for this report, she met with each of Department Head to review their budgets. She addressed General Fund Revenues, General Fund Expenditures, Transportation Funds, Redevelopment Agency, Low and Moderate Income Housing Fund, Special Project Funds, Sewer Enterprise Fund, and Water Enterprise Funds. She referenced several charts, as follows:

- General Fund Summary by Department
- Comparison of Budget to Actual – Revenues, Expenditures, and Net Revenue(Cost)
- Summary of Fund Balances
- General Fund Expenditures by Type

Ms. Cavallari noted that Prop 1B funds must be spent by June 2011, recommending reallocation of the funding to commence/complete the projects(s) before the grant expires. She also noted that funding was not received for the railroad tracks project since the project is not going to be done. Further, redevelopment fund reflects ERAF funding that will go back to the state.

Discussion ensued relative to the electric truck (shown as expense, offset by revenue); expenses related to the early retiree program (some goes into a long-term debt fund, current expense exceeded the current accrual); low/moderate housing projects, and a loan from RCHDC to develop three projects in the City; the REDI project; ARRA funding; the ball field project; gas tax expenditures; sales tax transportation fund; the Airport fund; and related matters.

Public Comment: Linda Williams, The Willits News, commented on State funding for various projects (i.e., ball fields, kids club). Tom Woodhouse asked about grant funding for public works (i.e., sidewalk program).

Mr. Cayler recommended that the Council refer the matter to the Finance Committee to discuss the City's fiscal situation, charging them with setting a target for expenditure reductions, which would then factor into upcoming labor negotiations. He also commented on trends relative to increasing pension costs, as well as the potential for employees to pay a greater cost of health benefits.

In response to Mayor Burton, Ms. Cavallari clarified the annual valuation of the pension fund. Council Member Stranske inquired as to when the City will see the positive impacts of the early retirees, with Mr. Cayler noting that the plan is to leave the positions vacant, unless the Finance Committee determines any of them are critical.

General consensus of the City Council to support the City Manager's recommendation.

2D. DISCUSSION AND POSSIBLE ACTION TO ADOPT A RESOLUTION CONFIRMING THE CODE ENFORCEMENT OFFICER'S REPORT OF THE AMOUNTS OWED AND TO AUTHORIZE THE COLLECTION OF FINES, FEES, AND CHARGES INCURRED IN THE ABATEMENT OF A NUISANCE AT 89 EAST SAN FRANCISCO AVENUE, WILLITS, CALIFORNIA

Code Enforcement Officer John Sherman introduced the matter, reporting that the property owner failed to abate the nuisance at 89 E. San Francisco Avenue as required in the Notice of Nuisance issued October 19, 2009, which resulted in the City obtaining an Administrative Order to hire an outside contractor to abate the nuisance. He noted that the cost of this abatement process included time spent by the City Attorney, the Code Enforcement Officer and the Contractor's charge as well as a fine accrued at \$250 per day from the date given to commence abatement until the Administrative Order to abate was issued November 23, 2009. Mr. Sherman recommends the Council adopts the resolution confirming the report of the fines, fees and

charges of the abatement and authorizes collection through a Judgment Lien or Special Assessment.

Discussion ensued regarding the property owner's removal of siding from three sides of the house; a foundation that was poured, but has not been built on; and the issue of transients occupying the structure.

Motion by Hanson/Second by Stranske and carried unanimously to adopt the resolution confirming the Code Enforcement Officer's report of the amounts owed and authorize the collection of fines, fees, and charges incurred in the abatement of a nuisance at 89 East San Francisco Street.

3. PUBLIC COMMUNICATIONS

Mayor Burton read the public communication guidelines. Dean Wolbach addressed the Council regarding government revenue issues, commenting on the current fee structure, which he believes is not adequate to recover costs beyond hourly rates, and recommending that the fee structure be recalculated to include overhead and administrative costs.

4. CONSENT CALENDAR

- a. Approval of the City Council Minutes of the December 9, 2009, and January 13, 2010, meetings – **Approved**
- b. Approval of Warrant Nos. 14682-14776, Totaling \$365,164.90 – **Approved**

Motion by Kanne/Second by Madrigal and carried unanimously to approve Consent Calendar items (a-b).

5. RIGHT TO APPEAL – Mayor Burton read the guidelines for appealing Council decisions.

8A. OTHER CITY MANAGER REPORTS

City Manager Cayler reported on:

- Recent winter storms and the sandbag program that the City set up;
- Watershed is full, flashboards have not yet been installed;
- Appreciation to the water, sewer, and street crews for their hard work during the recent storms; and
- Upcoming annual REMIF meeting, which he and the Deputy City Clerk will be attending.

9. DEPARTMENT RECOMMENDATIONS

- Police Chief Gerry Gonzalez reported on recent winter storms; a roof leak at the Police Department; the Justice Center door lock, which the County is working on; and several recent burglaries to downtown businesses.
- City Planner Alan Falleri distributed a handout on employment trends in the County; and reported on a recent traffic safety meeting, focusing on the intersection at Pine and Coast.
- City Attorney Jim Lance reported that negotiations regarding the Kids Club have been completed and the agreements have been approved by both the School District and the Willits Kids Club, which will be brought forth to Council for approval at the next Council meeting. He also noted that the Kids Club is pursuing an additional grant, and if approved, the Council will be asked to approve a letter regarding an additional 10-year term.
- City Engineer Tom Mannatt reported on efforts to get the Wastewater Project out to bid, which is anticipated in the spring. Mr. Cayler further commented on the Army Corps of Engineers and the Department of Fish and Game permitting process.

- Deputy City Clerk Adrienne Moore commented on the annual Form 700 (Statement of Economic Interests) filing, which will be distributed in the next couple of weeks. Mr. Cayler also commented on the revised agenda summary template that will be used starting with the next agenda cycle.
- Code Enforcement Officer John Sherman responded to Council Member Madrigal's inquiry about a notice for a property on East San Francisco Street relative to project and permit timelines.

10. CITY COUNCIL AND COMMITTEE REPORTS

No reports were presented for the Mendocino Council of Governments (MCOG), Local Agency Formation Commission (LAFCO), Mendocino Transit Authority (MTA), Revit-ED Committee, Sewer System Committee, and Caltrans Ad Hoc Committee.

- Vice Mayor Hanson reported that Mendocino Solid Waste Management Authority-Joint Powers Authority (MSWMA-JPA) discussed a proposed County ordinance to ban Styrofoam, commenting on a previous City ordinance that was repealed.
- Council Member Madrigal reported that the Economic Development and Financing Corporation (EDFC) received a presentation on comprehensive business plan competition, also received a report on the meat processing plant.
- Mayor Burton and Council Member Stranske reported that the Water Resources Committee received recommendations for proposed amendments to the water ordinance, also commenting on water service issues on Exley Lane.

11. COUNCIL MEMBER REPORTS AND RECOMMENDATIONS

12. ENACTMENT OF ORDINANCES

13. GOOD & WELFARE

Council Member Madrigal expressed sentiments regarding the upcoming first anniversary of retired Little Lake Fire Chief Jeff Smith's passing.

Adjourn to Closed Session at 7:38 p.m.

14. CLOSED SESSION

No action was taken in Closed Session.

Moved by Kanne/seconded by Stranske and carried by unanimous roll call vote to adjourn the meeting at 8:41 p.m.

Bruce Burton, Mayor

ATTEST:

Adrienne Moore, Deputy City Clerk