



*Town of Yountville*  
*"The Heart of the Napa Valley"*

# **TOWN COUNCIL MEMBER HANDBOOK**

**UPDATED NOVEMBER 2023**



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## **HANDBOOK BACKGROUND**

The Town of Yountville Town Council Member Handbook provides important information to elected officials in Yountville. It outlines policies, practices, and procedures for communications, meetings, and decision-making. The handbook includes a description of the Town organization within the laws and practices of local government in California. The handbook explains the role of a Council Member, establishes a code of conduct, and outlines best practices for governance.

This is the first handbook created for Council Members in Yountville and contains and organizes some existing the Town Council Protocols as well as including some new provisions. The handbook applies to Town boards, commissions, and committees when appropriate. They will make distinctions between meeting types and provide suggestions for best practices related to public meetings, formal communications and record keeping.

The purpose for establishing a Town Council Member Handbook is to provide an efficient and productive environment in which the Town Council can provide leadership, practice good governance, and effectively represent its constituents. The handbook will be updated:

1. By staff as needed and bi-annually, with the exception of Chapters II ("Town Council Organization and Role of Council Member") and III ("Town Council Meetings"), or
2. By the Town Council as needed.

The procedures, policies, and practices set forth herein do not limit the inherent power and general legal authority of the Town Council. Like the handbook itself, any of the procedures, policies, and practices herein may be waived by a majority vote of Council Members. Any action of a majority of Council Members in violation of these procedures, policies, and practices shall be deemed a waiver of such protocol(s) for purposes of the action taken.

The Town of Yountville depends on good governance and best practices in local government to meet the needs of the local community. This handbook will serve as an initial guide and a common reference to meet that purpose.





# **TOWN ORGANIZATION AND LOCAL GOVERNMENT**

## **CHAPTER 1**

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## OVERVIEW

Yountville was incorporated on February 4, 1965, as a general law town with a council-manager form of government (Appendix B: [ICMA Council-Manager Form of Government](#)). The Town Council is vested with all the regulatory and corporate powers of a municipal corporation provided for by state law governing general law cities.

The Town Council is vested with all the regulatory and corporate powers of a municipal corporation provided for by state law governing general law cities. The Town Council is made up of four nonpartisan Members elected by voters in Town limits to a four-year term plus a Mayor who is elected at-large to a four-year term to lead meetings and perform ceremonial duties. The Council acts as a unit based on majority vote. The Council is ultimately accountable to the voting public.

## TOWN COUNCIL

- Legislative and policy-making body
- Passes ordinances, orders, and resolutions to govern the Town.
- Approves all major contracts exceeding \$45,000.
- Appoints board, commission, and committee members.
- Sets the direction of Town policies and priorities.
- Hires, evaluates, and may terminate the Town Manager
- Updates this Handbook.

## MAYOR

- Presiding officer at meetings
- Ceremonial head of the Town

The Town Manager directs all Town staff to meet the Council's objectives. The Council acts as the primary liaison between Town Council and staff. The Town Manager coordinates with General Counsel for legal guidance and with members of staff on their respective fields of expertise. The Town Manager is accountable to the Town Council. All other staff is accountable to the Town Manager.

## **TOWN MANAGER**

- Administrative leader of the Town
- Implements policies set by the Town Council
- Manages the day-to-day operations of all Town functions.
- Oversight, directing, hiring, evaluation, and terminating of all other Town staff.
- Provide the Town Council and the appointed boards, commissions, and committees with the information needed to fulfill their roles
- Advances the Town's [Strategic Planning Framework](#)
- Directs staff to update this Handbook as needed and bi-annually, with the exception of Chapters II ("Town Council Organization and Role of Council Member") and III ("Town Council Meetings"), which are entirely within the jurisdiction of the Council.

The specific authority and duties of the Town Council, Mayor and Town Manager are established in the [Yountville Municipal Code Section 2](#).

The Town was incorporated to ensure a high level of service and accountability to its residents and businesses. Some services are performed directly by Town staff, while others are contracted out at the direction of Town Council. Town services are guided by the Council and implemented by the Town Manager and staff.

## **TOWN SERVICES**

- General Administration (Finance, Human Resources, Information Technology, Records Management)
- Communications and Public Engagement
- Public Safety (Contracted with Napa County Sheriff Department)
- Fire Services (Contracted through Napa County Fire Department)
- Water and Wastewater Services
- Capital Improvement Program (CIP) Management
- Street Maintenance and Traffic/Parking Controls



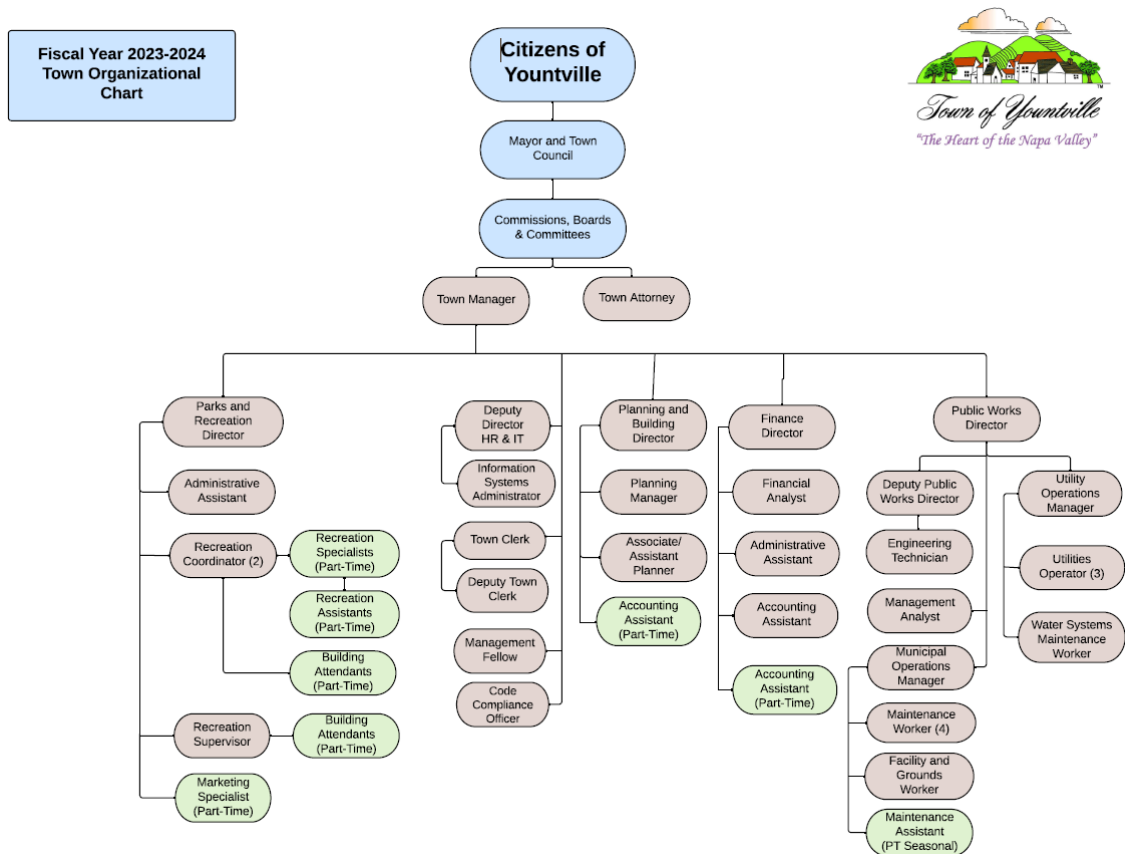
- Park and Facility Maintenance
- Recreation and Special Event Programs
- Land Use Planning, Building and Development Review, Use Permits, and Code Enforcement
- Growth/Sustainability Management and Environmental Compliance

## STRATEGIC PLANNING FRAMEWORK

The Town Council uses its Strategic Plan to establish clear policy direction and overall operational priorities aligned with the Town's vision and mission. The Town Council generally directs staff to review and/or update the Strategic Planning Framework every two years. The Town anticipates having an update to the strategic planning framework by early 2024.

## TOWN ADMINISTRATION

### Organization Chart



## **TOWN MANAGER'S OFFICE**

The Town Manager provides overall administration, leadership, and direction for the Town organization, functioning in a role like that of a chief executive officer (CEO) in a private company. The Town Manager is appointed by, and serves at the will of, the Town Council. The Town Manager's Office is also directly responsible for oversight of the Town's human resources, budgeting, purchasing, labor relations, public information, risk management and technology services operations. The Town Manager's Office:

- Oversees the Town's organizational and fiscal management; program development and evaluation processes; service delivery mechanisms; and organizational structure
- Coordinates the preparation of the annual operating and capital budget
- Provides staff support to the Mayor and Town Council
- Oversees the Town Council agenda process
- Administers contracts for law enforcement and fire and emergency medical services
- Administers the Town's human resources and personnel functions
- Builds relationships with the community, including the business community
- Addresses public complaints, inquiries, and requests
- Works with key organizations to monitor and respond to proposed state and federal legislation
- Works cooperatively within the region and state on issues affecting Yountville

## **TOWN ATTORNEY**

The Town Attorney serves as the primary legal adviser to the Town Council and provides legal guidance and support to Town staff in a quasi-department head role. The Town Council currently contracts with the law firm of Colantuono, Highsmith & Whatley, PC for legal services. The Town Attorney:

- Serves as the legal advisor for the Town Council and attends all Town Council meetings and other key meetings
- Provides legal advice and direction to Town staff related to town projects and operations
- Represents the Town in certain litigation matters and enforcement of the municipal code

- Reviews and proposes updates to the municipal code to respond to changes in the law or to reflect Town needs
- Drafts or review all proposed ordinances, resolutions, and contracts
- Assists risk management and insurance pool in processing and evaluates all personal injury, property damage and other monetary claims against the Town, including managing claims litigation and outside counsel as necessary

The Town Attorney represents the Town as a whole and does not provide legal advice to individuals, citizens, or the community at-large.

## **TOWN CLERK**

The Town Clerk Office performs all the mandated functions under the United States Constitution, the Constitution of the State of California, State Codes, and the Town of Yountville Municipal Code. The Town Clerk's Office:

- Supports the Town Council and Council-appointed bodies
- Prepares and posts meeting materials and broadcasts for Town Council and Town Council-appointed bodies
- Clerks meetings for Town Council and Town Council-appointed bodies
- Maintains the legislative history of the Town
- Shares information with the Yountville community through public records requests, social media, press releases, and website content
- Maintains the Town's records retention schedule and provides departments with guidance on policies and best practices of records management
- Files required forms for employees, elected and appointed officials
- Administers the Town's elections including the nomination process for candidates, processing of initiative petitions, and council-sponsored ballot measures

## **FINANCE**

The Finance Department is responsible for the financial management and oversight of all Town funds, billing, banking and finances. The Finance Department also provides administrative and project support to all departments. The Finance Department:



- Develops and monitors the Town's annual budget
- Facilitates the Town's annual external audit, produces the Town's Annual Comprehensive Financial Report (ACFR), and coordinates other reports and studies
- Manages the Town's cash, investments, and trusts
- Advises Town Manager regarding debt financing and ensures compliance with debt covenants
- Oversees general ledger and use of financial software, ensures accuracy of financial data, and manages the Town's Transparency Portal
- Processes payroll, payments to vendors, routine accounts receivable invoices, and utility billing
- Manages collections, accounting, and reporting for taxes, fees and assessments

## **HUMAN RESOURCES**

The Human Resources team leads the Town of Yountville in positive employee relations, talent management, succession planning, and employee engagement while protecting employee health and supporting workplace safety protocols. Human Resources strives to recruit, develop, and retain a diverse, well-qualified, and professional workforce that reflects the high standards of the community. The Human Resources Department:

- Recruits and onboards new employees
- Administers employee benefits
- Creates training and development programs for employees
- Manages employee and labor relations
- Performs compensation and classification reviews and updates
- Oversees risk management, safety, and workers' compensation

## **PLANNING AND BUILDING**

The Planning and Building Department is responsible for guiding the physical growth and development of the community. The Planning & Building Department is the department liaison for the Zoning & Design Review Board (ZDRB). The Planning and Building Department:Administers the Town's general plan

- Reviews building permit applications and evaluates compliance
- Performs plan checks
- Provides inspection services for all new construction
- Compiles data on land use, zoning, and site development
- Reviews land use and design applications
- Issues permits for rentals
- Monitors use permit compliance
- Investigates possible code and/or zoning violations
- Reports to the State for compliance purposes

## **PUBLIC WORKS**

The Public Works is responsible for the construction, operation and maintenance of City facilities. The Department routinely manages agreements, contracts, regulations, programs, and procedures to support these responsibilities. The Public Works Department:

- Manages and direct of the Capital Improvement Program (CIP)
- Oversees and maintains the Town's water and wastewater systems
- Maintains and improves Town parks, streets and facilities
- Reviews and acts upon community-reported issues as they relate to City facilities
- Develops and implements Town policies related to facilities
- Issues encroachment permits
- Performs plan checks for private development projects
- Provides advice on compliance with regulations and public works standards

## **PARKS AND RECREATION**

The Parks and Recreation Department provides a wide range of recreation programs, events, and services to the residents and visitors of Yountville and surrounding communities. The Parks and Recreation Department is the liaison department to the Parks and Recreation Advisory Committee, the Yountville Arts Commission, and the Yountville Community Foundation. The Parks and Recreation Department:

- Identifies and responds to the needs of a diverse population
- Develops and deliver programs that serve seniors, youth, families, homeowners, renters, and low-income residents
- Manages program volunteers
- Works with local human services providers to increase effectiveness and improve programs
- Manages Town compliance with a variety of federally mandated programs
- Operates the Community Center as a community recreational facility, local affordable events center, PG&E PSPS (Public Safety Power Shutoff) event location, and emergency shelter for residents and those living in unincorporated areas of the Napa County.
- Facilitates arts-related events and programs.

## **LAW ENFORCEMENT**

The Town has contracted with the Napa County Sheriff's Office to provide law enforcement services to the Town since its incorporation. The Sheriff's Office works with the Town of Yountville staff to help prevent and alleviate crime in Town. The Sheriff's Office:

- Protects life and property
- Controls and prevents crime
- Enforces vehicle laws and regulations
- Respects individual dignity, regardless of background



## **FIRE & EMERGENCY MEDICAL SERVICES**

The Town of Yountville provides the community with fire protection and emergency medical services by contracting for Cooperative Fire Protection services with the Napa County Fire Department (NCFD). CAL FIRE provides administrative and clerical support, a logistical service center, dispatching, training, fleet maintenance and operational oversight as part of the contract. NCFD:

- Fights fires and conducts fire investigations
- Responds to emergency medical calls
- Educates the community on safety

## **STATUTES, REGULATIONS, RULES, AND CODES**

Certain state laws, the Yountville Municipal Code, and other regulations govern the Town Council and Town boards, commissions, and committees. The Town Council Handbook is not intended to duplicate, modify, or supersede any existing statutes or regulations. Town Council Members are responsible for becoming familiar with these requirements and may be required to undergo relevant training.

## **THE BROWN ACT**

The State of California Ralph M. Brown Act (“Brown Act”) is a law that requires all meetings of a legislative body, whether meetings of the Town Council or its appointed commissions and committees, to be open and public, and all persons shall be permitted to attend. To ensure open and public meetings, the Brown Act includes numerous and detailed provisions that impact Town Council conduct.

Regular meetings of the Town Council, or of other public bodies subject to the Brown Act, must be noticed and an agenda provided 72 hours prior to the meeting. Special meetings require a 24-hour notice and emergency meetings may be called with less time for notification. With a few exceptions and special rules, a meeting takes place whenever a quorum is present and subject matter related to the Town business is heard, discussed, or deliberated upon.

The Brown Act allows for closed sessions not open to the public for items that relate to:

- Active, pending or potential litigation
- Coordinating real property negotiations
- Labor negotiations

- Public employee appointment, employment, performance evaluation, discipline, dismissal or release
- Other limited exceptions

Some meetings are not covered by the Brown Act. Gatherings such as conferences and retreats, other public meetings, meetings of other legislative bodies, social or ceremonial events are exempt from the Brown Act provided that legislative members follow certain rules such as limiting the discussion to the agenda in the conference; or that legislative members do not discuss amongst themselves business of their legislative body. Also excluded from the application of the Brown Act are individual contacts or conversations between a member of a legislative body and any other person (i.e., non-staff or non-Member).

The Brown Act also dictates how Council Members interact. There are prohibitions on “serial meetings” and on certain social media interactions that may convey the voting intent of a Council Member.

Please refer to the [Brown Act, California Government Code section 54950](#) et seq., for further details.

## **POLITICAL REFORM ACT**

The Political Reform Act states that public officials shall perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them. The Political Reform Act establishes regulations regarding Conflicts of Interests and Campaign Receipts and Expenditures.

The statutes (the Political Reform Act of 1974) provide that certain municipal officers must disclose their "economic interests" periodically on forms provided by the Fair Political Practices Commission (FPPC). These municipal officials are Town Council Members (including the Mayor), members of the Zoning & Design Review Board, the Town Manager, the Town Attorney, and the Finance Director.

Statements of Economic Interests (Form 700) are submitted by these officials electronically via NetFile to the Town Clerk's Office which ensures the NetFile system forwards a copy to the FPPC in Sacramento. In addition, the Town is required to determine which of its other officials, commission members, consultants, and employees perform duties that involve potential conflicts of interest. The Town has adopted a resolution outlining those positions, called "designated employees." Those commissioners, consultants, and employees are required to disclose their economic interests.

Form 460/470 – Financial Campaign Statements are filed annually in July; or semi-annually in January and July as required by FPPC if the committee is not closed.

Conflict of interest is a complex issue. Council Members should carefully consider and monitor “gifts” from any person or organization, whether the gifts are financial support, loans, event tickets, meals, etc. Many of these gifts may need to be reported and may present a conflict of interest when considering and/or voting on projects or issues related to the person or organization presenting the gift. Questions relating to conflict of interest should be directed to the FPPC or the Town Attorney.

## **MANDATORY TRAINING**

### **ETHICS TRAINING FOR LOCAL OFFICIALS (AB 1234)**

[California Assembly Bill 1234](#) requires, among other things, that all local agencies that provide compensation, salary, or stipend to, or reimburses the expenses of, members of a legislative body must provide ethics training to local agency officials every two years. Training is currently provided through the Fair Political Practices Commission (FPPC), the League of California Cities or by the Town, as needed.

### **SEXUAL HARASSMENT PREVENTION TRAINING**

Council Members are required to complete Sexual Harassment Prevention Training every two years.

### **ROSENBERG’S RULES OF ORDER**

All procedural matters not otherwise provided for in or controlled by state law or by any ordinance, resolution, rule, or regulation of the Town shall be governed by Rosenberg’s Rules of Order: Simple Rules for Parliamentary Procedure for the 21<sup>st</sup> Century (attached as Appendix A). However, no ordinance, resolution, or other action of the Town Council shall be invalidated, or the legality thereof otherwise affected by the failure or omission of the Town Council to observe or follow such rules. Rosenberg’s Rules of Order are incorporated except to the extent they are modified.

## **TOWN OF YOUNTVILLE MUNICIPAL CODE**

Town of Yountville’s Municipal Code consists of those codified ordinances of general municipal regulations and laws and may be referred to as the Municipal Code. The Town Clerk is responsible for coordinating the codifying of ordinances as adopted by the Town Council which affect the Municipal Code and provides supplements on a bi-annual basis. The Municipal Code sets forth the regulatory, penal, and administrative laws of general application to the Town.



These laws are enforceable by the Town and violations thereof can constitute a misdemeanor or an infraction.

The Municipal Code is divided into the following categories:

- General Provisions
- Council, Administration and Personnel
- Revenue and Finance
- Business Taxes, Licenses and Regulations
- Animals
- Health and Safety
- Public Peace and Welfare
- Vehicles and Traffic
- Streets, Sidewalks, Public Places and Parks
- Public Services
- Building and Construction
- Subdivisions
- Zoning

Other directives and policies of the Town Council are recorded in council resolutions, council policies, or summary action minutes of the council meetings.

## **PLANNING DOCUMENTS**

### **TOWN OF YOUNTVILLE GENERAL PLAN**

State law requires every community in California to have a general plan, which must contain seven elements: Land Use, Circulation, Housing, Conservation, Open Space, Noise, and Safety. An updated housing element that is consistent with state housing laws must be submitted to the state for review every eight years. The latest comprehensive review of the Yountville general plan occurred as part of the Envision Yountville effort in 2017 and 2018 with final approval in 2019.

## **TOWN OF YOUNTVILLE FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM (CIP)**

The Capital Improvement Program (CIP) is the primary infrastructure and planning tool for the Town. The CIP is a statement of the Town's policies and financial abilities to manage the physical development of the community's streets, water, sewer, public facilities, parks, and recreation facilities infrastructure needs.

The CIP is a five-year planning instrument used by the Town to identify capital improvement needs and to coordinate financing and timing of those needs in a manner that maximizes the return to the public. Each year projects are reviewed for priority and rearranged as necessary. The first year of the CIP reflects the Capital Budget generally adopted in June of the current Fiscal Year Budget. The remaining four years represent a schedule and estimate of future capital needs that may be funded given projected revenue estimates.

## **TOWN OF YOUNTVILLE FISCAL YEAR BUDGET**

The Town's Fiscal Year Budget covers the period from July 1 through June 30. The Fiscal Year Budget is developed through various budget workshops or work sessions where Council, together with staff and public input, establishes priorities for the upcoming fiscal year. The Fiscal Year Budget document consists of an overview of the prior year's budget, significant activities, activities of the state relating to the budget, current outlook, general fund revenues and expenditures, lease revenue bonds, personnel, enterprise, and special project funds. Once adopted by the majority of the Town Council, the budget sets policy for the coming fiscal year. It also approves expenditures, authorizes staffing levels, and serves as a tool for current year goals and objectives.



# **TOWN COUNCIL ORGANIZATION AND ROLE OF COUNCIL MEMBERS**

## **CHAPTER 2**

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## OVERVIEW

The primary role of the Town Council is to provide legislative and policy direction on matters affecting the Town. The Town of Yountville's five-member [Town Council](#) is comprised of four Council Members and [the Mayor](#), who are the legislative and policy-making body. The Mayor and Council Members are elected town wide to serve four-year terms, unless appointed due to a vacancy. The Mayor acts as the presiding officer of the Town Council, which works closely with the Town Manager to ensure policies are effectively put into action.

Through its legislative and policy authority, the Council is responsible to its constituents for:

- Establishing community-wide goals that address short and long-range needs.
- Formulating policies that define a course of action that shapes Town operations.
- Providing quality services within available resources.
- Acting as a link between the professional staff and local community members.

The goals and objectives of the governing body are accomplished through:

- adoption of ordinances and policy resolutions
- approval of contracts and agreements
- adoption of the Town budget
- development and implementation of strategic plans
- review of the Town's general plan

Regular Town Council [meetings](#) are held on the first and third Tuesdays at 3:00 p.m. in the Town Hall Council Chambers. Meetings are streamed live on the Town's website and archived online.

All Town Council Members, including those who serve as Mayor and Vice Mayor, have equal votes. Council Members are local leaders who fulfill their roles and responsibilities through the relationships they have with each other and the public. The community expects the Council to set the tone and direction for municipal operations that reflect ethical behavior, honesty, and integrity.

## **MUNICIPAL ELECTIONS**

The consolidated general municipal election for the Town shall be held on the first Tuesday after the first Monday in November of even-numbered years beginning November 2006. (Municipal Code Section 2.04.070) Each candidate who runs for office shall comply with the residency requirements in place as established by the California Elections Code or, if permitted, by any other requirements imposed by the Town Council by ordinance as authorized and permitted by law.

## **MAYOR AND COUNCIL MEMBERS TERMS OF OFFICE**

The Mayor is a directly elected Town Council Member and shall be elected for a term of four years. Council Members shall be elected for terms of four years. The Mayor and Council Members shall hold office from the date of the installation of officers following adoption by Council of the official canvass of the election and until their successors are elected and qualified. (Municipal Code Section 2.04.010)

## **DUTIES OF MAYOR AND VICE MAYOR**

### **MAYOR**

The Mayor shall preside at the meetings of the Council and perform such duties as may be approved by the Council or as provided by the Municipal Code. The Mayor may make or second any motion, and present and discuss any matter, as a Council Member. The Mayor does not possess any power of veto. When the Mayor represents the Town while interacting with the business community, public agencies, or community leaders, the Mayor will make best efforts to share with the other Council Members any feedback or information received at the next Council meeting, or as part of the Town Manager's correspondence to the Town Council. The Mayor shall represent as Town policy or position only on those matters on which the Council has taken a position by resolution or other public action.

The Mayor, or an officer appointed by resolution or ordinance, may sign:

- a) All warrants drawn on the Town Treasury.
- b) All conveyances made or entered into by the Town.
- c) All instruments requiring the Town seal.

The Town Council designated and authorized the signatures of the Town Manager, Finance Director and Planning/Building Director on Town warrants.



The Mayor shall serve as Chair of the Disaster Council convened in accordance with the Town's Emergency Operations Plan (pursuant to Municipal Code Section 2.52.030).

## **Representation at Ceremonial Functions**

The Mayor shall be recognized as the senior official of the Town for all ceremonial functions. The Mayor may, at their own discretion, ask another Council Member to represent the Council at any function. If an outside party asks an individual Council Member, other than the Mayor, to make a ceremonial presentation on behalf of the Town, the individual Council Member should redirect the request to the Mayor.

Council Members shall be reimbursed for admission and meal expense to attend ceremonial functions for which the Council Member was invited to represent the Town in accordance with the Town's Travel and Expense Policy.

## **VICE MAYOR**

If the Mayor is absent or unable to act, unless where otherwise directed per the Municipal Code or Handbook, the Vice Mayor shall serve in the roles and responsibilities until the Mayor returns or is able to act.

## **Vice Mayor Appointment Process**

The office of Vice Mayor shall be an appointed office. Vice Mayor appointment shall be determined by seniority through a rotation that allows every elected Council Member the opportunity to serve as Vice Mayor during a four-year term. Seniority is established by the number of consecutive years the Council Member served on the Town Council. In the event two or more Council Members have equal seniority, then the Council Member with the most votes in their last regular general election shall have the opportunity to serve as Vice Mayor. Council Members may choose to not assume the appointment and pass the position to the person of next highest seniority. Once a Council Member has served as Vice Mayor they are moved to the back of the rotation until others on the Council have the opportunity to serve. The Vice Mayor shall serve a one-year term.

The Vice Mayor shall have all the powers and duties of the Mayor should the Mayor be absent or unable to perform any of those duties for any reason (Municipal Code Section 2.04.050).

## **SEATING ORDER**

At the time of the Council change in membership, the Mayor shall have the prerogative to designate the seating order for the Council dais.

## **VACANCIES**

When a Council Member is absent without permission from all regular council meetings for 60 days consecutively from the last regular meeting they attended, their office becomes vacant and shall be filled as any other vacancy.

Vacancies in the Council shall be filled in accordance with California Government Code section 36512. (Municipal Code Section 2.04.080)

## **CODE OF ETHICS**

### **PREAMBLE**

The residents and businesses of Yountville are entitled to have fair, ethical, and accountable local government. Such a government requires that:

- Public officials comply with both the letter and spirit of the laws and policies affecting operations of the government.
- Public officials be independent, impartial, and fair in their judgment and actions.
- Public office be used for the public good, not for personal gain; and
- Public deliberations and processes be conducted openly, unless legally confidential, in an atmosphere of respect and civility.

To this end, the Town of Yountville Town Council adopts this Code of Ethics to encourage public confidence in the integrity of local government and its operation. Council Members will abide by the following principles:

### **PRINCIPLES**

- Be Respectful: Treat each other with respect, even when, and especially when, there is disagreement.
- Engage in Open and Honest Communication: Be direct, straightforward, and transparent with each other.
- Be Honest and Truthful: Act with integrity and authenticity; be ethical; follow the letter and spirit of the laws and policies affecting government operations.
- Address Difficult Issues: Confront challenging topics directly; avoid talking around them or not talking about them at all.

- Find Areas of Common Ground: Seek areas of agreement; identify shared interests, values, and positions.
- Be Open to Different Perspectives: Keep an open mind; be willing to change your views with new information, data, etc. Inform yourself on public issues and listen attentively to public discussions before the Council.
- Give the Benefit of the Doubt: Freely give credit for good intentions; avoid ascribing bad intentions.
- Role Model Good Leadership: Be professional; demonstrate effective leadership for the community; base decisions on the merits and substance of the matter submitted for review.
- Be Considerate of Each Other's Time: Manage expectations about responsiveness and availability, recognize the time limitations and constraints of your colleagues.

## **PUBLIC INTEREST**

Council Members will work for the common good of the people of Yountville and not for any private or personal interest, and they will endeavor to treat all persons, claims, and transactions in a fair and equitable manner. Council Members shall comply with the laws of the nation, the State of California, and the Town in the performance of their public duties.

## **CONDUCT**

Council Members shall refrain from personal charges or verbal attacks upon the character or motives of others.

Council Members shall perform their duties in accordance with the processes and rules of order established by the Town Council.

Council Members shall inform themselves on public issues; listen attentively to public discussions before the body; and focus on current business issues.

Council Members shall base their decisions on the merits and substance of the matter submitted for review.

## **COUNCIL SUBCOMMITTEES**

The Town Council and may establish Council subcommittees from time to time. Subcommittees usually comprise less than a quorum of the Council and are generally used to provide more detailed review and analysis of complex issues. Subcommittees make recommendations to the entire Council but cannot take formal action on behalf of the Council.

The Brown Act establishes two types of Council subcommittees: standing committees and ad hoc advisory committees.

### **STANDING COMMITTEES**

Under the Brown Act, “standing committees of a legislative body, irrespective of their composition, which have a continuing subject matter jurisdiction, or a meeting schedule fixed by charter, ordinance, resolution, or formal action of a legislative body” are subject to all open meeting requirements.

Standing committees shall be established and consist of two Council Members appointed by the Council. Membership shall only be modified by Council action. Standing committees shall select a chair to conduct meetings.

### **AD HOC ADVISORY COMMITTEES**

Ad hoc advisory committees are composed of two Council Members and are created for a limited time for a particular purpose. Under the Brown Act, ad hoc committees are not required to comply with open meeting requirements.

The Town Council may create and determine the members of ad hoc advisory committees to assist in particular matters as they arise. Members of the Council may request the creation of an ad hoc advisory committee through the Town Manager or placing the matter on the agenda provided in agenda setting procedures. Ad hoc advisory committees have a fixed, limited assignment and recommendations of the committee must be presented to the entire Council at a noticed meeting. Any action to modify the membership or purpose of the committee shall be placed on the council meeting agenda.

## **EXTERNAL COUNCIL BOARDS & COMMISSIONS**

Council Members are requested to serve on various boards and committees for external agencies. Annually, after a regular election or as vacancies arise, the Council shall review the list of current assignments and make appointments. Any Council Member desiring to serve on a certain committee (or who desires not to be considered) should inform the Council in open session. These appointments are subject to approval by the majority of Council. Some external boards require the Mayor and/or Vice Mayor be appointed.

Council Members and their alternates appointed to an external board or commission shall coordinate with each other directly when the appointed Member is unable to attend.

Town Council Members receiving a stipend for serving on an external board or commission shall report the stipend amount to the Town clerk to complete and comply with the Political Reform Act.

If a Council Member appears before another governmental agency or organization to give a statement on an issue affecting the Town, the Council Member should first indicate the majority position and opinion of the Council. Personal opinions and comments may be expressed only if the Council Member clarifies these statements do not represent the position of the Town Council.

Annually, at a Town Council meeting, the Mayor and Council Members appointments are reviewed. The Council will attempt to balance shared responsibilities and opportunities among all Council Members when making committee recommendations.

The appointed Council Member is the primary attendee and voting participant for the committee(s) to which they are appointed. If a Council Member cannot attend, the alternate should attend on the Council Member's behalf as the Yountville representative and voting participant. Alternates may attend a meeting as a member of the public in the audience when the Council Member is in attendance. In these circumstances, the alternate may not vote or take other action that may affect the primary's effectiveness on the committee. When serving as the primary Council representative on any board, commission or committee, Council Members should periodically provide updated reports to the Council during the "Council Reports" section on the Council meeting agenda.



## **CITIZEN BOARDS, COMMISSIONS, & COMMITTEES**

The Town Council recognizes the valuable resources that exist in the community and appreciates the public participation and input in the operation of Town government. Therefore, the Town Council establishes various advisory boards, commissions, and committees, taskforces, standing committees and/or ad hoc committees for the purpose of assisting in the effectiveness of Town government and services. Board, commission, and committee members are subject to the same statutory requirements, regulations and code of ethics, and meeting procedures, unless specified otherwise.

### **THE TOWN CURRENTLY HAS THE FOLLOWING BOARD, COMMISSIONS, AND COMMITTEES (BCC)**

- 1. Zoning & Design Review Board**
- 2. Yountville Arts Commission**
- 3. Parks and Recreation Advisory Commission**
- 4. Yountville Community Foundation**
- 5. Measure S Affordable and Workforce Housing Oversight Committee**

Members of the Town Council should not attempt to influence or publicly criticize BCC recommendations or influence individual members on any item(s) under their consideration. It is important for such bodies to be able to make objective recommendations to the Town Council on items before them. Members of the Council who attempt to influence commission positions on any item may prejudice or hinder their role in reviewing the body's recommendation.

The majority of Council may from time to time direct ad hoc committees or Council Members to meet with BCC for specific purposes such as establishing goals or for problem solving.

## **PROCESS FOR BOARDS, COMMISSIONS, AND COMMITTEES APPOINTMENTS**

The Town clerk posts a Notice of Vacancy in the Town designated posting locations and on the Town's website and sends a media release to the Yountville Sun advertising vacancies on Town boards, commissions, and committees either in preparation for the expiration of a BCC member's term or as result of an unexpected vacancy.

The Town Council will interview applicants at one or more meetings during which each applicant will be evaluated by considering qualifications and performance during the interview(s). To ensure a fair and transparent process, each Council Member is required to indicate their preferred applicant utilizing a ballot system. At the same or future meeting, the Town Council will consider appointing the applicant(s) receiving the highest number of ballots. In the event two or more applicants receive an equal number of ballots ("tied applicants") and there are fewer vacancies than tied applicants, the Council will resolve the tie by holding another round of balloting exclusively among the tied applicants. At the same or future meeting, the Town Council will consider appointing the applicant(s) receiving the highest number of ballots. In the event the number of applicants equals the number of vacancies, the Town Council may waive the interviews and make the appointments based on the applicants' qualifications. This allows the Town Council to promptly fill available positions while ensuring all selected candidates meet the qualifications for their respective roles. All ballots shall be disclosable public records.

The Town Council may choose not to appoint one or more applicants to fill a vacancy.

In this instance, the Town Clerk will re-advertise the vacant position(s) to seek additional applicants.

## **ANNUAL REPORT TO COUNCIL**

The chair of each BCC shall make an annual report to the Town Council at a regular meeting. The Town Council may ask the BCC chairs to engage in strategic planning/goal-setting to discuss current and potential projects and assist with prioritization consistent with Town Council goals and priorities.

## **OFFICIAL TOWN COMMUNICATIONS**

One of the Council's fundamental roles is communication. The Council communicates with the public to share the Town's vision and goals and to determine community opinions, needs, and desires. Council must also communicate with staff to provide direction on policy.

## **COMMUNICATIONS FROM COUNCIL**

The Council acts as a body and it is important that individual Council Members understand general guidelines when communicating on behalf of the Council or Town. On occasion, Council Members may wish to communicate about an issue on which the Council has not yet taken a position or for which the Council has no position. In these cases, the Council Member should be mindful of their role and make it clear that they are expressing a personal view, rather than that of the Council.

Members of Council will often be requested to correspond with residents, businesses, and public agencies. Such correspondence might be a response to an inquiry, a reference for an individual or business, etc. In the case of communicating the Town's position on a policy matter, the Town Manager will generally handle such correspondence.

It is appropriate for the Council to use Town letterhead, email addresses, and Council titles when sending correspondence that communicates official Town business. Council Members may request staff support from the Town Manager to prepare and send such correspondence. Town letterhead, email, staff support, and postage may not be used for personal or political purposes.

## **COMMUNICATIONS TO COUNCIL**

Mail, including letters, emails, and memos, that is received by the Town and addressed to an individual Council Member, will either be copied or scanned and forwarded to all Council Members.

## **TOWN MANAGER/STAFF COMMUNICATIONS**

The Town Manager will provide communication to the Council and community in a clear and consistent manner. Certain communications are designed for the community and will be distributed through different mediums depending on the message. These types of communications can be redistributed as the Council and community see fit. Other communications are either private or confidential and should not be redistributed unless otherwise authorized. Communication related to closed session of Council meetings may not be redistributed.

## **PUBLIC COMPLAINTS**

All complaints directed to the Mayor or Council shall be given to the Town Manager with a copy to the Town Clerk for informational purposes. If warranted, the Town Manager or their designee shall draft a response to the complaint for either the Town Manager's or Mayor's signature, as appropriate, with a copy to the Town Council, Town Manager and Town Clerk. Council Members are discouraged from responding directly to complaints without coordinating with the Town

Manager to gather information to ensure a unified response and prevent duplicative efforts in the event another department is already preparing a response. If the Mayor or a Council Member receives a complaint and desires it be addressed by the Town Manager, they should present it to the Town Manager. Town staff will copy or otherwise communicate all responses to the Town Council.

## **CALIFORNIA PUBLIC RECORDS ACT**

Generally, any item, such as letters, emails, maps, photographs, audio recordings, etc. that is prepared and/or maintained or which is received in the course of operation of a public office is defined as a public record by state law. Such records must then be maintained and produced if requested. Email messages generated and received through the Town email system are Town property and may be retrieved from storage even if they have been deleted by the sender and/or receiver.





# TOWN COUNCIL MEETINGS

## CHAPTER 3

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## **TYPES OF COUNCIL MEETINGS**

### **REGULAR MEETINGS**

The Yountville Town Council holds regular meetings on the first and third Tuesday of each month at 3:00 p.m. State law (Brown Act) requires that public notice be given at least 72 hours before the meeting indicating the time and place of the meeting. An agenda of each meeting is posted at Town Hall, the Yountville Community Center, and the Post Office, and a copy is sent to the Veterans Home of California, Yountville.

### **SPECIAL MEETINGS**

The Town Council can also call special meetings to review and discuss specific topics. Members of the Town Council and the public must receive notices of special meetings at least 24 hours prior to the time of the meeting. The notice must specify the time and place of the special meeting and the business to be transacted or discussed. Regular ordinances may not be adopted at special meetings; only urgency ordinances may be adopted at such meetings. Items not listed on the agenda shall not be considered at the special meeting.

### **STUDY SESSIONS**

Study sessions are a type of special meeting that is less formal and open to public interaction. The purpose of the study session is to give the Council the opportunity to review one or more items that require more in-depth study than time allows on the regular meeting agenda and to receive informational reports/items that require no formal action. Staff will make best attempts to schedule these study sessions prior to the regular Council meetings.

### **CLOSED SESSIONS**

Closed sessions may be held to discuss certain matters specified by law, including:

- Public employee appointments, evaluations, and discipline
- Labor negotiations
- Real property negotiations
- Existing or anticipated litigation

Closed sessions are attended by the Town Council, Town Manager, Town Attorney, appropriate management staff, and occasionally by a special consultant or attorney, depending upon the matter under discussion. Closed sessions are not open to the public. The public may only speak under verbal communications during closed sessions. Matters discussed during closed session are confidential and may not be discussed with anyone outside of the closed session or during a public meeting. Violations of the closed session confidentiality requirement could put the Town in a perilous position with respect to litigation and represent a violation of the law for the person violating the confidentiality requirement. If any final decisions are made in the closed session meeting, the Council must reconvene in an open session where it may be required to report the specific votes and actions taken by the Council.

All meetings (regular, special, or closed sessions) must be conducted within the geographical boundaries of the governing body's jurisdiction, unless specifically exempted.

## **BUDGET HEARINGS**

Every year the Town Council holds budget hearings to review funding allocations for the goals and objectives outlined by the Town Council. Similar to a study session, these are noticed as special meetings.

## **EMERGENCY MEETINGS**

Emergency meetings may be called by the Town Council with one-hour notice to Council Members. The Town Council may not meet in closed session during an emergency meeting. Except for the 24-hour notice requirement, the special meeting requirements set forth above shall apply in emergency meetings.

## **CONTINUED MEETINGS**

A Council meeting may be continued from time to time in accordance with the Brown Act.

## **REMOTE PARTICIPATION**

Council Members may participate in Council meetings remotely by following the procedures in Government Code section 54953, as may be amended from time to time.

## **AGENDA**

The Town Clerk is responsible for preparing the meeting agenda in consultation with the Town Manager. The agenda is a listing of each business item the Council will consider during its meeting. Town Council Members have a responsibility to come to meetings well prepared, having read staff reports and attachments and requesting in advance any necessary and available information from the Town Manager.

Town Council agenda packets are published on the Town's website. The agenda, plus any associated staff reports, may be viewed online and Council Members have the option to use the annotation feature within the agenda management system PrimeGov. Agendas are available to the public at Town Hall, the Community Center, and the Post Office, and a copy is sent to the Veterans Home of California, Yountville, the Friday prior to the meeting. A viewing copy of the agenda packet is available at every regular meeting.

Council Members are provided a stipend to purchase an iPad for their use to access the Council agenda packets. Instructions and training will be provided by the Town Clerk's Office.

## **AGENDA SETTING**

The Town Manager reviews and approves all items for the Council agenda. The Mayor and Council Members may consult with the Town Manager and coordinate in the development of agendas for meetings of the Town Council.

Two Council Members may also make a written request to the Town Manager for an item to be placed on the agenda. A written request with the signature of two Council Members will be reviewed with the Town Attorney for its appropriateness and a determination of what type of meeting is best suited for the request (regular/special/closed). If deemed appropriate, the Town Manager will add the requested items to an agenda within a three (3) month time frame following the request.

## **AGENDA SECTIONS**

- Call to Order – Meeting sessions begins
- Roll Call – Council Members attendance
- Pledge of Allegiance
- Adoption of Agenda – Accepting agenda as presented
- Announcements – Council Member announcements (five minutes total)
- Proclamations and Recognitions
- Non-agenda Public Comment
- Consent Agenda – Routine items for Council approval
- Presentations – Guest presentations
- Public Hearings - Open consideration of an issue within a regular meeting
- Administrative/Regular Items – Items requiring Council direction and action

- Staff Presentations and Informational Reports
- Council External Meeting Reports
- Closed Session
- Adjournment

## **ADOPTION OF THE AGENDA**

The Mayor shall, at any time by majority consent of the Council Members, permit a Council Member to propose the resequencing of agenda items. However, resequencing of items is normally done during the Adoption of the Agenda process.

## **ANNOUNCEMENTS**

Council Members may make announcements of general interest to other Council Members or members of the public. These announcements may include, but are not limited to, upcoming community events, meetings of general community interest, or other general information. No written material will be presented, no recommendations will be made, and no actions will be taken. Announcements should be limited to a total of five minutes, or one minute per Council Member. These announcements should not be confused with Council reports on external boards and committees that are agendized at the end of the meeting.

## **PROCLAMATIONS AND RECOGNITIONS**

The Mayor issues proclamations to give special recognition by the Town to an individual, event, issue, etc. Proclamations are not statements of policy and do not require the official approval or action of Council. Requests for proclamations or ceremonial certificates should be directed to the Mayor for their consideration.

## **NON-AGENDA PUBLIC COMMENT**

During open meetings of the Town Council, members of the public have the opportunity to address items of interest that are not on the agenda within the subject matter jurisdiction of the Yountville Town Council. The presiding officer has the discretion to hear these comments at the beginning of the meeting or at the end. Please see the “Procedures for Public Comment” section below.

## **CONSENT AGENDA**

Council Members will attempt to have their questions about consent agenda items answered by Town staff before the Council meeting. Council Members may ask a brief clarifying question about a Consent Agenda item without pulling it. If there is a policy question or deeper line of questioning, it should be pulled from the Consent Agenda.

Should a council Member wish to pull an item from the Consent Agenda, the council Member will provide the presiding officer and Town Manager advance notice of intent to pull the item. The Council Member will announce which items they intend to pull at the beginning of the Consent Agenda.

Before the Council's consideration of the Consent Agenda, members of the public are invited to comment on any Consent Agenda items. After public comment, any Council Member may remove Consent Agenda items from the Consent Agenda. Items remaining on the Consent Agenda will be acted upon by the Council by a single motion. Items removed from the Consent Agenda will be considered after the Council vote on the Consent Agenda. Members of the public may comment on removed Consent Agenda items before the Council acts on these items. The discussion and deliberation for these pulled items should be conducted the same as the administrative/regular items detailed below.

It is acceptable to register a "no" vote on an item on the Consent Agenda without pulling the item from the Consent Agenda. The Council Member would state that they wish to vote "no" on the item, with or without a brief explanation, before the Mayor calls the vote. After the vote, the Mayor will announce the outcome as: "Motion carries unanimously with the exception of Council Member A voting "no" on item x."

## **PRESENTATIONS**

Presentations by guests are approved and coordinated by the Town Manager. If the Mayor or a Council Member wishes to invite a guest presentation, they should contact the Town Manager with the request. If two Council Members present the request in writing, the Town Manager will review with the Town Attorney and, if appropriate, schedule within three months.

When members of the public or any group contact the Town staff or elected officials to request to present, the request shall be directed to the Town Manager.

## **PUBLIC HEARINGS**

Public hearings can be legislative or quasi-judicial (adjudicatory) and may be required on certain items as prescribed by the municipal code or by state or federal law.

Legislative decisions generally involve fundamental policy questions of jurisdiction-wide concern; legislative decisions involve changes in existing law to govern future situations.

Quasi-judicial hearings call for Council to assume a judge-like role, applying rules to specific facts. Quasi-judicial decisions are subject to more exacting judicial review and should be accompanied by carefully drawn findings in support of the decision made. Ex parte communications (communicating with the applicant or others interested parties) should be avoided and must be disclosed during these types of hearings.



The public hearing process is a guideline and not intended to duplicate, modify, repeal, or supersede any state or federal regulations. Public hearing notices shall be posted ten (10) days prior to the meeting, except those requiring separate posting requirements as provided by applicable law. The general procedure for public hearings is as follows:

- a. The Mayor opens the public hearing.
- b. Town Council Members should disclose any ex parte communications with applicant and/or related parties.
- c. Staff presents its report. Council Members shall only ask questions of staff and defer any opinion or Council discussion on the item(s) until after the public comments section of the meeting.
- d. Applicant(s) shall present their request/proposal for up to 15 minutes. However, an applicant may request additional time.
- e. Members of the public shall present their comments subject to time limits established by Council at up to five minutes per speaker. The Mayor may approve time reductions or extensions, as necessary.
- f. Applicant(s) shall be permitted five minutes at the close of public comments to summarize their application and address any issues raised during public comment.
- g. The Mayor closes the public hearing after everyone wishing to speak has had the opportunity to do so.
- h. Council addresses questions from applicants/appellants or the public; proceeds with questions, deliberation, and discussion; and takes action. For quasi-judicial matters, Council Members should not express any opinion or position on the matter being heard prior to the close of the public hearing and not until all evidence, both oral and written, has been presented and the public hearing has concluded. Adhering to this practice will avoid the appearance of bias by any Council Member or Town Council and will ensure that parties appearing before the Town Council will receive a fair hearing.
- i. For matters of a legislative nature, it is strongly recommended, but not required, that Council Members defer expressing their views on such matters involving legislative decisions until such time as that issue is presented to the collective body at a meeting of the Town Council and Council Members have had an opportunity to hear comments from the public. Each Council Member shall use their own good judgment and discretion in adhering to this recommended practice.

## **ADMINISTRATIVE/REGULAR ITEMS**

The administrative/regular items portion of the meeting is for those reports brought forth for Council approval that are neither public hearings nor reports of Council or staff but require adoption of a resolution or require action by the Council. The staff and regular item reports shall address how the item furthers or is consistent with the Town's strategic goals and budget approvals. General standard procedure for administrative/regular agenda items that require votes is as follows:

- Agenda Report Presentation
- Council Clarifying Questions
- Public Comment
- Council Motion and Second
- Council Deliberations and Vote

Generally, there is a preference for reserving Council Member comments for the deliberative process after questions have been asked and answered. The Mayor acts as the presiding officer and should recognize Council Member requests to speak in an orderly fashion. Council Members should be acknowledged by the presiding officer before they begin asking questions or deliberating. All procedural matters not otherwise provided for in or controlled by state law or by any ordinance, resolution, rule, or regulation of the Town shall be governed by Rosenberg's Rules of Order, which are attached to this handbook.

## **STAFF PRESENTATIONS AND INFORMATIONAL REPORTS**

The staff informational reports portion of the meeting agenda provides an opportunity for the Town Manager and/or Town staff to report on items of interest; provide status reports on significant projects, updates on events or meetings they participated in; provide acknowledgement to citizens or individuals; and/or address requests for information or follow-up on matters as requested by the public.

Informational reports can be presented in staff report format if the report is not intended to be a verbal report. Additional reports may be presented verbally.

## **COUNCIL EXTERNAL MEETING REPORTS**

Council Members will provide reports to the Council and community about external boards and committees where Town business is discussed or acted upon. These reports should include the dates of the meetings attended.

## **PROCEDURES FOR PUBLIC COMMENT**

Members of the public are entitled to speak on matters of municipal concern (i.e., within the subject matter jurisdiction of the Town) not on the agenda during that portion of the meeting reserved for non-agenda public comment. Members of the public are also entitled to speak on an agenda item before or during consideration of that agenda item. Public comment(s) submitted in writing at 4:00 p.m. the day before the Town Council meeting will be distributed to the Council. Public comments(s) submitted in writing after the aforementioned deadline will be included in the meeting record after the meeting.

During regular meetings, these comments have a time limit of five minutes; however, the time limits may be shortened or lengthened accordingly by the Mayor, depending on the number of requests to speak and/or the length of the meeting. During study sessions, or other less formal special meetings, the Mayor may adapt public comment for the meeting environment to promote more dialogue with the community.

- The person must be invited by the Mayor to approach the podium and microphone before testifying.
- They will be asked to state their name for the record but are not required to provide it.
- All exhibits and documents used by witnesses shall be given to the Town Clerk.
- Town staff will confirm receipt of electronic public comments when possible.

### **ADDRESSING THE COUNCIL AFTER PUBLIC COMMENT IS CLOSED**

After public comment on an item is closed, no person shall address the Council except upon the request of a Council Member through the presiding officer.

## **CONFLICT OF INTEREST DISQUALIFICATION**

The rules relating to conflicts of interest are set forth in the Political Reform Act (PRA) (California Government Code Sections 81000 and following), the Regulations issued by the Fair Political Practices Commission (FPPC), and case law. The consequences of violating the rules can be severe, including monetary penalties and possible criminal prosecution of individual Council Members.

California Government Code Section 87100 states that no public official may “make, participate in making, or in any way attempt to use the public official's official position to influence a governmental decision in which the official knows or has reason to know the official has a financial interest.”

A public official with a financial interest in a decision shall, immediately prior to the consideration of the matter, do all of the following:

- Publicly identify the financial interest that gives rise to the conflict of interest or potential conflict of interest in detail sufficient to be understood by the public (disclosure of the exact street address of a residence is not required).
- Recuse themselves from discussing and voting on the matter or otherwise acting in violation of Section 87100. In these instances, Council Members should use the phrase, "...to avoid the appearance of impropriety."
- Leave the room until after the discussion, vote, and any other disposition of the matter is concluded, unless the matter has been placed on the portion of the agenda reserved for uncontested matters.

Each Council Member is responsible for identifying and disclosing their conflict before action is taken on a matter. If possible, the conflicted Council Member should notify staff (i.e., Town Manager, Town Attorney and Town Clerk) before the council meeting at which the matter will be heard to ensure the presence of a quorum. Staff will attempt to assist with identifying conflicts, but the ultimate responsibility is with each Council Member.

The Town Attorney is available to help Council Members decide if they should declare disqualification on any issue, but the Town Attorney's advice on conflict matters cannot provide a Council Member with any immunity from prosecution. Only a formal written opinion from the FPPC provides immunity from prosecution for violations of conflict-of-interest rules. The Town Attorney is available to assist with preparing a request for an FPPC formal opinion.

The FPPC also provides a "hotline" that a Council Member may call for informal advice. While the Town Attorney may provide advice, it is ultimately up to the Council Member to determine this issue.

## **MINUTES**

The minutes serve as a source of information for the Council and for the public. Meeting minutes are required to include the following information:

- Members present
- Motions, proposals, resolutions, orders, ordinances, and other items of business and their disposition
- Results of all votes and, in the case of a roll call vote, the vote of each Member by name

- The minutes are a brief summary of Council's actions. They do not include a verbatim transcript. The Town Clerk is responsible for recording, preparing, and filing council minutes. Minutes of Council meetings are available for review on the [Town's website](#).

## **METHOD OF KEEPING MINUTES**

The minutes of the Council shall be kept by the Town Clerk and shall be recorded in a file kept for that purpose with a record of each type of business transacted by the Council. The Town Clerk shall make a record only of such business as was passed by a vote of the Council and does not make a verbatim transcript of the proceedings. A record shall be made of the names of persons addressing the Council, the title of the subject to which their remarks related, and whether they spoke in support of or in opposition to such matter.

## **DELIVERY OF MINUTES**

As soon as possible after each Council meeting, the Town Clerk's office shall send a copy of the minutes to each Council Member, the Town Manager, and department directors, typically with the agenda packet for the next regularly scheduled Council meeting.

## **APPROVAL OF MINUTES**

The minutes of the preceding Council meeting may be approved without reading, provided the Town Clerk has previously provided each Council Member with a copy of the minutes and that a majority of the Council has not requested such a reading.

## **ADDITIONS TO OR CORRECTION OF MINUTES**

When a Council Member wishes to add to or correct the minutes, they shall contact the Town Clerk in advance of the meeting with the correction. The Town Clerk will then verify the addition or correction by listening to the recording of the Council meeting. Upon verification of an error in the minutes, the Town Clerk will provide the additions or corrections to the Council in advance of the meeting. If time constraints prevent this procedure, the Council shall continue the approval of the minutes to the next meeting and direct the Town Clerk to verify the error.

## **DECORUM IN COUNCIL MEETINGS**

1. Council Members will refrain from texting and the use of social media while at the dais, except in case of urgent need or emergency.
2. Council Members will use their computers or devices to access agenda materials, and use email as needed for business purposes, such as communicating with the Town Clerk or checking emails from the public. Emails will continue to be forwarded to Council Members' individual Town email accounts by the Town Clerk, as possible, during the meeting.

3. Every member of the public and every Council Member desiring to speak shall address the presiding officer, and upon recognition by the presiding officer, should confine comments to the question under debate. Members of the public shall speak from the public lectern and speak into the microphone so that comments can be broadcast and recorded.
4. No persons other than Council Members and necessary Town staff are permitted on the council dais.
5. Individuals may not obstruct free passage within or ingress to or egress from Council chambers, or to place any such obstructions in Council chambers chamber aisles or passageways.

## **ENFORCEMENT**

The presiding officer shall rule out of order any testimony not relevant to the agenda item under discussion or outside of the subject matter jurisdiction of the Town Council if during general public comment.

The presiding officer has the authority to order removal of any person disrupting the meeting. For purposes of this paragraph, “disrupting” means engaging in behavior during a meeting that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, one of the following:

- a) a failure to comply with these procedures, policies, and practices, or other lawfully adopted rules, regulations, and/or policies regarding the conduct of meetings, or
- b) engaging in behavior that constitutes use of force or a true threat of force.

Prior to removal, the presiding officer or designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease such behavior may result in their removal. A warning is not required when the individual engages in behavior that constitutes use of force or a true threat of force. Nothing in this section shall prohibit or discourage orderly criticism of any Town decision or policy. The presiding officer has the discretion to recess or adjourn the meeting if disruptions persist.





# **FINANCE AND HUMAN RESOURCE INFORMATION**

## **CHAPTER 4**

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## KEY ECONOMIC FACTORS

Yountville's economic base is supported mainly by tourism-generated revenue in the form of Transient Occupancy Tax (TOT) and sales tax, followed by property tax. These three revenue sources represent the majority of general fund revenue and of this, the largest share is derived from TOT, making the Town highly reliant on tourism. Yountville has more than 450 hotel and inn rooms. High room rates are a key factor in this important revenue source.

Less than 15% of the Town's general fund is generated from sales tax revenue, primarily from restaurants. Yountville has a very high number of restaurant seats per resident compared to most cities, which further illustrates the impact of tourism.

Yountville businesses:

- Hotels and inns
- Restaurants
- Wine-tasting rooms
- Small and boutique retail shopping venues
- A grocery store
- A gas station
- Limited business-to-business
- Limited furniture/appliance stores
- No hardline retail (hardware, auto dealerships)

These economic factors paired with the Town's debt, budget, and reserves contribute to Yountville's stable Standard & Poor's (S&P) Ratings of 'AA', Town Issuer Credit Ratings (ICR), and 'AA-' Bond Ratings.

## **TYPES OF FUNDS**

The Town of Yountville's accounting system is organized and operated on the basis of funds. A fund is an accounting entity with a self-balancing set of accounts that records cash and other financial resources, liabilities, and residual equities (or fund balances and changes therein). Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds used in government are classified into three broad categories: governmental, proprietary, and custodial.

- Governmental funds include activities usually associated with a typical state or local government's operation (i.e., public safety, general governmental activities).
- Proprietary funds are used in governments to account for activities that are operated primarily through user fees, similar to the private sector (i.e., utilities).
- Custodial funds are used to report assets held in a trustee or fiduciary capacity for others and, therefore, cannot be used to support the government's own programs.

## **BUDGET PROCESS**

The Town of Yountville's budget process begins at the beginning of each year and leads to a proposed budget to be approved by the Town Council in one of the June Town Council meetings. The following is an outline of each budget phase:

### **JANUARY - APRIL: BUDGET PLANNING PHASE**

June: The Town Council reviews and adopts the final version of the proposed budget. The Adopted Online Budget Book is published and available on the Town's website. A physical public copy is also available in the Town Hall Council Chambers and at the Yountville Community Center.

### **JULY - JUNE: BUDGET IMPLEMENTATION**

## **FISCAL POLICIES**

Town of Yountville fiscal activities and annual budget process are governed by the following policies (Appendix C):

- Capitalization and Depreciation Policy
- Fund Balance Policy
- General Finance Policy
- Town Investment Policy
- OPEB Trust Investment Policy
- Use of Drought Water Reserve Policy
- Use of Long-term Debt Policy
- Utility Enterprise Rate Policy

## **HUMAN RESOURCES INFORMATION**

### **SALARY**

Town Council may increase by ordinance Council salary established in accordance with state law, provided that the amount of such increase may not exceed an amount equal to 5% for each calendar year from the operative date of the last adjustment.

Discussion of Council salary adjustments will be placed on the Town Council meeting agenda prior to budget workshops during each non-election year. Salary adjustments will not be effective until after the following regular election.

## **BENEFITS**

Council Members are eligible for a variety of benefits, including life, health, dental, and vision insurance. Council Members may also choose to participate in the Town's deferred compensation and wellness programs. The Town Council must approve all benefits to Council Members by resolution. Approved benefits remain in effect unless amended by Town Council, or by changes in laws or contract provisions. Council Members may only receive employee benefits while serving their elected term of office. Additionally, Council Members are not eligible to join the California Public Employees Retirement Program.

For more information about Council Member benefits, [visit the Town's website](#). For specific, current rates or coverage amounts, Council Members should contact the Human Resource Department ([humanresources@yville.com](mailto:humanresources@yville.com) or 707-944-8851).

## **PROFESSIONAL DEVELOPMENT**

The Council shall establish an annual budget for conferences, meetings, and training. Council Members shall attend these functions at their own discretion for purposes of improving their comprehension of and proficiency in municipal affairs and/or legislative operations.

## **EXPENSE REIMBURSEMENT**

Council Members are eligible to be reimbursed for miscellaneous expenses – such as office supplies, and automobile travel – incurred in the conduct of Council business in Yountville and in the surrounding Napa County communities. These expenses shall be documented, itemized, and submitted to the Town for reimbursement using the appropriate reimbursement form and consistent with Town policy for reimbursement of expenses. Requests for the expense form may be emailed to [humanresources@yville.com](mailto:humanresources@yville.com).





# APPENDICES

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## **APPENDICES**

Appendix A – Rosenberg’s Rules of Order

Appendix B – ICMA Council-Manager Form of Government

Appendix C – Fiscal Policies

**APPENDIX A**  
**ROSENBERG'S RULES OF ORDER**



# Rosenberg's Rules of Order

REVISED 2011

*Simple Rules of Parliamentary Procedure for the 21st Century*

*By Judge Dave Rosenberg*

Town Council Handbook Appendix A



## MISSION AND CORE BELIEFS

To expand and protect local control for cities through education and advocacy to enhance the quality of life for all Californians.

## VISION

To be recognized and respected as the leading advocate for the common interests of California's cities.

### About the League of California Cities

Established in 1898, the League of California Cities is a member organization that represents California's incorporated cities. The League strives to protect the local authority and autonomy of city government and help California's cities effectively serve their residents. In addition to advocating on cities' behalf at the state capitol, the League provides its members with professional development programs and information resources, conducts education conferences and research, and publishes Western City magazine.

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### ABOUT THE AUTHOR

Dave Rosenberg is a Superior Court Judge in Yolo County. He has served as presiding judge of his court, and as presiding judge of the Superior Court Appellate Division. He also has served as chair of the Trial Court Presiding Judges Advisory Committee (the committee composed of all 58 California presiding judges) and as an advisory member of the California Judicial Council. Prior to his appointment to the bench, Rosenberg was member of the Yolo County Board of Supervisors, where he served two terms as chair. Rosenberg also served on the Davis City Council, including two terms as mayor. He has served on the senior staff of two governors, and worked for 19 years in private law practice. Rosenberg has served as a member and chair of numerous state, regional and local boards. Rosenberg chaired the California State Lottery Commission, the California Victim Compensation and Government Claims Board, the Yolo-Solano Air Quality Management District, the Yolo County Economic Development Commission, and the Yolo County Criminal Justice Cabinet. For many years, he has taught classes on parliamentary procedure and has served as parliamentarian for large and small bodies.



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## INTRODUCTION

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The rules of procedure at meetings should be simple enough for most people to understand. Unfortunately, that has not always been the case. Virtually all clubs, associations, boards, councils and bodies follow a set of rules — *Robert's Rules of Order* — which are embodied in a small, but complex, book. Virtually no one I know has actually read this book cover to cover. Worse yet, the book was written for another time and for another purpose. If one is chairing or running a parliament, then *Robert's Rules of Order* is a dandy and quite useful handbook for procedure in that complex setting. On the other hand, if one is running a meeting of say, a five-member body with a few members of the public in attendance, a simplified version of the rules of parliamentary procedure is in order.

Hence, the birth of *Rosenberg's Rules of Order*.

What follows is my version of the rules of parliamentary procedure, based on my decades of experience chairing meetings in state and local government. These rules have been simplified for the smaller bodies we chair or in which we participate, slimmed down for the 21st Century, yet retaining the basic tenets of order to which we have grown accustomed. Interestingly enough, *Rosenberg's Rules* has found a welcoming audience. Hundreds of cities, counties, special districts, committees, boards, commissions, neighborhood associations and private corporations and companies have adopted *Rosenberg's Rules* in lieu of *Robert's Rules* because they have found them practical, logical, simple, easy to learn and user friendly.

This treatise on modern parliamentary procedure is built on a foundation supported by the following four pillars:

1. **Rules should establish order.** The first purpose of rules of parliamentary procedure is to establish a framework for the orderly conduct of meetings.
2. **Rules should be clear.** Simple rules lead to wider understanding and participation. Complex rules create two classes: those who understand and participate; and those who do not fully understand and do not fully participate.
3. **Rules should be user friendly.** That is, the rules must be simple enough that the public is invited into the body and feels that it has participated in the process.
4. **Rules should enforce the will of the majority while protecting the rights of the minority.** The ultimate purpose of rules of procedure is to encourage discussion and to facilitate decision making by the body. In a democracy, majority rules. The rules must enable the majority to express itself and fashion a result, while permitting the minority to also express itself, but not dominate, while fully participating in the process.

### Establishing a Quorum

The starting point for a meeting is the establishment of a quorum. A quorum is defined as the minimum number of members of the body who must be present at a meeting for business to be legally transacted. The default rule is that a quorum is one more than half the body. For example, in a five-member body a quorum is three. When the body has three members present, it can legally transact business. If the body has less than a quorum of members present, it cannot legally transact business. And even if the body has a quorum to begin the meeting, the body can lose the quorum during the meeting when a member departs (or even when a member leaves the dais). When that occurs the body loses its ability to transact business until and unless a quorum is reestablished.

The default rule, identified above, however, gives way to a specific rule of the body that establishes a quorum. For example, the rules of a particular five-member body may indicate that a quorum is four members for that particular body. The body must follow the rules it has established for its quorum. In the absence of such a specific rule, the quorum is one more than half the members of the body.

### The Role of the Chair


While all members of the body should know and understand the rules of parliamentary procedure, it is the chair of the body who is charged with applying the rules of conduct of the meeting. The chair should be well versed in those rules. For all intents and purposes, the chair makes the final ruling on the rules every time the chair states an action. In fact, all decisions by the chair are final unless overruled by the body itself.

Since the chair runs the conduct of the meeting, it is usual courtesy for the chair to play a less active role in the debate and discussion than other members of the body. This does not mean that the chair should not participate in the debate or discussion. To the contrary, as a member of the body, the chair has the full right to participate in the debate, discussion and decision-making of the body. What the chair should do, however, is strive to be the last to speak at the discussion and debate stage. The chair should not make or second a motion unless the chair is convinced that no other member of the body will do so at that point in time.

### The Basic Format for an Agenda Item Discussion

Formal meetings normally have a written, often published agenda. Informal meetings may have only an oral or understood agenda. In either case, the meeting is governed by the agenda and the agenda constitutes the body's agreed-upon roadmap for the meeting. Each agenda item can be handled by the chair in the following basic format:





**First**, the chair should clearly announce the agenda item number and should clearly state what the agenda item subject is. The chair should then announce the format (which follows) that will be followed in considering the agenda item.

**Second**, following that agenda format, the chair should invite the appropriate person or persons to report on the item, including any recommendation that they might have. The appropriate person or persons may be the chair, a member of the body, a staff person, or a committee chair charged with providing input on the agenda item.

**Third**, the chair should ask members of the body if they have any technical questions of clarification. At this point, members of the body may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

**Fourth**, the chair should invite public comments, or if appropriate at a formal meeting, should open the public meeting for public input. If numerous members of the public indicate a desire to speak to the subject, the chair may limit the time of public speakers. At the conclusion of the public comments, the chair should announce that public input has concluded (or the public hearing, as the case may be, is closed).

**Fifth**, the chair should invite a motion. The chair should announce the name of the member of the body who makes the motion.

**Sixth**, the chair should determine if any member of the body wishes to second the motion. The chair should announce the name of the member of the body who seconds the motion. It is normally good practice for a motion to require a second before proceeding to ensure that it is not just one member of the body who is interested in a particular approach. However, a second is not an absolute requirement, and the chair can proceed with consideration and vote on a motion even when there is no second. This is a matter left to the discretion of the chair.

**Seventh**, if the motion is made and seconded, the chair should make sure everyone understands the motion.

This is done in one of three ways:

1. The chair can ask the maker of the motion to repeat it;
2. The chair can repeat the motion; or
3. The chair can ask the secretary or the clerk of the body to repeat the motion.

**Eighth**, the chair should now invite discussion of the motion by the body. If there is no desired discussion, or after the discussion has ended, the chair should announce that the body will vote on the motion. If there has been no discussion or very brief discussion, then the vote on the motion should proceed immediately and there is no need to repeat the motion. If there has been substantial discussion, then it is normally best to make sure everyone understands the motion by repeating it.

**Ninth**, the chair takes a vote. Simply asking for the “ayes” and then asking for the “nays” normally does this. If members of the body do not vote, then they “abstain.” Unless the rules of the body provide otherwise (or unless a super majority is required as delineated later in these rules), then a simple majority (as defined in law or the rules of the body as delineated later in these rules) determines whether the motion passes or is defeated.

**Tenth**, the chair should announce the result of the vote and what action (if any) the body has taken. In announcing the result, the chair should indicate the names of the members of the body, if any, who voted in the minority on the motion. This announcement might take the following form: “The motion passes by a vote of 3-2, with Smith and Jones dissenting. We have passed the motion requiring a 10-day notice for all future meetings of this body.”

## Motions in General

Motions are the vehicles for decision making by a body. It is usually best to have a motion before the body prior to commencing discussion of an agenda item. This helps the body focus.

Motions are made in a simple two-step process. First, the chair should recognize the member of the body. Second, the member of the body makes a motion by preceding the member’s desired approach with the words “I move ... ”

A typical motion might be: “I move that we give a 10-day notice in the future for all our meetings.”


The chair usually initiates the motion in one of three ways:

1. **Inviting the members of the body to make a motion**, for example, “A motion at this time would be in order.”
2. **Suggesting a motion to the members of the body**, “A motion would be in order that we give a 10-day notice in the future for all our meetings.”
3. **Making the motion**. As noted, the chair has every right as a member of the body to make a motion, but should normally do so only if the chair wishes to make a motion on an item but is convinced that no other member of the body is willing to step forward to do so at a particular time.

## The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

**The basic motion.** The basic motion is the one that puts forward a decision for the body’s consideration. A basic motion might be: “I move that we create a five-member committee to plan and put on our annual fundraiser.”



**The motion to amend.** If a member wants to change a basic motion that is before the body, they would move to amend it. A motion to amend might be: “I move that we amend the motion to have a 10-member committee.” A motion to amend takes the basic motion that is before the body and seeks to change it in some way.

**The substitute motion.** If a member wants to completely do away with the basic motion that is before the body, and put a new motion before the body, they would move a substitute motion. A substitute motion might be: “I move a substitute motion that we cancel the annual fundraiser this year.”

“Motions to amend” and “substitute motions” are often confused, but they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to throw out the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a “motion to amend” or a “substitute motion” is left to the chair. So if a member makes what that member calls a “motion to amend,” but the chair determines that it is really a “substitute motion,” then the chair’s designation governs.

A “friendly amendment” is a practical parliamentary tool that is simple, informal, saves time and avoids bogging a meeting down with numerous formal motions. It works in the following way: In the discussion on a pending motion, it may appear that a change to the motion is desirable or may win support for the motion from some members. When that happens, a member who has the floor may simply say, “I want to suggest a friendly amendment to the motion.” The member suggests the friendly amendment, and if the maker and the person who seconded the motion pending on the floor accepts the friendly amendment, that now becomes the pending motion on the floor. If either the maker or the person who seconded rejects the proposed friendly amendment, then the proposer can formally move to amend.

## Multiple Motions Before the Body

There can be up to three motions on the floor at the same time. The chair can reject a fourth motion until the chair has dealt with the three that are on the floor and has resolved them. This rule has practical value. More than three motions on the floor at any given time is confusing and unwieldy for almost everyone, including the chair.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote should proceed *first* on the *last* motion that is made. For example, assume the first motion is a basic “motion to have a five-member committee to plan and put on our annual fundraiser.” During the discussion of this motion, a member might make a second motion to “amend the main motion to have a 10-member committee, not a five-member committee to plan and put on our annual fundraiser.” And perhaps, during that discussion, a member makes yet a third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

**First**, the chair would deal with the *third* (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion *passed*, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the body of the third motion (the substitute motion). No vote would be taken on the first or second motions.

**Second**, if the substitute motion *failed*, the chair would then deal with the second (now the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be five or 10 members). If the motion to amend *passed*, the chair would then move to consider the main motion (the first motion) as *amended*. If the motion to amend *failed*, the chair would then move to consider the main motion (the first motion) in its original format, not amended.

**Third**, the chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (five-member committee), or if *amended*, would be in its amended format (10-member committee). The question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

## To Debate or Not to Debate


The basic rule of motions is that they are subject to discussion and debate. Accordingly, basic motions, motions to amend, and substitute motions are all eligible, each in their turn, for full discussion before and by the body. The debate can continue as long as members of the body wish to discuss an item, subject to the decision of the chair that it is time to move on and take action.

There are exceptions to the general rule of free and open debate on motions. The exceptions all apply when there is a desire of the body to move on. The following motions are not debatable (that is, when the following motions are made and seconded, the chair must immediately call for a vote of the body without debate on the motion):

**Motion to adjourn.** This motion, if passed, requires the body to immediately adjourn to its next regularly scheduled meeting. It requires a simple majority vote.

**Motion to recess.** This motion, if passed, requires the body to immediately take a recess. Normally, the chair determines the length of the recess which may be a few minutes or an hour. It requires a simple majority vote.

**Motion to fix the time to adjourn.** This motion, if passed, requires the body to adjourn the meeting at the specific time set in the motion. For example, the motion might be: “I move we adjourn this meeting at midnight.” It requires a simple majority vote.



**Motion to table.** This motion, if passed, requires discussion of the agenda item to be halted and the agenda item to be placed on “hold.” The motion can contain a specific time in which the item can come back to the body. “I move we table this item until our regular meeting in October.” Or the motion can contain no specific time for the return of the item, in which case a motion to take the item off the table and bring it back to the body will have to be taken at a future meeting. A motion to table an item (or to bring it back to the body) requires a simple majority vote.

**Motion to limit debate.** The most common form of this motion is to say, “I move the previous question” or “I move the question” or “I call the question” or sometimes someone simply shouts out “question.” As a practical matter, when a member calls out one of these phrases, the chair can expedite matters by treating it as a “request” rather than as a formal motion. The chair can simply inquire of the body, “any further discussion?” If no one wishes to have further discussion, then the chair can go right to the pending motion that is on the floor. However, if even one person wishes to discuss the pending motion further, then at that point, the chair should treat the call for the “question” as a formal motion, and proceed to it.

When a member of the body makes such a motion (“I move the previous question”), the member is really saying: “I’ve had enough debate. Let’s get on with the vote.” When such a motion is made, the chair should ask for a second, stop debate, and vote on the motion to limit debate. The motion to limit debate requires a two-thirds vote of the body.

**NOTE:** A motion to limit debate could include a time limit. For example: “I move we limit debate on this agenda item to 15 minutes.” Even in this format, the motion to limit debate requires a two-thirds vote of the body. A similar motion is a *motion to object to consideration of an item*. This motion is not debatable, and if passed, precludes the body from even considering an item on the agenda. It also requires a two-thirds vote.

## Majority and Super Majority Votes

In a democracy, a simple majority vote determines a question. A tie vote means the motion fails. So in a seven-member body, a vote of 4-3 passes the motion. A vote of 3-3 with one abstention means the motion fails. If one member is absent and the vote is 3-3, the motion still fails.

All motions require a simple majority, but there are a few exceptions. The exceptions come up when the body is taking an action which effectively cuts off the ability of a minority of the body to take an action or discuss an item. These extraordinary motions require a two-thirds majority (a super majority) to pass:

**Motion to limit debate.** Whether a member says, “I move the previous question,” or “I move the question,” or “I call the question,” or “I move to limit debate,” it all amounts to an attempt to cut off the ability of the minority to discuss an item, and it requires a two-thirds vote to pass.

**Motion to close nominations.** When choosing officers of the body (such as the chair), nominations are in order either from a nominating committee or from the floor of the body. A motion to close nominations effectively cuts off the right of the minority to nominate officers and it requires a two-thirds vote to pass.

**Motion to object to the consideration of a question.** Normally, such a motion is unnecessary since the objectionable item can be tabled or defeated straight up. However, when members of a body do not even want an item on the agenda to be considered, then such a motion is in order. It is not debatable, and it requires a two-thirds vote to pass.

**Motion to suspend the rules.** This motion is debatable, but requires a two-thirds vote to pass. If the body has its own rules of order, conduct or procedure, this motion allows the body to suspend the rules for a particular purpose. For example, the body (a private club) might have a rule prohibiting the attendance at meetings by non-club members. A motion to suspend the rules would be in order to allow a non-club member to attend a meeting of the club on a particular date or on a particular agenda item.

## Counting Votes

The matter of counting votes starts simple, but can become complicated.


Usually, it’s pretty easy to determine whether a particular motion passed or whether it was defeated. If a simple majority vote is needed to pass a motion, then one vote more than 50 percent of the body is required. For example, in a five-member body, if the vote is three in favor and two opposed, the motion passes. If it is two in favor and three opposed, the motion is defeated.

If a two-thirds majority vote is needed to pass a motion, then how many affirmative votes are required? The simple rule of thumb is to count the “no” votes and double that count to determine how many “yes” votes are needed to pass a particular motion. For example, in a seven-member body, if two members vote “no” then the “yes” vote of at least four members is required to achieve a two-thirds majority vote to pass the motion.

What about tie votes? In the event of a tie, the motion always fails since an affirmative vote is required to pass any motion. For example, in a five-member body, if the vote is two in favor and two opposed, with one member absent, the motion is defeated.

Vote counting starts to become complicated when members vote “abstain” or in the case of a written ballot, cast a blank (or unreadable) ballot. Do these votes count, and if so, how does one count them? The starting point is always to check the statutes.

In California, for example, for an action of a board of supervisors to be valid and binding, the action must be approved by a majority of the board. (California Government Code Section 25005.) Typically, this means three of the five members of the board must vote affirmatively in favor of the action. A vote of 2-1 would not be sufficient. A vote of 3-0 with two abstentions would be sufficient. In general law cities in



California, as another example, resolutions or orders for the payment of money and all ordinances require a recorded vote of the total members of the city council. (California Government Code Section 36936.) Cities with charters may prescribe their own vote requirements. Local elected officials are always well-advised to consult with their local agency counsel on how state law may affect the vote count.

After consulting state statutes, step number two is to check the rules of the body. If the rules of the body say that you count votes of “those present” then you treat abstentions one way. However, if the rules of the body say that you count the votes of those “present and voting,” then you treat abstentions a different way. And if the rules of the body are silent on the subject, then the general rule of thumb (and default rule) is that you count all votes that are “present and voting.”

Accordingly, under the “present and voting” system, you would **NOT** count abstention votes on the motion. Members who abstain are counted for purposes of determining quorum (they are “present”), but you treat the abstention votes on the motion as if they did not exist (they are not “voting”). On the other hand, if the rules of the body specifically say that you count votes of those “present” then you **DO** count abstention votes both in establishing the quorum and on the motion. In this event, the abstention votes act just like “no” votes.

*How does this work in practice?*

*Here are a few examples.*

Assume that a five-member city council is voting on a motion that requires a simple majority vote to pass, and assume further that the body has no specific rule on counting votes. Accordingly, the default rule kicks in and we count all votes of members that are “present and voting.” If the vote on the motion is 3-2, the motion passes. If the motion is 2-2 with one abstention, the motion fails.

Assume a five-member city council voting on a motion that requires a two-thirds majority vote to pass, and further assume that the body has no specific rule on counting votes. Again, the default rule applies. If the vote is 3-2, the motion fails for lack of a two-thirds majority. If the vote is 4-1, the motion passes with a clear two-thirds majority. A vote of three “yes,” one “no” and one “abstain” also results in passage of the motion. Once again, the abstention is counted only for the purpose of determining quorum, but on the actual vote on the motion, it is as if the abstention vote never existed — so an effective 3-1 vote is clearly a two-thirds majority vote.

Now, change the scenario slightly. Assume the same five-member city council voting on a motion that requires a two-thirds majority vote to pass, but now assume that the body **DOES** have a specific rule requiring a two-thirds vote of members “present.” Under this specific rule, we must count the members present not only for quorum but also for the motion. In this scenario, any abstention has the same force and effect as if it were a “no” vote. Accordingly, if the votes were three “yes,” one “no” and one “abstain,” then the motion fails. The abstention in this case is treated like a “no” vote and effective vote of 3-2 is not enough to pass two-thirds majority muster.

Now, exactly how does a member cast an “abstention” vote?

Any time a member votes “abstain” or says, “I abstain,” that is an abstention. However, if a member votes “present” that is also treated as an abstention (the member is essentially saying, “Count me for purposes of a quorum, but my vote on the issue is abstain.”) In fact, any manifestation of intention not to vote either “yes” or “no” on the pending motion may be treated by the chair as an abstention. If written ballots are cast, a blank or unreadable ballot is counted as an abstention as well.

Can a member vote “absent” or “count me as absent?” Interesting question. The ruling on this is up to the chair. The better approach is for the chair to count this as if the member had left his/her chair and is actually “absent.” That, of course, affects the quorum. However, the chair may also treat this as a vote to abstain, particularly if the person does not actually leave the dais.

## The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion to consider is made and passed.

A motion to reconsider requires a majority vote to pass like other garden-variety motions, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely. (The body, however, can always vote to suspend the rules and, by a two-thirds majority, allow a motion to reconsider to be made at another time.)

Second, a motion to reconsider may be made only by certain members of the body. Accordingly, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the body — including a member who voted in the minority on the original motion — may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a member of minority could make a motion to reconsider, then the item could be brought back to the body again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the body, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.





## Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the body and the members of the public can attend to business efficiently, fairly and with full participation. At the same time, it is up to the chair and the members of the body to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the chair before proceeding to speak.

The chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the body. Debate on policy is healthy, debate on personalities is not. The chair has the right to cut off discussion that is too personal, is too loud, or is too crude.

Debate and discussion should be focused, but free and open. In the interest of time, the chair may, however, limit the time allotted to speakers, including members of the body.

Can a member of the body interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

**Privilege.** The proper interruption would be, “point of privilege.” The chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

**Order.** The proper interruption would be, “point of order.” Again, the chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the chair moved on to a vote on a motion that permits debate without allowing that discussion or debate.

**Appeal.** If the chair makes a ruling that a member of the body disagrees with, that member may appeal the ruling of the chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the chair is deemed reversed.

**Call for orders of the day.** This is simply another way of saying, “return to the agenda.” If a member believes that the body has drifted from the agreed-upon agenda, such a call may be made. It does not require a vote, and when the chair discovers that the agenda has not been followed, the chair simply reminds the body to return to the agenda item properly before them. If the chair fails to do so, the chair’s determination may be appealed.

**Withdraw a motion.** During debate and discussion of a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.

## Special Notes About Public Input

The rules outlined above will help make meetings very public-friendly. But in addition, and particularly for the chair, it is wise to remember three special rules that apply to each agenda item:

**Rule One:** Tell the public what the body will be doing.

**Rule Two:** Keep the public informed while the body is doing it.

**Rule Three:** When the body has acted, tell the public what the body did.



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**APPENDIX B**

**ICMA COUNCIL MANAGER FORM OF  
GOVERNMENT**



# Council-Manager Form of Government

For more information, contact

[icma.org/contactus](http://icma.org/contactus)

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To learn more about professional  
local government management, visit  
[icma.org/professional-local-government-management](http://icma.org/professional-local-government-management)



INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION  
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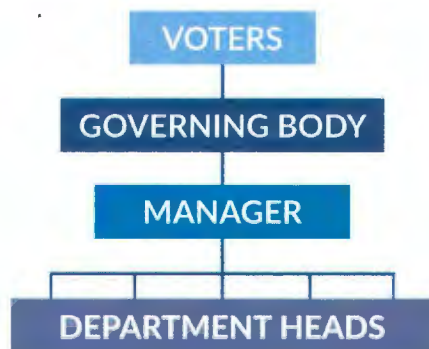
What it is, how it works, and  
the benefits to your community

## What is the council-manager form of government?

The council-manager form is the most popular structure of government in the United States among municipalities with populations of 2,500 or more. It is one of several ways in which U.S. municipalities and counties can organize.

Under this form, residents elect a governing body—including a chief elected official, such as a mayor or board chairperson—to adopt legislation and set policy. The governing body then hires a manager or administrator with broad executive authority to carry out those policies and oversee the local government's day-to-day operations.

### The Council-Manager Form



## What's so special about the council-manager form of government?

Born out of the U.S. progressive reform movement at the turn of the 20th century, the council-manager form was created to combat corruption and unethical activity within local government by promoting nonpolitical management that is effective, transparent, responsive, and accountable.

The council-manager form of government recognizes the critical role of elected officials as policy makers, who focus on mapping out a collective vision for the community and establishing the policies that govern it. The form also recognizes the need for a highly-qualified individual who is devoted exclusively to the delivery of services to residents.

Think about the structure used by many corporations, in which the board of directors hires an experienced CEO, who is granted broad, executive authority to run the organization. While these boards establish the company's overall policy direction, the CEO oversees implementation of that policy.

## What types of communities use the council-manager form of government?

Today more than 120 million people in the U.S. live in municipalities that operate under the council-manager form. Fifty-four percent of the more than 4,300 U.S. municipalities with populations of 10,000 or more use the form, as do 59 percent of the 347 municipalities with populations greater than 100,000. More than 800 counties also employ a similar system.

## How can council-manager government benefit my community?

- **Flexibility**—The council-manager form can adapt to local needs and demands. While governing bodies in some council-manager communities are elected at large, for example, others are elected by district or by a combination of an at-large-and-by-district system to respond to local needs.
- **Clearly Defined Roles**—Under the council-manager form, there is a clear distinction between the administrative role of the manager and the political and policy roles of the governing body, lead by the mayor. The day-to-day operations of the local government organization reside with the appointed manager, allowing elected officials to devote their time and energy to policy development and the assessment of the effectiveness of those policies within the community.
- **A Roadmap for Success**—The council-manager form is the system of local government under which professional management is most likely to succeed. Under this system, professional managers can focus on service delivery, policy implementation, and performance management and can align the local government's services with the values, mission, and policy goals defined by the community and elected officials.

## How do we know that council-manager government works?

- The Equipt to Innovate Initiative—a framework of seven essential elements that define high-performance government and empower innovation—found in 2017 that top-performing cities in all but one element employed the council-manager form of government. In 2018, the study's overall top performer was also council-manager.



- Two-thirds of Moody's Aaa-bond-rated communities are run by professional local government managers, and many operate under the council-manager form of government.
- An IBM Global Business Services report titled "Smarter, Faster, Cheaper" found that cities that operate under the council-manager form of government are nearly 10 percent more efficient than those that operate under the mayor-council form.
- The National Civic League, America's oldest advocate for community democracy, has endorsed council-manager government through its *Model City Charter* since 1915.
- The majority of communities recognized since 2013 with the National Civic League's coveted All-America City Award have been council-manager.

### Does it cost more for a community to adopt the council-manager form and hire a professional manager?

Many local governments have *reduced* their overall costs after hiring a professional manager. Savings can come from decreased operating costs, increased efficiency and productivity, improved revenue collection, and effective use of technology. The economic health of the community may also benefit from the implementation of improved business development and retention strategies.

### How can my community adopt the council-manager form of government?

Methods vary from state to state, but most communities can adopt council-manager government through a charter, local ordinance, state enabling law, or by voter referendum. For information on how your community can adopt council-manager government, contact your state municipal league, state and local government association, or association of counties. You can find contact information for these organizations at [icma.org/state-localgovassns](http://icma.org/state-localgovassns) or [ncl.org/state-municipal-leagues](http://ncl.org/state-municipal-leagues).

### Once my community adopts council-manager government, how do we hire a professional manager?

The vacancy is often announced in *Leadership Matters*, ICMA's weekly e-newsletter; through the ICMA Job Center at [icma.org/job-center](http://icma.org/job-center); and through state league publications,

and qualified candidates are invited to apply. Elected officials may also hire an executive recruitment firm to assist them with the selection process. Interested parties may apply directly to the governing body or to the recruitment firm, which reviews the applications and interviews qualified candidates. *ICMA makes no recommendations regarding candidates.* Additional information on hiring a professional local government manager is available in ICMA's *Recruitment Guidelines Handbook*. Visit [icma.org/documents/recruitment-guidelines](http://icma.org/documents/recruitment-guidelines) to download a copy.

### What kind of educational and on-the-job experience do professional local government managers generally have?

Sixty-five percent of managers surveyed by ICMA indicated that they had earned a master's (usually in public administration, business, or public policy), or other advanced degree. Survey respondents also said that they had spent an average of more than 20 years working in the local government management profession.

### What is ICMA and why is membership in that organization important?

ICMA, the International City/County Management Association, is the professional and educational "home" for more than 12,000 appointed managers and administrators serving cities, towns, counties, other local governments, and regional entities in 40 countries throughout the world.

In addition to gaining access to valuable resources and lifelong professional development opportunities, appointed local government managers who are members of ICMA are bound by its Code of Ethics, which commits members to a set of ethical standards of honesty and integrity that go beyond those required by the law. This stringently enforced code specifies 12 ethical principles of personal and professional conduct, including dedication to good government. For more information, visit [icma.org/ethics](http://icma.org/ethics).

Finally, through its Voluntary Credentialing Program, ICMA recognizes individual members who are qualified by a combination of education and experience, adherence to high standards of integrity, and an assessed commitment to lifelong learning and professional development. ICMA members who meet these requirements may earn designation as an ICMA Credentialed Manager. For more information on ICMA's Voluntary Credentialing Program, visit [icma.org/voluntary-credentialing-program-overview](http://icma.org/voluntary-credentialing-program-overview).

# Key Roles in Council-Manager Government



## THE ROLE OF THE MAYOR OR CHIEF ELECTED OFFICIAL

Typically, the mayor or board chairperson in a council-manager community is a voting member of the governing body who may be either directly elected, as in 69 percent of council-manager communities, or who is selected by and from among their colleagues on the governing body. The mayor or chairperson is the public face of the community who presides at meetings, assigns agenda items to committees, facilitates communication and understanding between elected and appointed officials, and assists the governing body in setting goals and advocating policy decisions.

## THE ROLE OF ELECTED OFFICIALS

Under the council-manager form, the elected officials (e.g. the council or board) are the legislative body and the community's policy makers. Power is centralized in this body, which approves the budget and adopts local laws and regulations, for example. The elected officials also focus on the community's big-picture goals, such as community growth and sustainability.

The elected officials hire a professional city, town, or county manager based on that person's education, experience, skills, and abilities and NOT on their political allegiances. The elected officials supervise the manager's performance, and if that person is not responsive and effective in their role, the elected officials have the authority to remove her or him at any time.



## THE MANAGER'S ROLE

The manager is an at-will employee who can be fired by a majority of the elected officials, consistent with local laws or any employment agreements. This person

- Prepares a budget for the governing body's consideration.
- Recruits, hires, supervises, and terminates government staff.
- Serves as the governing body's chief advisor by providing complete and objective information about local operations, discussing options, offering an assessment of the long-term consequences of decisions, and making policy recommendations.
- Carries out the policies established by the governing body.

## WHAT ROLE DO RESIDENTS PLAY?

Under council-manager government, local governments often actively engage and involve their residents in community decision making. Residents can guide their community by serving on boards and commissions, participating in visioning and strategic planning sessions, and designing community-oriented local government services.

## **Town of Yountville Financial Policies**

### **General Finance Policy**

#### **Revenue**

- The Town recognizes that its primary revenue sources are locally generated, especially TOT and sales tax revenue, and for the most part this revenue is largely generated by non-residents. Efforts to ensure continued reliability in these revenue sources must be maintained and to develop and diversify other revenue sources as applicable.
- The Town will actively establish a practice of monitoring, auditing and collecting all locally generated taxes.
- The Town will establish and maintain all user fees and charges based on the cost of providing services and shall establish a cost recovery target for those programs which are subsidized by General Fund revenues.

#### **Budgeting and Expenditure**

- The Town Council shall adopt an annual balanced budget effective from July 1<sup>st</sup> to June 30<sup>th</sup> of the following calendar year. A balanced budget requires current year operating expenses to be fully funded by current year revenues and identified undesignated/unreserved fund balance.
- Fund Balance Reserves will be used only for non-recurring “one-time” and capital projects and not for on-going operations.
- Use of long-term debt shall be limited to capital projects or special projects that cannot be financed from current revenues.
- The Town Manager is authorized to implement the programs as approved in the adopted budget. Within a specific fund the Town Manager may transfer appropriations between categories, departments, projects and programs as needed to implement the adopted budget.
- With approval of the Town Manager, unexpected appropriations may be carried forward to the next fiscal year provided funds have been previously encumbered for a specific purpose.
- The annual budget will normally include a nominal \$25,000 Designated Contingency for non-recurring, unanticipated expenditures. The Town Manager may approve expenditures from this contingency if needed during the fiscal year.



- A capital outlay (fixed asset) purchase will be any single item or piece of equipment which costs more than \$10,000 and has an expected useful life exceeding one year.
- Regular budget reports and updates shall be presented to the Town Council to provide information on the status of the Town's financial condition. The budget may be amended during the year if necessary to reflect changes to revenues and/or expenditure projections.
- The Town shall post on its website these budget reports and updates, sales tax and TOT reports and other financial information for the public to review.

### **Fund Balance Reserves**

Reserves shall be established, dedicated and maintained annually to meet known and estimated future liabilities.

The specific Fund Balance reserve accounts include General Reserve with a current target of \$1,025,000, Reserve for Drought Water Purchases \$2,000,000, Reserve for Employee Retirement Benefits (OPEB) \$529,935 with a commitment by the Council to continue to build the balance in future years, and Reserve for Liability Insurance to be maintained at a minimum of \$30,000 for future claims.

### **Capital Improvement**

- Capital Improvement Program (CIP) projects will be funded by the following revenue sources:
  - Available General Fund Reserves
  - Available Capital Project Fund balances
  - Impact Fee Fund balances
  - Water and Sewer revenues for Water and Sewer projects only
  - Grant funding
  - Other State and Federal funding sources if available
- The Town will annually develop and update a multi-year plan for capital improvements. Future capital expenditures will be projected annually for a rolling 5-year period based on projections of available funding, changes in the community and needed replacement of infrastructure.
- The Town will coordinate development of the Five Year Capital Improvement Program with the development of the operating budget.
- The annual funding for the current year of the Capital Improvement Plan shall be approved as part of the operating budget.

- Capital projects financed by bonds or other debt instruments shall be paid back within a period not to exceed the useful life of the project.
- The Town Manager is authorized to implement the projects as approved in the adopted Capital Improvement Program. Within a specific fund, the Town Manager may transfer appropriations between projects as needed to implement the adopted Capital Improvement Program.

## INVESTMENT POLICY STATEMENT

### 1. Policy

It is the policy of the Town of Yountville to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town 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 Town of Yountville as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the Town of Yountville's pooled funds, but will also apply to all other funds under the Town Treasurers' 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 Town's investment officials shall be the "**prudent person**" standard and shall be applied in the context of managing an overall portfolio. The Town Treasurer and/or Town 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 Town Manager immediately, and to the Town 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 Town of Yountville's investment activities shall be:

**4.1. Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Town of Yountville 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 Town of Yountville's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements that might be reasonably anticipated.

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

## **5. Delegation of Authority**

Authority to manage the Town's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not 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 Treasurer. The 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 Town Council, Town Manager and Town 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, Town Manager and Town Treasurer shall disclose to the Town 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 Town's portfolio. The Town Attorney and 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 Town with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the Town of Yountville's investment policy and depository contracts.

## **8. Authorized Investments and Limitations on Investments**

Investment of Town 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 Town'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 "AA" 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 (CAMP).

## **9. Ineligible Investments**

The Town 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 Town, including collateral for repurchase agreements, shall be held in safekeeping by the Town's custodian bank or a third party bank trust department, acting as agent for the Town under the terms of a custody or trustee agreement executed by the bank and by the Town. 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 or 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 Town Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the Town Council no less than three months prior to the investment.

## **12. Reporting Requirements**

The Treasurer shall annually render to the Town 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 monthly transaction report to the Town Council. 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; (I) 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 Town'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 Town 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.

## **Use of Long-Term Debt Policy**

The Town recognizes that it may need to enter into long-term financial obligations to meet the demands of providing a high quality level of government services to our community. The following long-term debt policy sets the considerations for issuing debt and provides guidance in the timing and structuring of long-term debt commitments by the Town.

### **General Practices:**

1. The Town will strive to maintain good relations with credit rating agencies, investors of the Town's long-term financial obligations and those in the financial community that participate in the Town's financings. The Town also will strive to maintain and improve its bond rating in order to minimize borrowing costs and preserve access to credit.
2. Bond issue proposals are to be accompanied by an analysis defining how the new issue, combined with current debt, impacts the Town's debt capacity and conformance with Town debt policies. Such analysis shall include identification of the funding source, an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets, maintenance and operational impact of the facility or asset and the impact on the Town's credit rating, if any.
3. Town Council must review such analysis, including existing debt level, ability to pay debt service, impact on Town services, and make a finding that use of debt is appropriate.
4. Debt service costs (COP, Lease Purchase Agreements and other contractual debt which are backed by General Fund Operating Revenues) are not to exceed 25% of the Town's General Fund operating revenues.
5. Projects financed by a non general fund revenue source such as utility rate revenue and specific voter approved authorizations such as Measure A Sales Tax for flood control are not subject to the 25% of general fund revenue maximum debt service limit.

### **The Town will consider the issuance of long-term obligations under the following conditions:**

1. The Town will use debt financing only for one-time capital improvement projects and specific nonrecurring equipment purchases, and only under the following circumstances:

- When the project is included in the Town's adopted five-year capital improvement program (CIP) and is in conformance with the Town's adopted General Plan.
  - When the project is not included in the Town's adopted five-year capital improvement program (CIP), but the project is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated by State or Federal requirements.
  - When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
  - When there are designated General Fund revenues sufficient to service the debt, whether from project revenues, other specified and/or reserved resources, or infrastructure cost-sharing revenues.
  - Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The Town will follow all State and Federal regulations and requirements related to bonds and debt financing instruments regarding bond provisions, issuance, taxation and disclosure.
  3. Costs incurred by the Town, such as bond counsel and financial advisor fees, printing, underwriter's discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
  4. The Town will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations.
  5. The Town shall continually review outstanding obligations for opportunities to achieve debt service savings through refunding and shall pursue refinancing when economically feasible and advantageous.

## **Fund Balance Policy**

### **Background**

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions in February 2009. The requirements of this statement are intended to improve financial reporting by providing five fund balance categories that will be more easily understood. The five fund balance categories are clearly defined to make the nature and extent of the constraints placed on a government's fund balance more transparent. GASB 54 requires a formal fund balance policy be adopted to fully define any constraints imposed upon the use of resources and how those constraints may be modified or eliminated. The Town implemented GASB 54 in fiscal year ending June 30, 2011.

### **Purpose**

The Town of Yountville's fund balance policy defines the five fund balance categories established by GASB and how the Town will report each of the categories. The policy is establishing the Town's formal commitment of a specific amount of the Town's fund balance to be set aside specifically for emergency contingencies defined as a state or federal emergency or declaration of a local emergency as defined in the Yountville Municipal Code Section 2.52.020. This amount and/or commitment may be changed with the adoption of a new fund balance policy resolution approved by the Town Council. This policy also provides definitions of other categories of fund balance for financial reporting and budgeting purposes. The policy authorizes and directs the Finance Director to prepare financial statements which accurately categorize fund balance per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

### **Definitions & Provisions**

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure accurate reporting of available resources and that there will be adequate financial resources to protect the Town against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures.

Fund balance is essentially the difference between the assets and liabilities reported in each governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the Town is bound to honor constraints on the specific purposes for which amounts can be spent.

- Non-spendable Fund Balance (inherently non-spendable)
- Restricted Fund Balance (externally enforceable limitations on use)
- Committed Fund Balance (self-imposed limitations on use)
- Assigned Fund Balance (limitation resulting from intended use)
- Unassigned Fund Balance (residual net resources)

Non-spendable fund balance is not specifically addressed in this policy due to the nature of the restriction. An example of non-spendable fund balance is a reserve for prepaid expense.

### **Restricted Fund Balance**

#### PEG Fees

The Public Educational and Government Access Fund (PEG) has a restricted fund balance for PEG Fees, derived from a 1% charge that the Town's cable franchise operator collects and remits to the Town. PEG Fees can only be used to cover capital expenses for public access television, and are prohibited from being used for operating expenses.

### **Committed Fund Balance**

#### Emergency Reserve Fund

The Town's General Fund balance committed for emergency reserves is established at a minimum of 20% of General Fund operating expenditures. The calculation and review of the 20% minimum will be part of the proposed budget each fiscal year. Use of the General Fund Emergency Reserve would be appropriate if the Town declared a state or federal emergency or declaration of a local emergency as defined in the Yountville Municipal Code Section 2.52.020:

#### 2.52.020 Emergency defined:

As used in this chapter, "emergency" means the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the Town caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of the Town, requiring the combined forces of other political subdivisions to combat. (Ord. 225, 1991; Ord. 294-99)

#### OPEB Reserve Fund

The Town Council has made a commitment to funding OPEB (other post-employment benefits) and has established an IRC Section 115 Irrevocable Trust Fund to deposit these funds. There may, however, be a time when the Town is holding funds pending transfer to the OPEB Trust and those funds would be reported as the Town's OPEB Reserve.

#### PERS Unfunded Actuarially Accrued Liability (UAAL) Fund

The Town Council has made a commitment to funding PERS UAAL and has established a Pension Rate Stabilization Plan IRC Section 115 Irrevocable Trust Fund to deposit these funds. There may, however, be a time when the Town is holding funds pending transfer to the PERS UAAL Trust and those funds would be reported as the Town's PERS UAAL Reserve.

#### Liability Insurance Reserve



The Town is a member of CIRA (California Intergovernmental Risk Authority) for purposes of liability and claims coverage. The Town's self-insured retention for claims is \$10,000 per occurrence and our policy coverage requires a minimum reserve balance for three (3) claims or \$30,000. The Town may report a higher balance, but will always maintain the required \$30,000 minimum.

### **Assigned Fund Balance**

Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Both committed and assigned fund balance classifications include amounts constrained to being used for specific purposes by actions taken by the government itself. The nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to the committed fund balance classification, resulting in the constraints imposed being more easily removed or modified than those imposed on committed fund balance. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as those in the committed fund balance classification and the authority is not required to be the government's highest level of decision making authority, but may be delegated to the Town Manager or Finance Director.

All remaining fund balance amounts that are reported in governmental funds, other than the general fund, that are not classified as non-spendable, and are neither restricted nor committed will be reported as assigned fund balance.

### **Arts Program Reserve**

The Yountville Arts Commission has been successful in raising funds to support the Town's Art Program activities. The Arts Program was previously accounted for in the General Fund, but has been moved to the Town of Yountville Community Foundation as of fiscal Year 2018-19.

### **Capital Projects Reserve**

The Town Council may assign a specific amount or percentage of unassigned fund balance at the end of the fiscal year to be transferred or reserved for transfer to the Town's Capital Projects Fund.

### **Budget Contingency Reserve**

The Town Council may assign a specific amount to be reserved for future appropriations to fund unanticipated costs or revenue shortfalls that were not anticipated at the adoption of the Town's operating budget. As of December 4, 2018, this amount has been established at 5% of planned expenditures.

### **Leave Buy Out Reserve**

The Town Council may assign a specific amount to be reserved for future appropriations to fund unanticipated costs related to covering costs of employees retiring and or separating from the Town to cover funding the cost of accrued leave (management and vacation leaves). The assigned amount for Fiscal Year 2023/24 is \$160,000.

#### Legal Contingency Reserve

The Town Council may assign a specific amount to be reserved for future appropriations to fund unanticipated legal and litigation costs. As of July 1, 2020, this amount has been established at \$200,000.

#### Unanticipated Tourism Revenue Deficit Reserve Fund (*previously titled Revenue Stabilization Reserve Fund. Re-titled upon adoption of Fiscal Year 2023/2024 Budget per external auditor recommendation to better comply with Governmental Accounting Standards Board (GASB) definitions of reserve funds.*)

Funds set aside to ensure the Town could respond to an unexpected drop in tourism based revenue, especially Transient Occupancy Tax (TOT). Unanticipated Tourism Revenue Deficit Reserve funding is established at a minimum of 25% of TOT revenue budget.

By approving specific assigned amounts or percentage allocations of unassigned fund balance as part of budget adoption, the Town Council would authorize Finance Director to report specific assigned amount on financial statements.

#### Unassigned Fund Balance

Fund balance that has no current assignment or commitment.

## **Use of Drought Water Reserve Bank Policy**

### **Background**

The Town has established a reasonable water supply through a combination of its long-term supply contract with the Californian Veterans Home for use of Rector Reservoir water and the completion of the Yountville Municipal Water Well to meet the community's annual water needs. However, the Town recognizes that it may need to purchase additional water supply in long-term drought situations and has established this Drought Water Reserve Bank from the sale of its State Water Supply surplus water rights to potentially fund the purchase of drought supply water. The following policy sets the considerations for use of the Drought Water Reserve Bank by the Town.

### **General Practices**

- The Town will continue to develop and implement reasonable water conservation programs and educational programs to educate residential and business customers on how to use less water.
- The Town will evaluate future water conservation rebate programs to see if their implementation may be appropriate. Continuation of the ultra low flow toilet and water saving appliance program and implementation of turf replacement with drought tolerant and native plants and alternative irrigation systems are examples of how to reduce water consumption are possibilities.
- Town will review, update if necessary, and maintain a water usage pricing structure which encourages water conservation as allowed by state law.
- The Town will implement voluntary water rationing and/or increase water rates to reduce water usage and evaluate what impact those mechanisms may have had on water consumption prior to use of mandatory water rationing practices and/or purchase of additional drought water supply.
- Town Council must review such analysis, including existing available water resources, implementation of advisory and/or mandatory water conservation practices, available water production from emergency water well, and impact on Town services, and make a finding that use of drought water bank to purchase additional water supply is appropriate.
- The purpose of the initial deposit amount into the Drought Water Reserve Bank is to provide future Town Council's with available resources to make immediate single year drought supply water purchases on the open market.
- Any use of the Drought Water Reserve Bank by the Town Council will require implementation and adoption of a plan to replenish the Bank by the same amount as used to purchase drought water supply so that the fund is available in the event of a future drought situation.

The Town will consider use of the Drought Water Reserve Bank under the following conditions:

- The Town may use its Drought Water Reserve Bank for the purchase of additional water supply under the following circumstances:
  - The Town Council has declared a local Water Emergency after evaluating local water supply with needs in accordance with the Town Code, Chapter 13.24, Water Shortage Emergencies, Sections 13.24.020 through 13.24.050, or as may be amended in the future.
  - The Town Council has first implemented reasonable voluntary water conservation and rationing measures in accordance with Chapter 13.20, Water conservation or as may be amended in the future.
  - The Town Council has implemented mandatory water rationing program if appropriate.
  - The Town Council has developed and implemented a temporary water rate increase sufficient to replenish the amount of the draw down against the Drought Water Reserve Bank so that the Bank is available for future use if necessary.
- The Town Council may use the interest earnings from the Drought Water Reserve Bank to annually fund rebate programs (existing or new programs) that help to reduce overall municipal water usage by the customer.
- The Town Council may use interest earnings and fund balance from the Drought Reserve Bank to make water utility capital projects possible and reduce the impact to the rate payer while maintaining a strong fund balance.
- The Town Council may use the fund to pay for capital construction cost for water projects which are designed for the purpose of increasing the Town's water storage capacity or increase water production to meet drought water supply needs.
- The Town shall continually review and work with its partner City of Napa to develop opportunities to achieve reduced water consumption through implementation of new technology, community education and implementation of appropriate water conservation programs when economically feasible and advantageous.

*Adopted on December 5, 2017 by Resolution Number 17-3448*

## **OPEB (Other-Post Employment Benefits) Funding Policy**

Town Council initially adopted an OPEB funding policy and multi-year financing plan approving a funding rate schedule with the adoption of Resolution Number 2962-08 on June 24, 2008. The policy established the OPEB funding allocation percentage, calculated on full-time salaries, and each fiscal year considered allocating additional allocations to fund the Town's OPEB liability.

The Town Council approved an updated OPEB funding policy with the adoption of Resolution Number 3006-11 on December 6, 2011 approving the following payroll allocation rates and funding:

- Fiscal Year 2012/13: 8% of full-time salaries.
- Fiscal Year 2013/14: 9% of full-time salaries.
- Fiscal Year 2014/15: 10% of full-time salaries.

Town Council may consider approval of additional funding allocations to OPEB at the time unassigned funds become available.

In June 2014 Council approved Resolution Number 3188-14 adopting the current OPEB funding policy. The policy statement is to fully fund the ARC (annual required contribution) each fiscal year. The policy establishes the following procedure:

- Each fiscal year staff will present the proposed budget with the payroll allocation funding rate required to fully fund the ARC.
- Town Council will review and approve and/or modify the rate during the budget review process each year.

*Adopted June 17, 2014 by Resolution Number 3188-14*

## **Water & Wastewater Utility Enterprise Fund Rate Philosophy**

### Historical Background

The Town of Yountville operates both water and wastewater utility enterprise fund operations which serve the residents of the Town and, in the case of the water enterprise fund, an additional 32 accounts located along Yountville Cross Road. Enterprise Fund operations are designed by nature to operate more like a private sector business model as compared to general government services. For the past decade the Town has operated its water and wastewater utility enterprise funds in a manner which included a significant General Fund subsidy averaging \$300,000 per year to cover water operating expenses and capital project expenses for both the water and wastewater utility enterprise funds.

On February 10, 2011 the Town Council adopted a five (5) year phased rate schedule that was designed to end the General Fund subsidization of these enterprise funds. The Town Council issued a policy statement that the enterprise funds should no longer be subsidized and requested a formal policy be brought back to the Council.

### Purpose

The Town will establish Utility Enterprise Funds for Town services when the intent of the Town is that all costs of providing the service shall be recovered primarily through ratepayer charges.

### General Policy Practices

- Enterprise Funds will be established for Town-operated utility services such as the water and wastewater operations.
- Enterprise Fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital improvements.
- The Town Council will review and adopt utility rates as needed to appropriately cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves as established by Town Council policy, and provide for an adequate level of working capital
- Enterprise Fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
- Town Council shall continue the five (5) year phased utility rate increase for water and wastewater approved on February 10, 2011 which is designed to end General Fund subsidy and operating deficits of each enterprise fund over the next five (5) years.

*Adopted June 21, 2011 by Resolution Number 2974-11*



## **Use of Water and Wastewater Utility Enterprise Capital Projects Restricted Fund Policy**

### **Historical Background**

The Town of Yountville operates both water and wastewater utility enterprise fund operations which serve the residents and business community of the Town, and, in the case of the water enterprise fund, an additional 32 accounts located along Yountville Cross Road. Enterprise Fund operations are designed by nature to operate more like a private sector business model as compared to general government services which are funded by the General Fund.

On February 10, 2011, the Town Council adopted a five (5) year phased rate schedule that was designed to end the General Fund subsidization of these enterprise funds. The Town Council issued a policy statement that the enterprise funds should no longer be subsidized and requested a formal policy be brought back to the Council. For the prior decade the Town had operated its water and wastewater utility enterprise funds in a manner which included a significant General Fund subsidy averaging more than \$300,000 per year to cover water operating expenses and capital project expenses for both the water and wastewater utility enterprise funds.

Due to strong overall management of revenues and controlling expenditures, the Town's fiscal condition has improved significantly since 2011. The Town Council has been disciplined with its financial fund management and principally through use of the year end Unassigned Fund Balance allocation process the Town has been able to incrementally increase funding for its Emergency Reserve Fund, Revenue Stabilization Fund, and Capital Projects Fund 50, and to establish irrevocable OPEB and Pension UAL Reserve Funds, establish and fund Fleet & Equipment Reserve Funds, and set aside funding to support for affordable housing. On October 18, 2022, the Town Council created the Water and Wastewater Utility Enterprise Capital Projects Restricted Fund which could be funded by allocations from the General Fund Unassigned Fund Balance allocation process.

### **Purpose**

Funds may only be used for the purpose of paying down utility enterprise fund capital debt expenses or to fund the costs of projected utility enterprise fund capital costs only and may not be used to pay for annual operating costs.

### **General Practices**

- Enterprise Funds will be established for Town-operated utility services such as the water and wastewater operations.
- Enterprise Capital Fund expenditures will be established at a level sufficient to properly maintain infrastructure and provide for necessary capital improvements.
- The Town Council will review and adopt utility rates as needed to appropriately cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves as established by Town Council policy, and provide for an adequate level of working capital.

- As a part of its periodic five (5) year phased utility rate review process, the Town Council may allocate and transfer funds from the General Fund Water and Wastewater Utility Enterprise Capital Projects Restricted Fund for the purposes of paying off debt or to pay for planned enterprise fund capital projects identified in the next five (5) year of planned capital projects thereby reducing impact to ratepayers.
- Enterprise Fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
- General Fund revenues are not to be used for annual operating expenses for the Water and Wastewater Utility Enterprise Funds.

**Funding and Replenishment**

This restricted fund could receive funding through a re-allocation of prior year General Fund Unassigned Fund Balance upon completion of the annual audit process if funds are available. Future contributions would either grow the existing fund balance or replenish funds that were used.

*Adopted by the Yountville Town Council on October 18, 2022.*

## **TOWN OF YOUNTVILLE**

### **Capitalization and Depreciation Policy**

The Town of Yountville has a Capital (Fixed) Asset Accounting System to safeguard a sizeable investment, fix responsibility for the custody of equipment, assist in the formulation of acquisition and retirement policies through accumulation of data regarding prices, sources of supply and useful life, to provide data for financial reporting, to provide record support and to account for reimbursement of depreciation under grants and proprietary service programs, and to provide information for insurance purposes.

Fixed assets are capitalized because they are used in the production of the goods or services provided and sold. Depreciation must be recorded to determine total expenses, user charges, net income, and changes in fund equity. Capital assets also may serve as a basis for debt issued to establish, acquire, or improve a public enterprise.

Capital assets are reported in the applicable proprietary funds or in the general fixed assets account group.

#### **Definitions**

Capital assets are assets of a relatively permanent nature and of significant value, and are broadly classified as property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items) assets.

Land includes the investment in real estate other than:

- a. Structures, pipeline, pump stations, reservoirs and other improvements, and
- b. Land acquired for pipeline and road purposes.

All land, as above defined, shall be capitalized without regard for significance of cost.

Buildings and improvements are physical property of a permanent nature, examples of which are buildings, structural attachments, storage tanks, reservoirs, pump stations, wells, and parking areas. Sidewalks, trees and drives in connection with other structures should also be capitalized. Fixtures are permanent attachments to structures which are not intended to be removed and which function as part of the structure, such as boilers, pumps, lighting fixtures or plumbing.

Pipelines include mains, services, valves, hydrants, manholes, and other appurtenances. Paving of ditch lines is also included in plant values.

Equipment includes moveable personal property of a relatively permanent nature and of significant value, such as machines, tools, and vehicles, computer equipment and software.

Relatively permanent is defined as a useful life in excess of one year.

Significant value is defined as a minimum initial cost of more than \$10,000 (\$25,000 for infrastructure type assets).

### Treatment of Costs Subsequent to Acquisition

*Expenditures* on fixed assets which are incurred after their original acquisition are defined and recorded as follows:

*Maintenance* is defined as expenditures, which neither materially add to the value of property nor appreciably prolong its life, but merely keep it in an ordinary efficient operating condition. Maintenance costs shall not be capitalized.

*Capitalized Expenditures* are defined as expenditures, which materially add to the value of property or appreciably extend its life. The cost of capitalized expenditures should be added to the book value of the asset where the original cost of a component being improved can be specifically identified. This amount should be written off and the new cost capitalized. Capitalized expenditures are on occasion referred to as betterments. The decision as to whether an expenditure should be capitalized shall be made by an evaluation of engineering, physical, or other relevant factors apart from cost.

*Additions* are new and separate units, or extensions of existing units, and are considered to be fixed assets. As with betterments the test of significance should be applied.

*Alterations* are changes in the physical structure or arrangement of fixed assets, the cost of which does not qualify as an increase in fixed assets under the foregoing definitions of betterments and additions. Alterations shall not be capitalized.

### **Valuation**

#### Reasons for Assigning Value

A dollar-value should be assigned to each fixed asset item for the following reasons:

- a. Dollar amounts serve as a control device; they are an important aspect of identification of a particular item or group of items.
- b. Dollar amounts make it possible to present to the public the Town's investment in fixed assets.
- c. Dollar amounts provide a check on the adequacy of the Town's insurance coverage.
- d. Dollar amounts on individual items provide information for cost accounting.

#### Valuation Basis

Fixed assets should be accounted for at historical cost, or estimated historical cost if purchased or constructed. Donated fixed assets should be recorded at their estimated fair market value at the date of donation. Surplus property purchases at nominal prices far below actual value are in part donations and should be so valued.

#### Land Cost

The cost of land includes all expenditures in connection with its acquisition, such as: purchase price; appraisal and negotiation fees; title search fees; surveying fees; cost of consents; relocation costs; condemnation costs; clearing land for use; demolishing or removing structures; and filing costs. Receipts from the sales of salvage should be credited against the land cost.

### Buildings and Improvements Cost

The cost of structures and improvements includes all expenditures in connection with their acquisitions, such as: purchase price or construction cost; fixtures attached to the structure; architects' fees; accident or injury costs; payment of damages; insurance during construction; cost of permits and licenses; and net interest cost during construction.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The cost should be reduced for: sale of salvage from materials charged against the construction; discounts, allowance and rebates secured; and amounts recovered through surrender of liability and casualty insurance. Rentals of property during the construction period should be credited to revenue unless otherwise restricted.

### Equipment Cost

The cost of equipment includes: purchase price or construction cost less discounts; freight or other carriage charges; sale, use, or transportation taxes; and installation costs.

### Construction by Force Account

Fixed assets constructed by the Town are recorded in the same manner as those acquired by purchase or construction contract. Costs are initially charged to the accounts of the cost center performing the construction and are then transferred to the project. These costs include direct labor, materials, equipment usage and overhead. Overhead is limited to those items, such as worker's compensation and employee group insurance premiums, retirement, sick leave and vacation allowances, which can be distributed on the basis of direct labor. Administrative overhead outside the cost center may be capitalized when clearly related to the construction.

### Assets Acquired Under Lease Purchase Agreements

Lease contracts convey property to another for a specific period of time for a specified rent. Lease contracts are accounted for either by the operating method under which periodic payments are charged as expenditures, or by the financing method under which the payments are treated as debt service.

### Sources of Information

Information regarding fixed asset additions is best taken from purchase invoices and contracts, even though there is sometimes an undue lag between physical possession of the property and the receipt of these documents. The individual department head controls the purchase, movement, and disposition of assets.

### **Disposition of Fixed Assets**

With Town Manager approval, capital assets may be sold, abandoned or traded in on new assets. Regardless of the manner of disposition or the amount of the proceeds, the asset must be removed from the fixed asset account at its recorded value along with the asset's accumulated depreciation.

The resulting gain or loss is recorded in the revenue and expense accounts.

## **Recordkeeping**

### **Individual Records**

An individual record of each unit of accountability should be maintained. Information recorded should include:

- a. Date acquired.
- b. Classification, such as: Buildings, Vehicles, Machinery & Equipment, etc.
- c. The vehicle unit number assigned.
- d. An abbreviated word description.
- e. Cost or other basis.
- f. Method by which acquired, such as: lease, grant, donation, purchase.
- g. Grant from which purchased, if applicable.
- h. Vendors name, if purchased.
- i. Date and method of retirement.
- j. Posting reference.

Optional data might include value for insurance purposes, estimated life, and equipment class code.

### **Subsidiary Records**

For control purposes it is convenient to group detailed records by classification, department, or by location. Such records constitute a subsidiary ledger to the fixed asset control accounts.

### **Physical Inventories**

To ensure that the system is functioning as intended, complete physical inventories of equipment should be taken at intervals prescribed by law, or, in the absence of applicable statute, the judgement of the local governing body. The taking of inventories will be facilitated if the property accounting officer provides a current listing in numerical order of the equipment charged to departments. The listing form should provide space for checking each item present, notation of exceptions and certification. In addition to the above, the property accounting officer, in the interests of internal control, should conduct test-check physical inventories of departments or item-groups selected at random. Failure to find any item should be discussed with the department head as promptly as possible.

### **Shortages and Overages**

An investigation of any shortages or overages should be made in cooperation with the department involved. Frequently such a condition is due to an accounting lag in recording acquisitions, transfers and dispositions. Overages are seldom unexplainable. Shortages may exist because of the above lag, or because of pilferage. Any shortage still unexplained after a reasonable effort to determine the cause should be reported to the board of directors for appropriate action.

## **Depreciation**

Depreciation, depletion, or amortization of capital assets must be recorded to determine the total expenses, net income, and changes in fund equity. In addition, as an option, depreciation on fixed



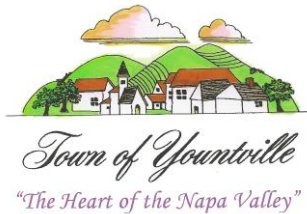
assets acquired by contributed capital can be closed to the contributed capital account. This method should be considered when there is no obligation and the policy is not to replace the fixed assets with future contributed capital. In such circumstances, the contributed capital rather than the retained earnings account is decreased by the related depreciation expense.

Depreciation is computed using the straight-line method over the estimated years of useful life at the time the asset is placed in service. Useful life shall be determined by the Public Works Director, Finance Director or Town Manager, as appropriate, using the following guidelines:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15-20
Public Domain Infrastructure	50
System Infrastructure	50-100
Vehicles	7
Office Equipment	3-7
Computer Equipment	3-5

Once established, the useful life may be modified as necessary to account for betterments or impairments of an asset.

Adopted by Town Council February 3, 2009



## Town of Yountville, California

### INVESTMENT POLICY STATEMENT

April 2009

#### 1. Policy

It is the policy of the Town of Yountville to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town 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 Town of Yountville as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the Town of Yountville's pooled funds, but will also apply to all other funds under the Town Treasurers' 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 Town's investment officials shall be the "**prudent person**" standard and shall be applied in the context of managing an overall portfolio. The Town Treasurer and/or Town 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 Town Manager immediately, and to the Town 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 Town of Yountville's investment activities shall be:

**4.1. Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Town of Yountville 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 Town of Yountville's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements that might be reasonably anticipated.

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

## **5. Delegation of Authority**

Authority to manage the Town's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not 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 Treasurer. The 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 Town Council, Town Manager and Town 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, Town Manager and Town Treasurer shall disclose to the Town 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 Town's portfolio. The Town Attorney and 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 Town with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the Town of Yountville's investment policy and depository contracts.

## **8. Authorized Investments and Limitations on Investments**

Investment of Town 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 Town'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 "AA" 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 (CAMP).

**9. Ineligible Investments**

The Town 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**

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**11. Percentage Limitations**

Where a section specifies a percentage limitation for a particular category or 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 Town Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the Town Council no less than three months prior to the investment.

**12. Reporting Requirements**

The Treasurer shall annually render to the Town 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 monthly transaction report to the Town Council. 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; (I) 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 Town'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 Town 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.

*Adopted Resolution Number 1967-02, April 16, 2002  
Current Review, Town Council, April 7, 2009*



## Strategies for Creating a More Collaborative, Effective Council

[www.ca-ilg.org/CollaborativeCouncilsStrategies](http://www.ca-ilg.org/CollaborativeCouncilsStrategies)

September 2011

Running local government successfully is hard work. City officials know that it requires serious commitment, time and knowledge on the part of local officials and staff as well as community members. Local policy-making is also a collaborative activity. The current economic and political challenges facing California exert tremendous pressure on mayors and council members to work together collaboratively and effectively.

Issues that affect the future well-being of their cities also spur local officials to have conversations and collaborate with members of the public about the kind of community they envision for themselves and their children.

### Resources Available through the Institute

The Institute's Meeting Resource Center aims to help local officials and agency staff make the most of meeting time.

[www.ca-ilg.org/MeetingResourceCenter](http://www.ca-ilg.org/MeetingResourceCenter)

The need for collaboration — between individual council members, among councils as a whole and between local officials and the community — prompted the League to ask the Institute for Local Government (ILG) to conduct an Advanced Leadership Workshop on this topic during the League's Legislative Action Days in May 2011.

Nearly 40 mayors and council members participated in this interactive, highly rated session titled "Creating More Collaborative Councils: Strategies for Effective Communication, Meeting Management and Public Engagement." The workshop explored key issues related to the work of elected local officials and provided participants with the skills and strategies to more effectively:

- Communicate and problem-solve with colleagues;
- Maintain collaborative relationships with fellow council members;
- Preside over and participate in city council meetings;
- Interact with and respond to members of the public; and
- Design effective and inclusive processes for engaging the public.

This article presents some of the workshop's highlights.



## Communication and Problem-Solving

On any given day, we all may do a better or worse job in effectively communicating information with others in our work, civic and family lives. The quality of communication with others can present a challenge for local elected officials, who work largely in the public sphere and must deal with multiple audiences, limited time and a broad range of content. The issue of communicating with council colleagues is no exception.

Proponents of effective communication suggest a few simple rules to help us keep our speaking and listening skills well honed, thus supporting our goals and relationships.

**Be attentive.** Whether with an individual colleague or in council chambers before a packed house, paying attention to the speaker, the subject at hand and (as appropriate) the interpersonal dynamics involved will make you a more effective communicator and help you to be perceived as a respectful, effective colleague and public servant.

**Ask clarifying questions.** This shows a desire to better understand the speaker and demonstrates both attentiveness and an interest in learning more. Typically this is a better communication choice than a quick emotional retort or an immediate explanation of your own views. Asking clarifying questions helps increase the likelihood of a more productive conversation or exchange.

**Let people know you are listening.** Two very simple ways to do this include paraphrasing and using a perception check. Paraphrasing is repeating the essence of the speaker's remark, thus conveying that you've heard the substantive content of what he or she has said; for example, "So you're saying that you believe this would kill all the fish in the stream — is that right?" A perception check involves acknowledging the emotional content of a speaker's comment; for example, "I can hear that you're very worried about the safety of neighborhood residents if we remove that stoplight," or "I want you to know that I hear how angry you are about this and how important the issue is to you." Both paraphrasing and a perception check can be important communication tools for council members. Neither suggests you are necessarily agreeing with the speaker or expressing your own opinion on the issue at hand.

## Distinctions between Values, Interests and Positions

Your conversations with other individual council members or residents often concern topics that they (and perhaps you) feel very strongly about. It may seem there is no way to even begin to have a useful discussion about such topics. However, understanding the distinction between a value, an interest and a position can be helpful when tackling this type of situation. Consider these examples:

- “Children are our community’s most important resource.” This is a value;
- “I want a park and open space where our children can play.” This is an interest; and
- “I want a park and skateboarding area at the corner of Palm and Main with the city contributing all the funds.” This is a position.

Listen for and ask about values and interests that underlie speakers’ expressed positions. People can more readily understand each other’s values and interests than they can accept different positions. Typically there are more ways to satisfy interests than to bridge conflicting positions. A conversation about values or interests can often reduce or clarify differences.

The following basic principles of collaborative problem-solving (or “principled negotiation”), developed by Roger Fisher and William Ury and presented in their book, *Getting to Yes*, also offer helpful guidelines for working through a knotty issue with a colleague or guiding group discussions.

**Separate the people from the problem.** It’s not unusual for emotions to cloud problem-solving when people feel strongly about an issue. However, it is far more effective to attack the problem together, not each other. It’s also a much better way to preserve an important working relationship.

**Focus on interests, not positions.** Taking a hard negotiating position can obscure what is really wanted. A conversation about interests, which tend to be broader than positions, creates more opportunities for coming up with an idea that appeals to all participants. Discussing interests rather than focusing on positions means that there’s a lot more to talk about and improves the chances of success.

**Invent options for mutual gain.** In the typical back and forth of “making your case” there is often little opportunity to jointly think about and creatively invent new ideas that may be in the interests of both (or all) negotiators. However, this type of creative thinking probably won’t occur unless it’s given a time and a place to happen, and making time for this step is especially important when addressing polarized local issues.

**Insist on using objective criteria.** This is perhaps the hardest problem-solving guideline to follow — but perhaps the most important — in what is often a challenging political environment. Working to creatively solve a problem or reach an accord can be advanced if the participants can agree on some sort of common standard or a result that they think makes sense.

## Civility and Council Member Behavior

Much media attention has focused lately on the question of civility in public discourse, and many city councils are grappling with the challenge of how to ensure civility among council members in their own deliberations.

Highlighting the current interest in this topic, the New Jersey State League of Municipalities recently published an article titled “The Need for Civility in Local Government Dialogue” ([www.njslom.org/need\\_for\\_civility.html](http://www.njslom.org/need_for_civility.html)).

The article presents author John C. Gillespie’s 10 commandments of public civility, which include these admonishments:

- Thou shalt not allow legitimate critique of policy and practice to become a personal attack aimed at the person who devised the policy or implements the practice;
- Thou shalt not rudely interrupt a colleague midsentence nor “speak over” a colleague while he or she is speaking;
- Thou shalt not pretend something is much more important than it really is simply to score points with an audience; and
- Thou shalt always recognize that your colleagues were also elected, just as you were, and deserve the same level of respect for having run and won.

Gillespie’s 10 commandments serve as useful guidelines for councils striving to improve the tone of discussions. Another helpful resource, the Institute for Local Government’s *Promoting Civility at Public Meetings: Concepts and Practices* ([www.ca-ilg.org/civility](http://www.ca-ilg.org/civility)), examines civility in conceptual and ethical terms and offers practical strategies for achieving greater civility in public discourse.

A growing number of cities are creating handbooks that help council members (and the public) better understand city government and council members’ roles and responsibilities. In addition, cities are adopting ground rules for council meetings that extend beyond procedural rules and address expectations and guidelines for council member conduct. One example of such rules comes from the City of Davis:

Council members should actively pay attention while others are talking. Council members should be aware that side conversations, note writing and nonverbal expressions made by council members can be distracting to the meeting. Be aware that other council members, staff and the public in attendance can hear and see these actions.

The City of Hayward’s Council Member Handbook includes the following:

Council members shall accord the utmost courtesy to each other, to city employees and to the public appearing before the council and shall refrain at all times from rude and derogatory remarks, reflections as to integrity, abusive comments and statements as to motives and personalities.

Other sections of Hayward's handbook address sanctions for violating the various rules of procedure.

## Beyond Robert's Rules of Order

Whether you serve on a board, council, commission or other governing body, it is helpful to understand how to conduct public meetings. To simplify the rules of parliamentary procedure for those who participate in public meetings, Judge David Rosenberg created a video titled "Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century." Prior to becoming a Yolo County Superior Court judge, Rosenberg served as mayor and council member for the City of Davis and as a Yolo County supervisor. (The video is based on a two-part article written by Rosenberg and originally published in *Western City* magazine in 2003. A newly revised pocket guide of Rosenberg's Rules will be available later this year.)

As part of the Institute for Local Government's service to local officials, the video and accompanying downloadable documents are available at [www.ca-ilg.org/rosenbergrules](http://www.ca-ilg.org/rosenbergrules).

## Effective Public Engagement

The ability to effectively involve the public in decision-making is an essential skill for local officials. Many local agencies are facing serious challenges on issues ranging from budgeting and fiscal policy to climate change and public safety. Public engagement comprises a broad range of methods to inform members of the public about decisions that affect them and to invite their participation in the process. Such methods include but are not limited to public information and outreach efforts, public consultation and public deliberation (for more information, visit [www.ca-ilg.org/PEbasics](http://www.ca-ilg.org/PEbasics)).

Successful public engagement can help local agencies manage challenges by contributing to the following outcomes:

- **Better identification of the public's values, ideas and recommendations.** Well-executed public engagement can provide more nuanced views about an issue from a broader spectrum of residents than a simple "yes" or "no" election.
- **Residents who are more fully informed about issues and local agencies.** Public engagement presents opportunities for residents to better understand the issues and challenges impacting their community, grapple with practical problems and real trade-offs, and see local agency challenges as their own.

- **Improved local agency decision-making and actions with better results.** Members of the public provide rich sources of information regarding their community history and needs. This information can inform local agency decision-making and potentially produce superior results.
- **Enhanced community buy-in and support.** Involving members of the community in a meaningful way can build a sense of ownership and greater support for the local agency decision. It can also reduce contentiousness.
- **Faster project implementation with less need to revisit issues again.** Mutually agreed-upon decisions are less likely to continually reappear as issues of concern both for local agencies and community members.
- **More trust — in each other and in local government.** Open dialogue, shared interests and mutual problem-solving can bring disparate groups of people together, potentially resulting in increased trust in the others' ability to solve problems and make good decisions.
- **Increased community participation and leadership development.** Positive experiences with public engagement can lead to better informed residents who are more likely to participate in other community activities and have the confidence and skills to become future local government leaders.

### About the Institute for Local Government

This resource is a service of the Institute for Local Government (ILG) whose mission is to promote good government at the local level with practical, impartial, and easy-to-use resources for California communities. ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties.

For more information and to access the Institute's resources on Public Engagement and Local Government 101, visit [www.ca-ilg.org/engagement](http://www.ca-ilg.org/engagement) and [www.ca-ilg.org/local-government-101](http://www.ca-ilg.org/local-government-101). If you would like to access this resource directly, go to [www.ca-ilg.org/CollaborativeCouncilsStrategies](http://www.ca-ilg.org/CollaborativeCouncilsStrategies).

The Institute welcomes feedback and suggestions on enhancing this resource:

- *Email:* [info@ca-ilg.org](mailto:info@ca-ilg.org) Subject: *Strategies for Creating a More Collaborative, Effective Council*
- *Mail:* 1400 K Street, Suite 205 ▪ Sacramento, CA ▪ 95814

## **APPENDIX C**

### **FISCAL POLICIES**

## **Town of Yountville Financial Policies**

### **General Finance Policy**

#### **Revenue**

- The Town recognizes that its primary revenue sources are locally generated, especially TOT and sales tax revenue, and for the most part this revenue is largely generated by non-residents. Efforts to ensure continued reliability in these revenue sources must be maintained and to develop and diversify other revenue sources as applicable.
- The Town will actively establish a practice of monitoring, auditing and collecting all locally generated taxes.
- The Town will establish and maintain all user fees and charges based on the cost of providing services and shall establish a cost recovery target for those programs which are subsidized by General Fund revenues.

#### **Budgeting and Expenditure**

- The Town Council shall adopt an annual balanced budget effective from July 1<sup>st</sup> to June 30<sup>th</sup> of the following calendar year. A balanced budget requires current year operating expenses to be fully funded by current year revenues and identified undesignated/unreserved fund balance.
- Fund Balance Reserves will be used only for non-recurring “one-time” and capital projects and not for on-going operations.
- Use of long-term debt shall be limited to capital projects or special projects that cannot be financed from current revenues.
- The Town Manager is authorized to implement the programs as approved in the adopted budget. Within a specific fund the Town Manager may transfer appropriations between categories, departments, projects and programs as needed to implement the adopted budget.
- With approval of the Town Manager, unexpected appropriations may be carried forward to the next fiscal year provided funds have been previously encumbered for a specific purpose.
- The annual budget will normally include a nominal \$25,000 Designated Contingency for non-recurring, unanticipated expenditures. The Town Manager may approve expenditures from this contingency if needed during the fiscal year.



- A capital outlay (fixed asset) purchase will be any single item or piece of equipment which costs more than \$10,000 and has an expected useful life exceeding one year.
- Regular budget reports and updates shall be presented to the Town Council to provide information on the status of the Town's financial condition. The budget may be amended during the year if necessary to reflect changes to revenues and/or expenditure projections.
- The Town shall post on its website these budget reports and updates, sales tax and TOT reports and other financial information for the public to review.

### **Fund Balance Reserves**

Reserves shall be established, dedicated and maintained annually to meet known and estimated future liabilities.

The specific Fund Balance reserve accounts include General Reserve with a current target of \$1,025,000, Reserve for Drought Water Purchases \$2,000,000, Reserve for Employee Retirement Benefits (OPEB) \$529,935 with a commitment by the Council to continue to build the balance in future years, and Reserve for Liability Insurance to be maintained at a minimum of \$30,000 for future claims.

### **Capital Improvement**

- Capital Improvement Program (CIP) projects will be funded by the following revenue sources:
  - Available General Fund Reserves
  - Available Capital Project Fund balances
  - Impact Fee Fund balances
  - Water and Sewer revenues for Water and Sewer projects only
  - Grant funding
  - Other State and Federal funding sources if available
- The Town will annually develop and update a multi-year plan for capital improvements. Future capital expenditures will be projected annually for a rolling 5-year period based on projections of available funding, changes in the community and needed replacement of infrastructure.
- The Town will coordinate development of the Five Year Capital Improvement Program with the development of the operating budget.
- The annual funding for the current year of the Capital Improvement Plan shall be approved as part of the operating budget.

- Capital projects financed by bonds or other debt instruments shall be paid back within a period not to exceed the useful life of the project.
- The Town Manager is authorized to implement the projects as approved in the adopted Capital Improvement Program. Within a specific fund, the Town Manager may transfer appropriations between projects as needed to implement the adopted Capital Improvement Program.

## INVESTMENT POLICY STATEMENT

### 1. Policy

It is the policy of the Town of Yountville to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town 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 Town of Yountville as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the Town of Yountville's pooled funds, but will also apply to all other funds under the Town Treasurers' 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 Town's investment officials shall be the "**prudent person**" standard and shall be applied in the context of managing an overall portfolio. The Town Treasurer and/or Town 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 Town Manager immediately, and to the Town 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 Town of Yountville's investment activities shall be:

**4.1. Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Town of Yountville 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 Town of Yountville's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements that might be reasonably anticipated.

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

## **5. Delegation of Authority**

Authority to manage the Town's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not 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 Treasurer. The 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 Town Council, Town Manager and Town 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, Town Manager and Town Treasurer shall disclose to the Town 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 Town's portfolio. The Town Attorney and 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 Town with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the Town of Yountville's investment policy and depository contracts.

## **8. Authorized Investments and Limitations on Investments**

Investment of Town 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 Town'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 "AA" 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 (CAMP).

## **9. Ineligible Investments**

The Town 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 Town, including collateral for repurchase agreements, shall be held in safekeeping by the Town's custodian bank or a third party bank trust department, acting as agent for the Town under the terms of a custody or trustee agreement executed by the bank and by the Town. 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 or 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 Town Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the Town Council no less than three months prior to the investment.

## **12. Reporting Requirements**

The Treasurer shall annually render to the Town 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 monthly transaction report to the Town Council. 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; (I) 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 Town'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 Town 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.



## **Use of Long-Term Debt Policy**

The Town recognizes that it may need to enter into long-term financial obligations to meet the demands of providing a high quality level of government services to our community. The following long-term debt policy sets the considerations for issuing debt and provides guidance in the timing and structuring of long-term debt commitments by the Town.

### **General Practices:**

1. The Town will strive to maintain good relations with credit rating agencies, investors of the Town's long-term financial obligations and those in the financial community that participate in the Town's financings. The Town also will strive to maintain and improve its bond rating in order to minimize borrowing costs and preserve access to credit.
2. Bond issue proposals are to be accompanied by an analysis defining how the new issue, combined with current debt, impacts the Town's debt capacity and conformance with Town debt policies. Such analysis shall include identification of the funding source, an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets, maintenance and operational impact of the facility or asset and the impact on the Town's credit rating, if any.
3. Town Council must review such analysis, including existing debt level, ability to pay debt service, impact on Town services, and make a finding that use of debt is appropriate.
4. Debt service costs (COP, Lease Purchase Agreements and other contractual debt which are backed by General Fund Operating Revenues) are not to exceed 25% of the Town's General Fund operating revenues.
5. Projects financed by a non general fund revenue source such as utility rate revenue and specific voter approved authorizations such as Measure A Sales Tax for flood control are not subject to the 25% of general fund revenue maximum debt service limit.

### **The Town will consider the issuance of long-term obligations under the following conditions:**

1. The Town will use debt financing only for one-time capital improvement projects and specific nonrecurring equipment purchases, and only under the following circumstances:

- When the project is included in the Town's adopted five-year capital improvement program (CIP) and is in conformance with the Town's adopted General Plan.
  - When the project is not included in the Town's adopted five-year capital improvement program (CIP), but the project is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated by State or Federal requirements.
  - When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
  - When there are designated General Fund revenues sufficient to service the debt, whether from project revenues, other specified and/or reserved resources, or infrastructure cost-sharing revenues.
  - Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The Town will follow all State and Federal regulations and requirements related to bonds and debt financing instruments regarding bond provisions, issuance, taxation and disclosure.
  3. Costs incurred by the Town, such as bond counsel and financial advisor fees, printing, underwriter's discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
  4. The Town will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations.
  5. The Town shall continually review outstanding obligations for opportunities to achieve debt service savings through refunding and shall pursue refinancing when economically feasible and advantageous.

## **Fund Balance Policy**

### **Background**

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions in February 2009. The requirements of this statement are intended to improve financial reporting by providing five fund balance categories that will be more easily understood. The five fund balance categories are clearly defined to make the nature and extent of the constraints placed on a government's fund balance more transparent. GASB 54 requires a formal fund balance policy be adopted to fully define any constraints imposed upon the use of resources and how those constraints may be modified or eliminated. The Town implemented GASB 54 in fiscal year ending June 30, 2011.

### **Purpose**

The Town of Yountville's fund balance policy defines the five fund balance categories established by GASB and how the Town will report each of the categories. The policy is establishing the Town's formal commitment of a specific amount of the Town's fund balance to be set aside specifically for emergency contingencies defined as a state or federal emergency or declaration of a local emergency as defined in the Yountville Municipal Code Section 2.52.020. This amount and/or commitment may be changed with the adoption of a new fund balance policy resolution approved by the Town Council. This policy also provides definitions of other categories of fund balance for financial reporting and budgeting purposes. The policy authorizes and directs the Finance Director to prepare financial statements which accurately categorize fund balance per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

### **Definitions & Provisions**

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure accurate reporting of available resources and that there will be adequate financial resources to protect the Town against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures.

Fund balance is essentially the difference between the assets and liabilities reported in each governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the Town is bound to honor constraints on the specific purposes for which amounts can be spent.

- Non-spendable Fund Balance (inherently non-spendable)
- Restricted Fund Balance (externally enforceable limitations on use)
- Committed Fund Balance (self-imposed limitations on use)
- Assigned Fund Balance (limitation resulting from intended use)
- Unassigned Fund Balance (residual net resources)

Non-spendable fund balance is not specifically addressed in this policy due to the nature of the restriction. An example of non-spendable fund balance is a reserve for prepaid expense.

### **Restricted Fund Balance**

#### **PEG Fees**

The Public Educational and Government Access Fund (PEG) has a restricted fund balance for PEG Fees, derived from a 1% charge that the Town's cable franchise operator collects and remits to the Town. PEG Fees can only be used to cover capital expenses for public access television, and are prohibited from being used for operating expenses.

### **Committed Fund Balance**

#### **Emergency Reserve Fund**

The Town's General Fund balance committed for emergency reserves is established at a minimum of 20% of General Fund operating expenditures. The calculation and review of the 20% minimum will be part of the proposed budget each fiscal year. Use of the General Fund Emergency Reserve would be appropriate if the Town declared a state or federal emergency or declaration of a local emergency as defined in the Yountville Municipal Code Section 2.52.020:

#### **2.52.020 Emergency defined:**

As used in this chapter, "emergency" means the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the Town caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake, or other conditions, including conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of the Town, requiring the combined forces of other political subdivisions to combat. (Ord. 225, 1991; Ord. 294-99)

#### **OPEB Reserve Fund**

The Town Council has made a commitment to funding OPEB (other post-employment benefits) and has established an IRC Section 115 Irrevocable Trust Fund to deposit these funds. There may, however, be a time when the Town is holding funds pending transfer to the OPEB Trust and those funds would be reported as the Town's OPEB Reserve.

#### **PERS Unfunded Actuarially Accrued Liability (UAAL) Fund**

The Town Council has made a commitment to funding PERS UAAL and has established a Pension Rate Stabilization Plan IRC Section 115 Irrevocable Trust Fund to deposit these funds. There may, however, be a time when the Town is holding funds pending transfer to the PERS UAAL Trust and those funds would be reported as the Town's PERS UAAL Reserve.

#### **Liability Insurance Reserve**

The Town is a member of CIRA (California Intergovernmental Risk Authority) for purposes of liability and claims coverage. The Town's self-insured retention for claims is \$10,000 per occurrence and our policy coverage requires a minimum reserve balance for three (3) claims or \$30,000. The Town may report a higher balance, but will always maintain the required \$30,000 minimum.

### **Assigned Fund Balance**

Amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Both committed and assigned fund balance classifications include amounts constrained to being used for specific purposes by actions taken by the government itself. The nature of the actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to the committed fund balance classification, resulting in the constraints imposed being more easily removed or modified than those imposed on committed fund balance. Furthermore, the nature of the actions necessary to remove or modify an assignment is not as prescriptive as those in the committed fund balance classification and the authority is not required to be the government's highest level of decision making authority, but may be delegated to the Town Manager or Finance Director.

All remaining fund balance amounts that are reported in governmental funds, other than the general fund, that are not classified as non-spendable, and are neither restricted nor committed will be reported as assigned fund balance.

### **Arts Program Reserve**

The Yountville Arts Commission has been successful in raising funds to support the Town's Art Program activities. The Arts Program was previously accounted for in the General Fund, but has been moved to the Town of Yountville Community Foundation as of fiscal Year 2018-19.

### **Capital Projects Reserve**

The Town Council may assign a specific amount or percentage of unassigned fund balance at the end of the fiscal year to be transferred or reserved for transfer to the Town's Capital Projects Fund.

### **Budget Contingency Reserve**

The Town Council may assign a specific amount to be reserved for future appropriations to fund unanticipated costs or revenue shortfalls that were not anticipated at the adoption of the Town's operating budget. As of December 4, 2018, this amount has been established at 5% of planned expenditures.

### **Leave Buy Out Reserve**

The Town Council may assign a specific amount to be reserved for future appropriations to fund unanticipated costs related to covering costs of employees retiring and or separating from the Town to cover funding the cost of accrued leave (management and vacation leaves). The assigned amount for Fiscal Year 2023/24 is \$160,000.

#### Legal Contingency Reserve

The Town Council may assign a specific amount to be reserved for future appropriations to fund unanticipated legal and litigation costs. As of July 1, 2020, this amount has been established at \$200,000.

#### Unanticipated Tourism Revenue Deficit Reserve Fund (*previously titled Revenue Stabilization Reserve Fund. Re-titled upon adoption of Fiscal Year 2023/2024 Budget per external auditor recommendation to better comply with Governmental Accounting Standards Board (GASB) definitions of reserve funds.*)

Funds set aside to ensure the Town could respond to an unexpected drop in tourism based revenue, especially Transient Occupancy Tax (TOT). Unanticipated Tourism Revenue Deficit Reserve funding is established at a minimum of 25% of TOT revenue budget.

By approving specific assigned amounts or percentage allocations of unassigned fund balance as part of budget adoption, the Town Council would authorize Finance Director to report specific assigned amount on financial statements.

#### Unassigned Fund Balance

Fund balance that has no current assignment or commitment.

## **Use of Drought Water Reserve Bank Policy**

### **Background**

The Town has established a reasonable water supply through a combination of its long-term supply contract with the Californian Veterans Home for use of Rector Reservoir water and the completion of the Yountville Municipal Water Well to meet the community's annual water needs. However, the Town recognizes that it may need to purchase additional water supply in long-term drought situations and has established this Drought Water Reserve Bank from the sale of its State Water Supply surplus water rights to potentially fund the purchase of drought supply water. The following policy sets the considerations for use of the Drought Water Reserve Bank by the Town.

### **General Practices**

- The Town will continue to develop and implement reasonable water conservation programs and educational programs to educate residential and business customers on how to use less water.
- The Town will evaluate future water conservation rebate programs to see if their implementation may be appropriate. Continuation of the ultra low flow toilet and water saving appliance program and implementation of turf replacement with drought tolerant and native plants and alternative irrigation systems are examples of how to reduce water consumption are possibilities.
- Town will review, update if necessary, and maintain a water usage pricing structure which encourages water conservation as allowed by state law.
- The Town will implement voluntary water rationing and/or increase water rates to reduce water usage and evaluate what impact those mechanisms may have had on water consumption prior to use of mandatory water rationing practices and/or purchase of additional drought water supply.
- Town Council must review such analysis, including existing available water resources, implementation of advisory and/or mandatory water conservation practices, available water production from emergency water well, and impact on Town services, and make a finding that use of drought water bank to purchase additional water supply is appropriate.
- The purpose of the initial deposit amount into the Drought Water Reserve Bank is to provide future Town Council's with available resources to make immediate single year drought supply water purchases on the open market.
- Any use of the Drought Water Reserve Bank by the Town Council will require implementation and adoption of a plan to replenish the Bank by the same amount as used to purchase drought water supply so that the fund is available in the event of a future drought situation.

The Town will consider use of the Drought Water Reserve Bank under the following conditions:



- The Town may use its Drought Water Reserve Bank for the purchase of additional water supply under the following circumstances:
  - The Town Council has declared a local Water Emergency after evaluating local water supply with needs in accordance with the Town Code, Chapter 13.24, Water Shortage Emergencies, Sections 13.24.020 through 13.24.050, or as may be amended in the future.
  - The Town Council has first implemented reasonable voluntary water conservation and rationing measures in accordance with Chapter 13.20, Water conservation or as may be amended in the future.
  - The Town Council has implemented mandatory water rationing program if appropriate.
  - The Town Council has developed and implemented a temporary water rate increase sufficient to replenish the amount of the draw down against the Drought Water Reserve Bank so that the Bank is available for future use if necessary.
- The Town Council may use the interest earnings from the Drought Water Reserve Bank to annually fund rebate programs (existing or new programs) that help to reduce overall municipal water usage by the customer.
- The Town Council may use interest earnings and fund balance from the Drought Reserve Bank to make water utility capital projects possible and reduce the impact to the rate payer while maintaining a strong fund balance.
- The Town Council may use the fund to pay for capital construction cost for water projects which are designed for the purpose of increasing the Town's water storage capacity or increase water production to meet drought water supply needs.
- The Town shall continually review and work with its partner City of Napa to develop opportunities to achieve reduced water consumption through implementation of new technology, community education and implementation of appropriate water conservation programs when economically feasible and advantageous.

*Adopted on December 5, 2017 by Resolution Number 17-3448*

## **OPEB (Other-Post Employment Benefits) Funding Policy**

Town Council initially adopted an OPEB funding policy and multi-year financing plan approving a funding rate schedule with the adoption of Resolution Number 2962-08 on June 24, 2008. The policy established the OPEB funding allocation percentage, calculated on full-time salaries, and each fiscal year considered allocating additional allocations to fund the Town's OPEB liability.

The Town Council approved an updated OPEB funding policy with the adoption of Resolution Number 3006-11 on December 6, 2011 approving the following payroll allocation rates and funding:

- Fiscal Year 2012/13: 8% of full-time salaries.
- Fiscal Year 2013/14: 9% of full-time salaries.
- Fiscal Year 2014/15: 10% of full-time salaries.

Town Council may consider approval of additional funding allocations to OPEB at the time unassigned funds become available.

In June 2014 Council approved Resolution Number 3188-14 adopting the current OPEB funding policy. The policy statement is to fully fund the ARC (annual required contribution) each fiscal year. The policy establishes the following procedure:

- Each fiscal year staff will present the proposed budget with the payroll allocation funding rate required to fully fund the ARC.
- Town Council will review and approve and/or modify the rate during the budget review process each year.

*Adopted June 17, 2014 by Resolution Number 3188-14*

## **Water & Wastewater Utility Enterprise Fund Rate Philosophy**

### Historical Background

The Town of Yountville operates both water and wastewater utility enterprise fund operations which serve the residents of the Town and, in the case of the water enterprise fund, an additional 32 accounts located along Yountville Cross Road. Enterprise Fund operations are designed by nature to operate more like a private sector business model as compared to general government services. For the past decade the Town has operated its water and wastewater utility enterprise funds in a manner which included a significant General Fund subsidy averaging \$300,000 per year to cover water operating expenses and capital project expenses for both the water and wastewater utility enterprise funds.

On February 10, 2011 the Town Council adopted a five (5) year phased rate schedule that was designed to end the General Fund subsidization of these enterprise funds. The Town Council issued a policy statement that the enterprise funds should no longer be subsidized and requested a formal policy be brought back to the Council.

### Purpose

The Town will establish Utility Enterprise Funds for Town services when the intent of the Town is that all costs of providing the service shall be recovered primarily through ratepayer charges.

### General Policy Practices

- Enterprise Funds will be established for Town-operated utility services such as the water and wastewater operations.
- Enterprise Fund expenditures will be established at a level sufficient to properly maintain the fund's infrastructure and provide for necessary capital improvements.
- The Town Council will review and adopt utility rates as needed to appropriately cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves as established by Town Council policy, and provide for an adequate level of working capital
- Enterprise Fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
- Town Council shall continue the five (5) year phased utility rate increase for water and wastewater approved on February 10, 2011 which is designed to end General Fund subsidy and operating deficits of each enterprise fund over the next five (5) years.

*Adopted June 21, 2011 by Resolution Number 2974-11*

## **Use of Water and Wastewater Utility Enterprise Capital Projects Restricted Fund Policy**

### **Historical Background**

The Town of Yountville operates both water and wastewater utility enterprise fund operations which serve the residents and business community of the Town, and, in the case of the water enterprise fund, an additional 32 accounts located along Yountville Cross Road. Enterprise Fund operations are designed by nature to operate more like a private sector business model as compared to general government services which are funded by the General Fund.

On February 10, 2011, the Town Council adopted a five (5) year phased rate schedule that was designed to end the General Fund subsidization of these enterprise funds. The Town Council issued a policy statement that the enterprise funds should no longer be subsidized and requested a formal policy be brought back to the Council. For the prior decade the Town had operated its water and wastewater utility enterprise funds in a manner which included a significant General Fund subsidy averaging more than \$300,000 per year to cover water operating expenses and capital project expenses for both the water and wastewater utility enterprise funds.

Due to strong overall management of revenues and controlling expenditures, the Town's fiscal condition has improved significantly since 2011. The Town Council has been disciplined with its financial fund management and principally through use of the year end Unassigned Fund Balance allocation process the Town has been able to incrementally increase funding for its Emergency Reserve Fund, Revenue Stabilization Fund, and Capital Projects Fund 50, and to establish irrevocable OPEB and Pension UAL Reserve Funds, establish and fund Fleet & Equipment Reserve Funds, and set aside funding to support for affordable housing. On October 18, 2022, the Town Council created the Water and Wastewater Utility Enterprise Capital Projects Restricted Fund which could be funded by allocations from the General Fund Unassigned Fund Balance allocation process.

### **Purpose**

Funds may only be used for the purpose of paying down utility enterprise fund capital debt expenses or to fund the costs of projected utility enterprise fund capital costs only and may not be used to pay for annual operating costs.

### **General Practices**

- Enterprise Funds will be established for Town-operated utility services such as the water and wastewater operations.
- Enterprise Capital Fund expenditures will be established at a level sufficient to properly maintain infrastructure and provide for necessary capital improvements.
- The Town Council will review and adopt utility rates as needed to appropriately cover the costs of all operations, including maintenance, depreciation, capital and debt service requirements, reserves as established by Town Council policy, and provide for an adequate level of working capital.

- As a part of its periodic five (5) year phased utility rate review process, the Town Council may allocate and transfer funds from the General Fund Water and Wastewater Utility Enterprise Capital Projects Restricted Fund for the purposes of paying off debt or to pay for planned enterprise fund capital projects identified in the next five (5) year of planned capital projects thereby reducing impact to ratepayers.
- Enterprise Fund services will establish and maintain reserves for general contingency and capital purposes consistent with those maintained for general governmental services.
- Revenue bonds shall be issued only when projected operating revenues and reserves are insufficient for the timely completion of enterprise capital projects.
- General Fund revenues are not to be used for annual operating expenses for the Water and Wastewater Utility Enterprise Funds.

**Funding and Replenishment**

This restricted fund could receive funding through a re-allocation of prior year General Fund Unassigned Fund Balance upon completion of the annual audit process if funds are available. Future contributions would either grow the existing fund balance or replenish funds that were used.

*Adopted by the Yountville Town Council on October 18, 2022.*

## **TOWN OF YOUNTVILLE**

### **Capitalization and Depreciation Policy**

The Town of Yountville has a Capital (Fixed) Asset Accounting System to safeguard a sizeable investment, fix responsibility for the custody of equipment, assist in the formulation of acquisition and retirement policies through accumulation of data regarding prices, sources of supply and useful life, to provide data for financial reporting, to provide record support and to account for reimbursement of depreciation under grants and proprietary service programs, and to provide information for insurance purposes.

Fixed assets are capitalized because they are used in the production of the goods or services provided and sold. Depreciation must be recorded to determine total expenses, user charges, net income, and changes in fund equity. Capital assets also may serve as a basis for debt issued to establish, acquire, or improve a public enterprise.

Capital assets are reported in the applicable proprietary funds or in the general fixed assets account group.

#### **Definitions**

Capital assets are assets of a relatively permanent nature and of significant value, and are broadly classified as property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items) assets.

Land includes the investment in real estate other than:

- a. Structures, pipeline, pump stations, reservoirs and other improvements, and
- b. Land acquired for pipeline and road purposes.

All land, as above defined, shall be capitalized without regard for significance of cost.

Buildings and improvements are physical property of a permanent nature, examples of which are buildings, structural attachments, storage tanks, reservoirs, pump stations, wells, and parking areas. Sidewalks, trees and drives in connection with other structures should also be capitalized. Fixtures are permanent attachments to structures which are not intended to be removed and which function as part of the structure, such as boilers, pumps, lighting fixtures or plumbing.

Pipelines include mains, services, valves, hydrants, manholes, and other appurtenances. Paving of ditch lines is also included in plant values.

Equipment includes moveable personal property of a relatively permanent nature and of significant value, such as machines, tools, and vehicles, computer equipment and software.

Relatively permanent is defined as a useful life in excess of one year.

Significant value is defined as a minimum initial cost of more than \$10,000 (\$25,000 for infrastructure type assets).

### Treatment of Costs Subsequent to Acquisition

*Expenditures* on fixed assets which are incurred after their original acquisition are defined and recorded as follows:

*Maintenance* is defined as expenditures, which neither materially add to the value of property nor appreciably prolong its life, but merely keep it in an ordinary efficient operating condition. Maintenance costs shall not be capitalized.

*Capitalized Expenditures* are defined as expenditures, which materially add to the value of property or appreciably extend its life. The cost of capitalized expenditures should be added to the book value of the asset where the original cost of a component being improved can be specifically identified. This amount should be written off and the new cost capitalized. Capitalized expenditures are on occasion referred to as betterments. The decision as to whether an expenditure should be capitalized shall be made by an evaluation of engineering, physical, or other relevant factors apart from cost.

*Additions* are new and separate units, or extensions of existing units, and are considered to be fixed assets. As with betterments the test of significance should be applied.

*Alterations* are changes in the physical structure or arrangement of fixed assets, the cost of which does not qualify as an increase in fixed assets under the foregoing definitions of betterments and additions. Alterations shall not be capitalized.

### **Valuation**

#### Reasons for Assigning Value

A dollar-value should be assigned to each fixed asset item for the following reasons:

- a. Dollar amounts serve as a control device; they are an important aspect of identification of a particular item or group of items.
- b. Dollar amounts make it possible to present to the public the Town's investment in fixed assets.
- c. Dollar amounts provide a check on the adequacy of the Town's insurance coverage.
- d. Dollar amounts on individual items provide information for cost accounting.

#### Valuation Basis

Fixed assets should be accounted for at historical cost, or estimated historical cost if purchased or constructed. Donated fixed assets should be recorded at their estimated fair market value at the date of donation. Surplus property purchases at nominal prices far below actual value are in part donations and should be so valued.

#### Land Cost

The cost of land includes all expenditures in connection with its acquisition, such as: purchase price; appraisal and negotiation fees; title search fees; surveying fees; cost of consents; relocation costs; condemnation costs; clearing land for use; demolishing or removing structures; and filing costs. Receipts from the sales of salvage should be credited against the land cost.



### Buildings and Improvements Cost

The cost of structures and improvements includes all expenditures in connection with their acquisitions, such as: purchase price or construction cost; fixtures attached to the structure; architects' fees; accident or injury costs; payment of damages; insurance during construction; cost of permits and licenses; and net interest cost during construction.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The cost should be reduced for: sale of salvage from materials charged against the construction; discounts, allowance and rebates secured; and amounts recovered through surrender of liability and casualty insurance. Rentals of property during the construction period should be credited to revenue unless otherwise restricted.

### Equipment Cost

The cost of equipment includes: purchase price or construction cost less discounts; freight or other carriage charges; sale, use, or transportation taxes; and installation costs.

### Construction by Force Account

Fixed assets constructed by the Town are recorded in the same manner as those acquired by purchase or construction contract. Costs are initially charged to the accounts of the cost center performing the construction and are then transferred to the project. These costs include direct labor, materials, equipment usage and overhead. Overhead is limited to those items, such as worker's compensation and employee group insurance premiums, retirement, sick leave and vacation allowances, which can be distributed on the basis of direct labor. Administrative overhead outside the cost center may be capitalized when clearly related to the construction.

### Assets Acquired Under Lease Purchase Agreements

Lease contracts convey property to another for a specific period of time for a specified rent. Lease contracts are accounted for either by the operating method under which periodic payments are charged as expenditures, or by the financing method under which the payments are treated as debt service.

### Sources of Information

Information regarding fixed asset additions is best taken from purchase invoices and contracts, even though there is sometimes an undue lag between physical possession of the property and the receipt of these documents. The individual department head controls the purchase, movement, and disposition of assets.

### **Disposition of Fixed Assets**

With Town Manager approval, capital assets may be sold, abandoned or traded in on new assets. Regardless of the manner of disposition or the amount of the proceeds, the asset must be removed from the fixed asset account at its recorded value along with the asset's accumulated depreciation.

The resulting gain or loss is recorded in the revenue and expense accounts.

## **Recordkeeping**

### **Individual Records**

An individual record of each unit of accountability should be maintained. Information recorded should include:

- a. Date acquired.
- b. Classification, such as: Buildings, Vehicles, Machinery & Equipment, etc.
- c. The vehicle unit number assigned.
- d. An abbreviated word description.
- e. Cost or other basis.
- f. Method by which acquired, such as: lease, grant, donation, purchase.
- g. Grant from which purchased, if applicable.
- h. Vendors name, if purchased.
- i. Date and method of retirement.
- j. Posting reference.

Optional data might include value for insurance purposes, estimated life, and equipment class code.

### **Subsidiary Records**

For control purposes it is convenient to group detailed records by classification, department, or by location. Such records constitute a subsidiary ledger to the fixed asset control accounts.

### **Physical Inventories**

To ensure that the system is functioning as intended, complete physical inventories of equipment should be taken at intervals prescribed by law, or, in the absence of applicable statute, the judgement of the local governing body. The taking of inventories will be facilitated if the property accounting officer provides a current listing in numerical order of the equipment charged to departments. The listing form should provide space for checking each item present, notation of exceptions and certification. In addition to the above, the property accounting officer, in the interests of internal control, should conduct test-check physical inventories of departments or item-groups selected at random. Failure to find any item should be discussed with the department head as promptly as possible.

### **Shortages and Overages**

An investigation of any shortages or overages should be made in cooperation with the department involved. Frequently such a condition is due to an accounting lag in recording acquisitions, transfers and dispositions. Overages are seldom unexplainable. Shortages may exist because of the above lag, or because of pilferage. Any shortage still unexplained after a reasonable effort to determine the cause should be reported to the board of directors for appropriate action.

## **Depreciation**

Depreciation, depletion, or amortization of capital assets must be recorded to determine the total expenses, net income, and changes in fund equity. In addition, as an option, depreciation on fixed

assets acquired by contributed capital can be closed to the contributed capital account. This method should be considered when there is no obligation and the policy is not to replace the fixed assets with future contributed capital. In such circumstances, the contributed capital rather than the retained earnings account is decreased by the related depreciation expense.

Depreciation is computed using the straight-line method over the estimated years of useful life at the time the asset is placed in service. Useful life shall be determined by the Public Works Director, Finance Director or Town Manager, as appropriate, using the following guidelines:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	15-20
Public Domain Infrastructure	50
System Infrastructure	50-100
Vehicles	7
Office Equipment	3-7
Computer Equipment	3-5

Once established, the useful life may be modified as necessary to account for betterments or impairments of an asset.

Adopted by Town Council February 3, 2009



## Town of Yountville, California

### INVESTMENT POLICY STATEMENT

April 2009

#### 1. Policy

It is the policy of the Town of Yountville to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Town 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 Town of Yountville as accounted for in the Comprehensive Annual Financial Report (CAFR). Policy statements outlined in this document focus on the Town of Yountville's pooled funds, but will also apply to all other funds under the Town Treasurers' 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 Town's investment officials shall be the "**prudent person**" standard and shall be applied in the context of managing an overall portfolio. The Town Treasurer and/or Town 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 Town Manager immediately, and to the Town 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 Town of Yountville's investment activities shall be:

**4.1. Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Town of Yountville 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 Town of Yountville's investment portfolio will remain sufficiently liquid to enable the Town to meet all operating requirements that might be reasonably anticipated.

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

## **5. Delegation of Authority**

Authority to manage the Town's investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures shall include, but not 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 Treasurer. The 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 Town Council, Town Manager and Town 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, Town Manager and Town Treasurer shall disclose to the Town 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 Town's portfolio. The Town Attorney and 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 Town with the following: audited financial statements, proof of National Association of Security Dealers certification when applicable, completed questionnaire and certification of having read the Town of Yountville's investment policy and depository contracts.

## **8. Authorized Investments and Limitations on Investments**

Investment of Town 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 Town'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 "AA" 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 (CAMP).

**9. Ineligible Investments**

The Town 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 Town, including collateral for repurchase agreements, shall be held in safekeeping by the Town's custodian bank or a third party bank trust department, acting as agent for the Town under the terms of a custody or trustee agreement executed by the bank and by the Town. 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 or 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 Town Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the Town Council no less than three months prior to the investment.

**12. Reporting Requirements**

The Treasurer shall annually render to the Town 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 monthly transaction report to the Town Council. 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; (I) 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 Town'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 Town 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.

*Adopted Resolution Number 1967-02, April 16, 2002  
Current Review, Town Council, April 7, 2009*

**APPENDIX D**

**STRATEGIES FOR CREATING A MORE  
COLLABORATIVE, EFFECTIVE COUNCIL**





## Strategies for Creating a More Collaborative, Effective Council

[www.ca-ilg.org/CollaborativeCouncilsStrategies](http://www.ca-ilg.org/CollaborativeCouncilsStrategies)

September 2011

Running local government successfully is hard work. City officials know that it requires serious commitment, time and knowledge on the part of local officials and staff as well as community members. Local policy-making is also a collaborative activity. The current economic and political challenges facing California exert tremendous pressure on mayors and council members to work together collaboratively and effectively.

Issues that affect the future well-being of their cities also spur local officials to have conversations and collaborate with members of the public about the kind of community they envision for themselves and their children.

### Resources Available through the Institute

The Institute's Meeting Resource Center aims to help local officials and agency staff make the most of meeting time.

[www.ca-ilg.org/MeetingResourceCenter](http://www.ca-ilg.org/MeetingResourceCenter)

The need for collaboration — between individual council members, among councils as a whole and between local officials and the community — prompted the League to ask the Institute for Local Government (ILG) to conduct an Advanced Leadership Workshop on this topic during the League's Legislative Action Days in May 2011.

Nearly 40 mayors and council members participated in this interactive, highly rated session titled "Creating More Collaborative Councils: Strategies for Effective Communication, Meeting Management and Public Engagement." The workshop explored key issues related to the work of elected local officials and provided participants with the skills and strategies to more effectively:

- Communicate and problem-solve with colleagues;
- Maintain collaborative relationships with fellow council members;
- Preside over and participate in city council meetings;
- Interact with and respond to members of the public; and
- Design effective and inclusive processes for engaging the public.

This article presents some of the workshop's highlights.

## Communication and Problem-Solving

On any given day, we all may do a better or worse job in effectively communicating information with others in our work, civic and family lives. The quality of communication with others can present a challenge for local elected officials, who work largely in the public sphere and must deal with multiple audiences, limited time and a broad range of content. The issue of communicating with council colleagues is no exception.

Proponents of effective communication suggest a few simple rules to help us keep our speaking and listening skills well honed, thus supporting our goals and relationships.

**Be attentive.** Whether with an individual colleague or in council chambers before a packed house, paying attention to the speaker, the subject at hand and (as appropriate) the interpersonal dynamics involved will make you a more effective communicator and help you to be perceived as a respectful, effective colleague and public servant.

**Ask clarifying questions.** This shows a desire to better understand the speaker and demonstrates both attentiveness and an interest in learning more. Typically this is a better communication choice than a quick emotional retort or an immediate explanation of your own views. Asking clarifying questions helps increase the likelihood of a more productive conversation or exchange.

**Let people know you are listening.** Two very simple ways to do this include paraphrasing and using a perception check. Paraphrasing is repeating the essence of the speaker's remark, thus conveying that you've heard the substantive content of what he or she has said; for example, "So you're saying that you believe this would kill all the fish in the stream — is that right?" A perception check involves acknowledging the emotional content of a speaker's comment; for example, "I can hear that you're very worried about the safety of neighborhood residents if we remove that stoplight," or "I want you to know that I hear how angry you are about this and how important the issue is to you." Both paraphrasing and a perception check can be important communication tools for council members. Neither suggests you are necessarily agreeing with the speaker or expressing your own opinion on the issue at hand.

## Distinctions between Values, Interests and Positions

Your conversations with other individual council members or residents often concern topics that they (and perhaps you) feel very strongly about. It may seem there is no way to even begin to have a useful discussion about such topics. However, understanding the distinction between a value, an interest and a position can be helpful when tackling this type of situation. Consider these examples:

- “Children are our community’s most important resource.” This is a value;
- “I want a park and open space where our children can play.” This is an interest; and
- “I want a park and skateboarding area at the corner of Palm and Main with the city contributing all the funds.” This is a position.

Listen for and ask about values and interests that underlie speakers’ expressed positions. People can more readily understand each other’s values and interests than they can accept different positions. Typically there are more ways to satisfy interests than to bridge conflicting positions. A conversation about values or interests can often reduce or clarify differences.

The following basic principles of collaborative problem-solving (or “principled negotiation”), developed by Roger Fisher and William Ury and presented in their book, *Getting to Yes*, also offer helpful guidelines for working through a knotty issue with a colleague or guiding group discussions.

**Separate the people from the problem.** It’s not unusual for emotions to cloud problem-solving when people feel strongly about an issue. However, it is far more effective to attack the problem together, not each other. It’s also a much better way to preserve an important working relationship.

**Focus on interests, not positions.** Taking a hard negotiating position can obscure what is really wanted. A conversation about interests, which tend to be broader than positions, creates more opportunities for coming up with an idea that appeals to all participants. Discussing interests rather than focusing on positions means that there’s a lot more to talk about and improves the chances of success.

**Invent options for mutual gain.** In the typical back and forth of “making your case” there is often little opportunity to jointly think about and creatively invent new ideas that may be in the interests of both (or all) negotiators. However, this type of creative thinking probably won’t occur unless it’s given a time and a place to happen, and making time for this step is especially important when addressing polarized local issues.

**Insist on using objective criteria.** This is perhaps the hardest problem-solving guideline to follow — but perhaps the most important — in what is often a challenging political environment. Working to creatively solve a problem or reach an accord can be advanced if the participants can agree on some sort of common standard or a result that they think makes sense.

## Civility and Council Member Behavior

Much media attention has focused lately on the question of civility in public discourse, and many city councils are grappling with the challenge of how to ensure civility among council members in their own deliberations.

Highlighting the current interest in this topic, the New Jersey State League of Municipalities recently published an article titled “The Need for Civility in Local Government Dialogue” ([www.njslom.org/need\\_for\\_civility.html](http://www.njslom.org/need_for_civility.html)).

The article presents author John C. Gillespie’s 10 commandments of public civility, which include these admonishments:

- Thou shalt not allow legitimate critique of policy and practice to become a personal attack aimed at the person who devised the policy or implements the practice;
- Thou shalt not rudely interrupt a colleague midsentence nor “speak over” a colleague while he or she is speaking;
- Thou shalt not pretend something is much more important than it really is simply to score points with an audience; and
- Thou shalt always recognize that your colleagues were also elected, just as you were, and deserve the same level of respect for having run and won.

Gillespie’s 10 commandments serve as useful guidelines for councils striving to improve the tone of discussions. Another helpful resource, the Institute for Local Government’s *Promoting Civility at Public Meetings: Concepts and Practices* ([www.ca-ilg.org/civility](http://www.ca-ilg.org/civility)), examines civility in conceptual and ethical terms and offers practical strategies for achieving greater civility in public discourse.

A growing number of cities are creating handbooks that help council members (and the public) better understand city government and council members’ roles and responsibilities. In addition, cities are adopting ground rules for council meetings that extend beyond procedural rules and address expectations and guidelines for council member conduct. One example of such rules comes from the City of Davis:

Council members should actively pay attention while others are talking. Council members should be aware that side conversations, note writing and nonverbal expressions made by council members can be distracting to the meeting. Be aware that other council members, staff and the public in attendance can hear and see these actions.

The City of Hayward’s Council Member Handbook includes the following:

Council members shall accord the utmost courtesy to each other, to city employees and to the public appearing before the council and shall refrain at all times from rude and derogatory remarks, reflections as to integrity, abusive comments and statements as to motives and personalities.

Other sections of Hayward's handbook address sanctions for violating the various rules of procedure.

## Beyond Robert's Rules of Order

Whether you serve on a board, council, commission or other governing body, it is helpful to understand how to conduct public meetings. To simplify the rules of parliamentary procedure for those who participate in public meetings, Judge David Rosenberg created a video titled "Rosenberg's Rules of Order: Simple Parliamentary Procedures for the 21st Century." Prior to becoming a Yolo County Superior Court judge, Rosenberg served as mayor and council member for the City of Davis and as a Yolo County supervisor. (The video is based on a two-part article written by Rosenberg and originally published in *Western City* magazine in 2003. A newly revised pocket guide of Rosenberg's Rules will be available later this year.)

As part of the Institute for Local Government's service to local officials, the video and accompanying downloadable documents are available at [www.ca-ilg.org/rosenbergrules](http://www.ca-ilg.org/rosenbergrules).

## Effective Public Engagement

The ability to effectively involve the public in decision-making is an essential skill for local officials. Many local agencies are facing serious challenges on issues ranging from budgeting and fiscal policy to climate change and public safety. Public engagement comprises a broad range of methods to inform members of the public about decisions that affect them and to invite their participation in the process. Such methods include but are not limited to public information and outreach efforts, public consultation and public deliberation (for more information, visit [www.ca-ilg.org/PEbasics](http://www.ca-ilg.org/PEbasics)).

Successful public engagement can help local agencies manage challenges by contributing to the following outcomes:

- **Better identification of the public's values, ideas and recommendations.** Well-executed public engagement can provide more nuanced views about an issue from a broader spectrum of residents than a simple "yes" or "no" election.
- **Residents who are more fully informed about issues and local agencies.** Public engagement presents opportunities for residents to better understand the issues and challenges impacting their community, grapple with practical problems and real trade-offs, and see local agency challenges as their own.

- **Improved local agency decision-making and actions with better results.** Members of the public provide rich sources of information regarding their community history and needs. This information can inform local agency decision-making and potentially produce superior results.
- **Enhanced community buy-in and support.** Involving members of the community in a meaningful way can build a sense of ownership and greater support for the local agency decision. It can also reduce contentiousness.
- **Faster project implementation with less need to revisit issues again.** Mutually agreed-upon decisions are less likely to continually reappear as issues of concern both for local agencies and community members.
- **More trust — in each other and in local government.** Open dialogue, shared interests and mutual problem-solving can bring disparate groups of people together, potentially resulting in increased trust in the others' ability to solve problems and make good decisions.
- **Increased community participation and leadership development.** Positive experiences with public engagement can lead to better informed residents who are more likely to participate in other community activities and have the confidence and skills to become future local government leaders.

### About the Institute for Local Government

This resource is a service of the Institute for Local Government (ILG) whose mission is to promote good government at the local level with practical, impartial, and easy-to-use resources for California communities. ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties.

For more information and to access the Institute's resources on Public Engagement and Local Government 101, visit [www.ca-ilg.org/engagement](http://www.ca-ilg.org/engagement) and [www.ca-ilg.org/local-government-101](http://www.ca-ilg.org/local-government-101). If you would like to access this resource directly, go to [www.ca-ilg.org/CollaborativeCouncilsStrategies](http://www.ca-ilg.org/CollaborativeCouncilsStrategies).

The Institute welcomes feedback and suggestions on enhancing this resource:

- *Email:* [info@ca-ilg.org](mailto:info@ca-ilg.org) Subject: *Strategies for Creating a More Collaborative, Effective Council*
- *Mail:* 1400 K Street, Suite 205 ▪ Sacramento, CA ▪ 95814