

MILL VALLEY CITY COUNCIL POLICIES

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Revised 2/05/07

I. POLICY GUIDELINES

A. Purpose of Policies

In the interest of consistency, the Mill Valley City Council has adopted certain policies on matters which arise frequently before the City Council. These policies:

- Are for guidance to the City staff and direction to the public only, unless otherwise indicated.
- Do not repeat federal, state or county laws.
- Exclude matters which are already included or better expressed in an Ordinance or resolution.

B. Policy Formation

Whenever an issue arises which requires a policy statement, and the City Council has not formulated a policy dealing with that issue, no Commission, Board, Committee member or Management employee shall make statements about that issue without referring them to the City Council first. If the matter is urgent, the Mayor or Vice Mayor shall make a policy decision.

C. Consistency of Policy

When the City Council has established a policy dealing with an issue, no statements contrary to that policy shall be made by any of the above individuals or groups. This is not intended to preclude public debate or dissent among the individuals or members of these groups, so long as such dissent is expressed as an individual, NOT as a member of the above groups.

D. Availability of Policies

The policies should be codified by subject matter and be made easily available to the Council, appropriate Board and Commission members, Management employees and the public at City Hall.

E. Update Procedure

Following the reorganization of the City Council annually, the Vice-Mayor shall review existing policies and suggest any changes for approval by the Council.

II. CITY COUNCIL

A. Rotation of Terms of Council Office

Ideally, the position of Mayor and Vice Mayor shall be rotated each year. Officeholders will be elected by the City Council at the first meeting in December. (11/15/04)

B. Rules of Order

City Council meetings will be subject to Robert's Rules of Order. However, the meetings may be conducted less formally as long as seventy-five percent of the Council members present agree. The "short form" rules of order are summarized in Exhibit A.

C. Agenda

The deadline for submitting items to the City Manager for inclusion on the Council agenda will be Monday a week before a regular Council meeting. Any City Councilmember may request that an item be added to the agenda. Agendas will be faxed or e-mailed to the Independent Journal and Mill Valley Herald and will be posted in the bulletin boards in front and rear of City Hall by 5 p.m. each Thursday preceding regular City Council meetings. Copies will be available at the Library and will be posted on the City website.

Government Code Section 54954.2 provides that the Council may not take action on items not appearing on the posted agenda except under the following conditions:

1. Upon a determination by majority vote of the Council that an emergency situation exists. An emergency situation is defined as meaning any of the following:
 - a. Work stoppage or other activity which severely impairs public health, safety or both, as determined by a majority vote of the members of the Council.
 - b. Crippling disaster which severely impairs public health, safety or both, as determined by a majority of the members of the Council.
2. Upon a determination by two-thirds of the Council (or by unanimous vote if less than two-thirds of the members are present) that there is a need to take immediate action and that the need for action came to the attention of the City Council subsequent to the agenda being posted.
3. That the item was posted for a prior Council meeting occurring not more than five days prior to the date action is taken on the item and, at the prior meeting, the item was continued to the meeting at which action is being taken.

Items for Council action which are routine and do not require public input will be placed on the consent calendar. Citizens wishing to speak on consent items may so indicate prior to approval of agenda order by the Council.

The Chair may inquire about citizens who are present regarding a given agenda item. The Council may alter the printed agenda order accordingly.

The City Council shall adjourn its meetings at twelve o'clock midnight and continue the current agenda item to the next meeting unless a majority of the Council votes to continue beyond that hour. The Council will not begin new public hearings on the agenda after 11:00 p.m. unless a majority of the Council votes to do so. If public hearings, which have not commenced, remain on the agenda at 11:00, the Council should decide at a convenient point in the meeting whether the agenda item will be heard or not so the public can decide whether to remain.

D. Proclamations

For nationally recognized charitable and educational observances, the Mayor is authorized to issue proclamations of a non-commercial nature.

For local groups and individuals, the Mayor will consider individually the merits of each proclamation. (11/15/04)

E. Council Retreats

Ideally, the City Council shall hold an annual retreat. In addition, the Council shall hold periodic joint retreats with various Board, Commission and Committee members as appropriate to facilitate effective communication and coordination. All such retreats shall be open to the public.

F. Position on State or National Issues

The City Council will not take a position for or against issues which are State or National in scope, unless the particular issue directly relates to the City's ability to govern and/or to provide services to its residents.

G. Videotaping Public Meetings

The following basic guidelines must be followed by any individual or group wishing to tape public meetings in City Hall or other public buildings:

1. The location of taping equipment (cameras, lighting, etc.) shall be approved in advance by the City Manager so as not to cause any access problems, disturbance or inconvenience to the meeting and/or public.

2. Set up shall be completed at least 15 minutes prior to start of any meeting or workshop that is the subject of a taping. Equipment take down shall not take place until after the meeting or workshop unless prior permission has been granted by the City Manager. This guideline is intended to avoid disruptions that might delay the start of a meeting or disturb a meeting that is in progress.
3. The City may at any time require any individual or group to provide its own source of electrical power to operate its equipment. This guideline is intended to deal with multiple requests or situations where the electrical capability of public facilities is inadequate to accommodate demand. (7/20/92)

III. ELECTIONS

The City of Mill Valley shall sponsor a “Candidates’ Night” (Debate) prior to each City Council election. The event shall be held in the Mill Valley City Council Chambers or the Mill Valley Community Center. The location, date, time and format shall be determined by the Mill Valley City Clerk. (7/16/90; 11/15/04)

IV. COMMISSIONS, BOARDS AND COMMITTEES

A. Rules of Order

Meetings will be subject to Robert’s Rules of Order. However, the meetings may be conducted less formally as long as seventy-five percent of the members present agree. The “short form” rules of order are summarized in Exhibit A.

B. Voting

All members of Boards, Commissions, and Committees, including chairpersons, are urged to vote on all matters except where precluded by conflict of interest.

C. Ad Hoc Committees

Ad Hoc Committees may be appointed by the City Council from time to time for specific assignments. Such Committees will be established by resolution which shall describe their mission, scope of work, composition, operating guidelines, reporting requirements, budget allocations, performance assessment, etc. All such Committees shall have a specific sunset date, which date shall only be extended by a vote of the City Council.

V. INDEPENDENCE AND CONFIDENTIALITY

A. Conflict of Interest

In addition to applicable state law, the following activities are considered a conflict of interest:

- for a member of the City Council to offer his/her services to the City for a consideration.
- for a member of the City Council to personally represent a client before the City Council, or any Board or Commission.
- for a member of any Board or Commission to personally represent a client before the Board or Commission on which the member sits.
- for any City employee, consultant, or professional advisor to evaluate or approve work for the City prepared by that individual or his/her associates.
- for any firm which has a partner or principal serving on a City Board or Commission to be considered for City contract work.

Where a conflict of interest exists, either legally or morally in the opinion of the individual concerned, the Council, Board or Commission member shall so declare when the item is first raised and at that time shall disclose his/her disqualifying interest. Said member shall subsequently refrain from voting upon, entering any discussion pertaining to, or using his/her official position to influence a City decision on the matter. Such member is discouraged from speaking at the public hearing for or against the issue because of possible negative public perceptions, but instead should use written or other avenues of communication, refraining again from using his/her official position to influence a City decision on the matter. As required by State law, such person shall also not be in attendance in the hearing chambers during the hearing on any such matter.

B. Pre-Hearing Communications with Applicants and Members of the Public

On quasi-judicial matters that will be heard by the City Council, the Council will not meet with project applicants or interested members of the public to receive information about the matter after the public hearing on the matter has been noticed for a City Council public hearing. Quasi-judicial matters include design review on development projects, conditional use permits, variances and other applications where the Council is required to apply the criteria of a City ordinance to the facts of a specific case. This guideline does not apply to legislative or policy matters such as General Plan amendments and zone changes. (2/07)

C. Election Statements

City employees (with the exception of elected officials) shall not publicly endorse or promote local or statewide political candidates or issues, using their official City title for this purpose. It is not the intent of this policy to preclude City employees from taking a private, unofficial position on an election issue or for a candidate. This policy shall not apply to those statewide issues where the City Council, by a majority vote, has taken a position on behalf of the City.

D. Discourse During Litigation or Labor Negotiations

Inquiries received from claimants or employees regarding a matter of litigation or labor negotiations shall be referred to the City Manager.

E. Donations for City Projects/Services

The City of Mill Valley is pleased to accept financial or other donations which are intended to enhance the City’s ability to fund or provide City Council approved municipal projects and services. City staff shall decline and immediately return donations from any individual, business or organization that has an active, pending or reasonably anticipated future application before the City for any development, contract or other discretionary entitlement which requires City approval. In the event there is a question regarding interpretation or implementation of this policy it shall be brought before the City Council for resolution. (1/21/98)

VI. COMMUNICATING CITY POSITIONS

A. County Lands

1. All matters and issues pending before County of Marin concerning lands lying within the City’s adopted sphere of influence shall be reviewed by city staff for comment. If deemed appropriate by the City Manager or Director of Planning & Building, these matters shall be referred to the Planning Commission and/or City Council as if the proposal were located within the City limits of the City of Mill Valley.
2. Any other matters or issues involving a proposal or development lying outside of the City’s adopted sphere of influence of such scope, nature or size as to warrant review by the City shall be referred to the City Council and/or other appropriate City Boards or Commissions or staff.
3. The Planning Commission and the City Council may decline to adopt a position on any matter pending before the County.

B. Pending Legislation and Litigation

The City Manager is authorized to use his/her best judgment in contacting elected representatives by letter, telephone, telegram or by personal visitation on subject matter where the City Manager has a good understanding of the City Council's position. Such representation shall be made on behalf of the City Council with written correspondence prepared for the Mayor's signature whenever practical. The City Manager shall seek advice from the City Attorney and other staff members as needed to develop legislative positions and responses. In the event urgent action is required and the City Manager does not fully understand the City Council's position, he/she shall seek the Mayor's and Vice Mayor's opinion and act accordingly. Where time is not of the essence, every effort will be made to obtain an expression from the entire City Council at a regularly scheduled meeting.

A similar procedure shall be followed where the City is requested to join as *amicus* in pending litigation of County or Statewide interest.

C. Special District Referrals

In an effort to promote harmony and understanding between the City of Mill Valley and its neighbors in contiguous unincorporated areas, neighboring special districts shall be notified of any and all City Council agenda items of direct concern or interest to them with the express intent that they will be aware and may participate in issues of mutual importance.

VII. ANNEXATIONS

The City Council will only approve annexations consistent with the policies contained in the Sphere of Influence Section of the General Plan.

VIII. BUDGET MANAGEMENT

A. Presentation of Budget

The City Manager shall prepare and present to the City Council, not later than May 1 of each even numbered year, a proposed budget for the ensuing two fiscal years commencing on July 1st. The proposed budget shall include all funds and shall

detail anticipated beginning balances, estimated revenues, recommended expenditures and anticipated ending balances.

Shortly before the end of the first year of the two-year budget, the City Manager shall prepare and present to the City Council a budget status report.

B. Financial Transactions between July 1 and Date of Adoption of Budget

Except for extenuating circumstances, the budget shall be adopted before July 1. If the adoption of the budget is delayed after July 1, payment for necessary municipal services may be made as follows until the budget is adopted:

- Employee Services - Payments may be made based upon the most recently approved list of positions and salary plans.
- Supplies, Services and Equipment - Payments may be made based upon the figures contained in the City Manager's recommended budget.

C. Budget Control

The Director of Finance shall exercise financial control of the approved budget by refusing to pay any obligations without prior City Council approval, the payment of which will exceed the following:

- The total for employee services for the applicable budgetary activity.
- The total for supplies, services and equipment for the applicable budgetary activity.

D. Transfers

1. The City Manager may authorize transfers between activities in any department within a fund.
2. The City Council shall approve all other transfers.

E. Additional Appropriations

All requests for transfers which would result in a net increase in the appropriation from a fund require specific approval by the City Council.

F. Equipment and Project Expenditures

1. The City Council shall approve all equipment expenditures over \$25,000 except those replacement items originally approved by the City Council and included in the equipment replacement reserve.
2. The City Council shall approve all new projects and increases to any approved projects over \$25,000.

3. The City Manager shall approve all other equipment and project expenditures or increases.

G. Use of Carryover Reserve

Budget funds not expended or encumbered during the budget year will be appropriated to a carryover reserve. With approval from the City Manager, departments may use their carryover funds for program elements previously approved by the Council, but not completed in the budget year. Thereafter, all remaining carryover reserves unexpended at the end of 12 months shall be transferred to the Capital Improvement Reserve.

H. Funding Level of the Contingency Reserve

As a policy goal, the general contingency reserve for the City of Mill Valley shall be maintained at 15% of the prior year's operating budget. This contingency reserve shall serve as a backup for unexpected opportunities, economic downturns and disasters. At the close of each fiscal year, surplus revenues (revenues in excess of estimated revenues) as available, shall be used to meet the aforementioned funding level.

I. Funding Level of Self Insurance Fund

The City shall attempt to maintain the equivalent of twice its self-insurance retention (SIR) in this fund. To meet this goal, surplus revenues (revenues in excess of estimated revenues) may, as available, be used after meeting the funding level of the Contingency Reserve.

J. City Requests for Outside Funding

No City department, Commission, Committee or Board should request funding from an outside organization without prior submittal of the request for review and approval by the City Council.

K. Non-City Requests for City Funding

All requests for City funding shall follow the formal budget review process during the spring of each year.

L. Recreation Program Fund

In the aggregate, City recreation programs shall be self-supporting, with the exception of the summer playground program. Program fees shall cover the cost of maintenance, equipment and program instruction.

M. Community Center Funds

The Community Center shall be self-supporting in the aggregate. Program fees shall cover the cost of maintenance, equipment and program instruction.

N. Special Reserve - Seized Drug Monies

A special reserve account for monies seized from illegal drug activities shall be established for expenditures relating to drug enforcement activities. These activities include “buy” or front money for undercover purchase operations, specialized equipment and supplies, drug education programs, (and, if sufficient funds exist, to pay for the City’s share of the funding for the Major Crimes Task Force). Any request for expenditures up to \$5,000 requires City Manager approval; all requests above \$5,000 require City Council approval. (9/21/99; 11/15/04)

O. SMEMPS Advance Rate Increase Notification

The 1983 Amendment to the Southern Marin Emergency Medical Paramedic System Plan of Operation permits the Paramedic Board of Directors to adjust the fee schedule by majority vote of the SMEMPS Board without returning to each jurisdiction for approval. The Director of Public Safety shall report to the Council in advance whenever the Board is considering an increase in rates.

P. Open Space Fund

This fund is established for the purpose of pursuing the acquisition of property identified in the City’s General Plan which is desired for permanent open space. It is the expressed desire of the City Council that these funds be leveraged to the fullest extent possible against other funding sources (i.e., Marin County Open Space District and community/neighborhood private fundraising efforts). Private donations and fundraising efforts for open space acquisition shall be credited to this fund.

Q. Library Foundation Fund

This fund is established for the investment and management by the City of funds donated to the Mill Valley Public Library Foundation. Interest earned by this fund shall be credited to same. The City’s Finance Director shall provide periodic financial reports which include the fund balance, interest earned and average rate of interest for the reporting period to the City Librarian for appropriate distribution.

R. Specific Project Funds

From time-to-time the City is asked to act as agent for the collection and disbursement of private donations designated for specific improvement projects (library, parks, arts, facilities, etc.). In such capacity, the City shall disburse such funds to meet the financial obligations of the City for any such project and shall not commit further City funds without the approval of the City Council. (11/15/04)

IX. EXPENSE REIMBURSEMENT

A. Authorized Expenses

City funds, equipment, supplies (including letterhead), titles, and staff time must only be used for authorized business of the City of Mill Valley. Expenses incurred by public officials in connection with the following types of activities generally constitute authorized expenses, and may be reimbursed by the City as long as the other requirements of this policy and any implementing procedures are met:

1. Serving the needs of the residents, businesses and visitors of the City;
2. Communicating with constituents in compliance with applicable laws;
3. Communicating with representatives of regional, state and national government on City policy positions;
4. Attending educational seminars designed to improve public officials' skills, knowledge, and information levels;
5. Participating in regional, state and national organizations whose activities benefit or affect the City's interests;
6. Attending City, community, regional and other civic events;
7. Gathering facts and information regarding City projects, issues and priorities;
and
8. Implementing a City adopted or initiated strategy for attracting or retaining businesses.

The reimbursement of any expense in excess of \$50 (fifty dollars) for any purpose other than those listed above shall require prior approval by the City Council.

The following expenditures also require prior City Council approval:

1. Payments for international travel; and
2. Expenses that exceed any annual limits established for each office holder.

Examples of personal expenses that the City will not reimburse include, but are not limited to:

1. The personal portion of any trip;
2. Political or charitable contributions;
3. Family expenses, including family member expenses when accompanying official on City-related business, as well as children or pet-related expenses;
4. Entertainment expenses, including but not limited to theater, movies (either in-room or at the theater), recreational events not related to City business (including gym or sporting event expenses), or cultural events not related to City business;
5. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
6. Personal losses incurred while on City business; and
7. Personal alcohol or bar expenses.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Council before the expense is incurred.

B. Cost Control

In the event that expenses are incurred which exceed these guidelines, the cost borne or reimbursed by the City will be limited to the costs that fall within the guidelines, unless such excess amounts have been approved in advance by the City Council. Nothing in this policy will be construed to limit reimbursement of expenses if needed in order to accommodate a disability.

C. Transportation

The most economical mode and class of transportation reasonably consistent with scheduling needs, the public official's time constraints, and cargo space requirements must be used, using the most direct and time-efficient route. Charges for rental vehicles may be reimbursed under this provision if it is determined that a rental vehicle is more economical than other forms of transportation. In making such determination, the cost of the rental vehicle, parking and gasoline will be compared to the combined cost of such other forms of transportation. Government and group rates must be used when available. The City Council recognizes and acknowledges that some public officials are part-time volunteers, and that personal, employment and other commitments may impact the economy of available travel arrangements.

1. Airfare. Airfares that are equal or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities (www.cacities.org/travel), the California State Association of Counties (<http://www.csac.counties.org/default.asp?id=635>) and the State of California shall be,

in most normal circumstances, presumed to be the most economical and reasonable for purposes of reimbursement under this policy. The City Council recognizes and acknowledges that such airfares are not always practicable or available in certain limited circumstances, and finds that higher airfares may be appropriate in individual cases.

2. Automobile. Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (*see* www.irs.gov). For 2007, the rate is 48.5 cents per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. The Internal Revenue Service rates will not be paid for rental vehicles; only receipted fuel expenses will be reimbursed.

3. Car Rental. Rental rates that are equal or less than those available through the State of California's website (<http://www.catravelmart.com/default.htm>) shall be considered the most economical and reasonable for purposes of reimbursement under this policy.

4. Taxis/Shuttles. Taxis or shuttle fares may be reimbursed, including a 15 percent gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.

D. Lodging

Lodging expenses will be reimbursed or paid for when travel on official City business reasonably requires an overnight stay.

1. Conferences/Meetings. If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available, the next section applies.

2. Other Lodging. Travelers must request government lodging rates, when available. A listing of hotels offering government rates in different areas is available at <http://www.catravelmart.com/lodguideframes.htm>. Lodging rates that are equal or less to government rates are presumed to be reasonable and hence reimbursable for purposes of this policy. In the event that government rates are not available at a given time or in a given area, lodging rates that do not exceed the median retail price for lodging for that area listed on websites such as www.hotels.com, www.expedia.com or an equivalent service shall be considered reasonable and hence reimbursable if, given the circumstances of the travel, such comparable rates can be found. In unique circumstances, the City Manager may approve the reimbursement of reasonable lodging costs that exceed the two standards above, if necessary under the particular circumstances.

E. Meals

Public officials shall, when available, take meals that are provided as part of a seminar or conference registration fee. Reimbursable meal expenses and associated gratuities shall not exceed the following rates per person:

Breakfast	\$15
Lunch	\$25
Dinner	\$40

Such amounts will be annually adjusted without further action by the City Council to reflect changes in the cost of living in accordance with statistics published by the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index, all urban consumers for the San Francisco/Oakland/San Jose Metropolitan Area. (The annual adjustment will be based on this area whether travel is within the area or not.) The City will not reimburse personal alcohol or bar expenses.

F. Telephone/Fax

Officials will be reimbursed for all actual telephone and fax expenses incurred on City business. Telephone bills should identify which calls were made on City business.

G. Airport and Other Parking Charges

The City will reimburse parking costs based on actual costs or the equivalent of long-term parking rates used for travel exceeding 24-hours.

H. Other

Baggage handling fees and reasonable gratuities will be reimbursed. Expenses for which City officials receive reimbursement from another agency are not reimbursable.

I. Expense Report Content and Submission Deadline

All expense reimbursement requests must be submitted on an expense report form provided by the City. This form shall include the following advisory:

All expenses reported on this form must comply with the City's policies relating to expenses and use of public resources. The information submitted on this form is a public record. Penalties for misusing public resources and violating the City's policies may include loss of reimbursement privileges, restitution, civil and criminal penalties as well as additional income tax liability.

Expense reports must document that the expense in question met the requirements of this policy.

Public officials must submit their expense reports within thirty (30) calendar days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, are also part of the necessary documentation. The inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

J. Verification of Expense Reports

All expenses are subject to verification that they comply with this policy. The City Council, City Manager and/or the Director of Finance or his/her designee may request additional documentation or explanation of individual expenditures for which reimbursement is requested by a public official.

K. Reports To the Public

At a subsequent City Council meeting, each public official shall briefly report, orally or in writing, on meetings attended at City expense. If multiple officials attended an event, a joint report or individual report on behalf of all attendees may be made. (Reso. #06-18, 5/1/06)

X. INVESTMENT POLICY

A. INTRODUCTION

The purpose of this policy is to assure a prudent and systematic investment program and to organize and formalize investment-related activities.

All funds shall be invested in accordance with this Annual Investment Policy. The Annual Investment Policy is based on the California Government Code Section 53601 et seq. (herein after referred to as the “Code”) related to the investment of public funds and prudent money management.

B. SCOPE

It is intended that this Annual Investment Policy cover all funds and investment activities under the direction of the City.

C. PRUDENCE

The standard of prudence to be used by investment officials shall be the “prudent person” standard, which states, “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 overall investment program shall be designed and managed with a degree of professionalism that is worthy of public trust. The City shall recognize that no investment is totally riskless and that the investment activities of the City are a matter of public record. Investment officers acting in accordance with this investment policy 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 are reported in a timely fashion and appropriate action is taken to control adverse developments.

D. OBJECTIVES

The primary objectives, in priority order, of the City’s investment activities shall be:

- 1) Safety. Safety of principal is the foremost objective of the investment program. The City’s investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 2) Liquidity. The City’s investment portfolio shall remain sufficiently liquid to enable the City to meet its cash flow requirements.
- 3) Total Return On Investment. The City’s investment portfolio shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

Safety of principal is the primary objective of the City. Each investment transaction shall seek to ensure that large capital losses are avoided from securities or broker-dealer default. The City shall seek to ensure that capital losses are minimized from the erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk.

Credit risk, the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only permitted investments and by diversifying the investment portfolio according to this Annual Investment Policy.

Market risk, the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by matching maturity dates, to the extent possible, with the City’s expected cash flow draws. It is explicitly recognized herein, however that, in a diversified portfolio, occasional losses is inevitable and must be considered within the context of the overall investment return.

E. DELEGATION OF AUTHORITY

The management responsibility for the investment program is hereby delegated to the

City Manager who shall monitor and review all investments for consistency with this investment policy. The City Manager may delegate responsibility for day-to-day management of the portfolio. No person may engage in an investment transaction except as provided under the limits of this policy. The City Manager may also delegate the investment decision-making and execution authority to an investment advisor. The advisor shall follow the policy, which has been approved by the Council and such other written instructions as are provided.

F. ETHICS AND CONFLICT OF INTEREST

Employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. City employees involved in the investment process shall disclose to the City Manager any material financial interests in financial institutions that conduct business with the City, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio.

G. INTERNAL CONTROLS

The City Manager or his designee shall establish a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentations by third parties and imprudent actions by employees of the City. The internal controls shall be reviewed with the Finance Director/Treasurer and the independent external auditor. The Finance Director/Treasurer shall perform a review of the internal controls at least on an annual basis.

H. PERMITTED INVESTMENT INSTRUMENTS

The City's policy is to invest only in instruments as permitted by the Code, subject to the limitations of this Annual Investment Policy. Permitted investments in the portfolio shall provide sufficient liquidity to enable the City to meet its cash flow requirements and shall not exceed a maximum stated term of up to three (3) years. The Council must grant express written authority to make an investment or to establish an investment program of a term longer than three (3) years.

Maturity shall mean the stated final maturity of the security, or the unconditional put option date if the security contains such provision. Term or tenure shall mean the remaining time to maturity when purchased.

Permitted investments shall include:

- 1) U.S. Treasury Obligations: United States Treasury notes, bonds, bills or certificates of indebtedness, or those obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 2) Obligations of Federal Agencies and U.S. Government Sponsored Enterprises:

Obligations issued by Banks for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Farm Credit Banks, Federal Home Loan Banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participation's, or other instruments of, or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participation's, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise, or such agencies or enterprises which may be created.

- 3) State of California Obligations: Registered state warrants, treasury notes or bonds of the State of California, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency or authority of this State.
- 4) Local Agency Obligations: Bonds, notes, warrants or other evidences of indebtedness of any local agency of the State, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by a local agency or by a department, board, agency or authority of a local agency. Such obligations must be rated A-1/P-1, or equivalent or better short-term; or Aa/AA or better long term by two national rating agencies.
- 5) Bankers' Acceptances: Bills of exchange or time drafts drawn on and accepted by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest letter and numerical rating (A-1/P-1) by Moody's Investors Services and by Standard & Poor's Corporation. Purchases of Banker's Acceptances may not exceed 270 days maturity. No more than five percent of the City's portfolio may be invested in the Banker's Acceptances of any one commercial bank.
- 6) Corporate Notes: Medium-term corporate notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Notes eligible for investment shall be rated in a category "A" or its equivalent or better by a nationally recognized rating service. Purchase of medium-term corporate notes shall be limited to five percent in any one issuer.
- 7) Insured Savings/Money Market Accounts: Federal Deposit Insurance Corporation (FDIC)-insured savings accounts or Securities and Exchange (SEC)-registered money funds.
- 8) Negotiable Certificates of Deposit or Deposit Notes: Issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank. Such obligations must have long-term

ratings of Aa/AA or better by two national rating agencies.

Purchases of negotiable certificates of deposit shall be limited to five percent in any one issuer. (Deposit notes and bank notes shall be included with negotiable certificates of deposit in calculating allowable maximum percentages.)

- 9) Mortgage and Asset-Backed Obligations: Any mortgage pass-through security collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable-backed bond of a maximum of five years maturity. Such obligations must be rated Aa/AA or better long term by two national rating agencies and the issuer of such obligations must be rated Aa/AA or better by two national rating agencies. Purchases of securities authorized by this section shall be limited to five percent in any one non-governmental issuer.
- 10) State of California's Local Agency Investment Fund (LAIF): In accordance with Section 16429.1 of the California Government Code, the Agency may invest up to the maximum amount permitted by law in LAIF. The LAIF portfolio, including its average maturity, credit quality and Investment Policy shall be reviewed annually.
- 11) Commercial Paper: Commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating (A-1/P-1) as provided by Moody's Investors Service, Inc. and Standard & Poor's Corporation; provided that the issuing corporation is organized and operating within the United States, has total assets in excess of \$500 million and has an "A" or higher rating for its long-term debt, if any, as provided by Moody's or Standard & Poor's. Purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of the City's portfolio. No more than five percent of City's portfolio may be invested in Commercial Paper of any one corporation pursuant to this section.

Credit criteria listed in this section refer to the credit of the security or the issuing organization at the time the security is purchased.

I. INELIGIBLE INVESTMENTS

Any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are prohibited include:

- (1) Inverse floaters, range notes, dual index notes, leveraged or de-leveraged floating rate notes, or interest-only strips that are derived from a pool of mortgages.
- (2) Any security that could result in zero interest accrual if held to maturity.
- (3) Any security with an unusually high degree of interest rate sensitivity or credit

risk.

(4) Any security that is foreign currency denominated.

J. RATING DOWNGRADES

The City may from time to time be invested in a security whose rating is downgraded. In the event of a downgrade, the City Manager or his designee shall report the downgrade to the Council at the next scheduled presentation of the portfolio. In the event of a downgrade below the minimum credit rating criteria permitted by this investment policy, the designated investment manager shall immediately report the downgrade to the City Manager. The City Manager or his designee shall report to the Council, at their next regularly scheduled meeting, both the downgrade and the action that has been taken.

K. DIVERSIFICATION

Investments shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, specific issue, or specific class of securities. Diversification limits ensure the portfolio is not unduly concentrated in the securities of one type, industry, or entity, thereby assuring adequate portfolio liquidity should one sector or company experience difficulties.

INSTRUMENTS	Maximum % of Portfolio at Time Of Purchase
A. U.S. Treasuries (including U.S. Treasury Coupon and principal STRIPS)	100% (Code)
B. Federal Agencies and U.S. Government Sponsored Enterprises	100% (Code)
C. State of California Obligations	25% (Code 100%)
D. Bankers Acceptances	25% (Code 40%)
E. Negotiable Certificates of Deposit	30% (Code)
F. Corporate Securities/Certificates of Deposit	30% (Code)
G. Mortgage and Asset-backed Securities	30% (Code)
H. Money Market Funds	20% (Code)
I. Commercial Paper	25% (Code)
J. California Local Agency Investment Fund (LAIF)	100% (Code)

Issuer/Counterparty Diversification Guidelines - The percentages specified below

shall be adhered to on the basis of the entire portfolio:

- i. Any one Federal Agency or Government Sponsored Enterprise (except LAIF) 35%
- ii. Any one repurchase agreement counterparty name
 - If maturity/term is ≤ 7 days 50%
 - If maturity/term is > 7 days 25%

Issuer/Counterparty Diversification Guidelines for All Other Securities described in Subsections A. - J above. Permitted Investments of this Annual Investment Policy:

Any one corporation, bank, local agency or other corporate name for one or more series of securities, and specifically with respect to special purchase vehicles issuers for mortgage and asset-backed securities, the maximum applies to all such securities backed by the same type of assets of the same issuer. 5%

L. SALES PRIOR TO MATURITY

In the effort to maximize portfolio performance, the City, may, from time to time, sell securities that it owns in order to better reposition its portfolio assets in accordance with updated cash flow schedules or better market opportunities.

M. REPORTING REQUIREMENTS

In accordance with Government Code Sections 53600 through 53609, the City Manager or his designee shall annually render to the Council a statement of investment policy, which the Council shall consider at a public meeting.

The City Manager shall render a monthly investment report to the Council. The report shall be submitted within 30 days following the end of the month. The following shall be included, if applicable.

- Type of investment instrument (i.e. Treasury Bill, medium-term note)
- Issuer names
- Purchase date (trade and settlement date)
- Maturity date
- Par value
- Purchase price
- Coupon rate
- Call/refunding date and price
- Discounts or premiums, if any
- Accrued interest paid at purchase, if any
- Accrued interest to date
- Amortization of premium/discount
- Overall portfolio yield based on cost
- Yield at market
- Book value
- Current market value and the source of the valuation

- Current credit rating of each security other than U.S. Treasuries
- Average maturity or duration
- Unrealized market value gain or loss (i.e., market value-book value)
- Other special features, characteristics, or comments

The report also shall (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a statement denoting the ability of the City to meet its cash expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

N. SAFEKEEPING AND CUSTODY

All securities owned by the City shall be kept in safekeeping with “perfected interest” in the name of the City by a third-party bank trust department, acting as agent for the City under the terms of a custody agreement executed between the bank and the City. All securities shall be received and delivered using standard delivery versus payment procedures. (Revised 4/06)

XI. USE OF CITY FACILITIES

A. City Hall Meeting Rooms

General Policy

When not in use for scheduled City meetings and activities, the City Council Chambers and the second floor conference room may be used by other governmental agencies, Mill Valley civic organizations or not-for-profit art and environmental organizations.

Limitations of Use

1. Use is limited to governmental agencies, Mill Valley civic organizations and not-for-profit art and environmental organizations. No commercial or profit-making individual or group usage will be allowed. Consistent with the Establishment Clause of the First Amendment, no usage for religious purposes shall be permitted.
2. All meetings must be free and open to the public; no donations may be solicited.
3. Rooms are not available for permanent rental or on a consecutive daily, weekly or monthly basis.
4. Maximum Capacity of City Council chambers is 110; maximum capacity of Second Floor Conference Room is 12.

5. Request for use may be made through the City Clerk's office up to 30 days in advance.
6. Use is granted with the understanding that the City may pre-empt a reservation for City business at any time.
7. Cancellation must be confirmed with the city clerk before 5:00 p.m. on the day of use.
8. A completed application must be received in order to confirm a requested date.
9. No food or beverages may be served except for City-sponsored events.
10. User is responsible for delivery, placement, and prompt removal of all equipment.
11. User shall restore facilities in a neat and orderly fashion after each use.
 - 11.1. Replace all furniture to original position
 - 11.2. Turn off sound equipment and lights
 - 11.3. Remove any pamphlets, extraneous materials
 - 11.4. Close all windows
12. All persons to whom use has been granted must agree in writing to hold the City harmless and indemnify the City from any and all liability for injury to persons or property occurring as a result of the activity sponsored except for liability arising from the sole negligence or willful misconduct of the City. User group is responsible for damage or loss (including property) resulting from the actions of users and guests. (9/21/99)

B. Policy Guidelines for Display of Art in City Buildings

1. Pursuant to the Mill Valley Municipal Code, the Art Commission is responsible for sponsoring exhibits by local artists in the Mill Valley City Council Chambers. Consistent with constitutional requirements, the selection of art for display in public buildings must be based on artistic merit, rather than the content of the artistic message being conveyed.
2. When conducting its merit-based selection process, the Art Commission shall take into consideration that City buildings are primarily places of employment and where public business is conducted and secondarily serve as a limited public forum for the display of art. Although the City encourages artistic expression, the City also wishes to ensure that City buildings are places where citizens, employees, and visitors of various ages and diverse views feel welcome and comfortable. In addition, the City must comply with State and Federal laws prohibiting sexual harassment in the workplace.

3. The Art Commission shall communicate these policy guidelines to artists who are applying to display their work in City buildings and again in confirmation letters to the chosen artists. The Art Commission shall consider these policy guidelines when identifying particular pieces of art to be displayed by a chosen artist and when determining the location, timing and manner of display of the artist's work.
4. The Art Commission may seek guidance from the City Council regarding the selection of art for display in public buildings. The City Council has the final authority to determine when and in what manner art exhibits may occur in city buildings. (6/96)

C. Mill Valley Community Center, Golf Clubhouse, City Parks

Use of the Mill Valley Community Center, Golf Clubhouse, and use of city parks or the downtown plaza shall be authorized by the Parks & Recreation Commission following its adopted guidelines.

D. Large Group Gathering Areas

1. All proposed events must be evaluated by the Parks and Recreation Commission and, in some cases, the Art Commission before approval is granted for use of public areas.
2. Traditional community events will be given scheduling priority. Traditional events will be evaluated annually by City staff and the Parks and Recreation Commission to determine the validity of traditional status.
3. Alcohol may be permitted at large events with approval of the Parks and Recreation Commission, subject to the guidelines of the State Alcoholic Beverage Control Board and the following:
 - a. The time and duration of the event during which alcoholic beverages are served will be determined by the Parks and Recreation Commission.
 - b. Security and monitoring of the service of alcohol will be approved by the Parks and Recreation Commission and the Police Department. "Open Bars" are not permitted. Sponsors will be evaluated on their control of service.
 - c. For those events where alcohol is the main focus, event sponsors must provide low alcohol and non-alcoholic beverages. Appropriate food must be provided at no charge. The availability of these alternative beverages and food will be included in all advertising.
 - d. Proof of insurance must be on file with the City and such insurance must name the City of Mill Valley as additional insured for the duration of the event.

- e. The service of wine and beer is permissible at open public events. The service of distilled spirits is prohibited at open public events.
 - f. Signs discouraging drinking and driving will be prominently displayed.
4. Except as provided in City ordinance or state or federal law, the City will not exercise control over events occurring on private or commercial property within Mill Valley. City staff will meet with event sponsors (e.g., Mill Valley Film Festival) to establish mutually acceptable voluntary guidelines for operations. This process will insure that event impact on community, facilities, and services will be planned for in response to public concerns.

E. Parades

1. All parades must have a permit issued by the police department pursuant to Mill Valley Municipal Code Section 11.34.
2. Parade permit applications shall be processed in the order received except as otherwise provided in this regulation. In the event two or more applicants seek to conduct a parade at the same location and time, applications for a recurring parade shall be afforded first priority and applications by non-profit organizations located in Mill Valley shall have priority over applications by individuals or non-profit organizations located outside Mill Valley. Scheduling priorities shall be afforded without regard to the subject matter or viewpoint of the proposed parade. For purposes of this regulation, the term ‘recurring parade’ means a parade that has been conducted by the same person, entity or organization at least two consecutive years on a particular day. A particular day may be identified by a holiday name (e.g., Memorial Day), by a day of the month (e.g., January 12), or by a description (e.g., second Wednesday in April).”(3/21/05)
3. The City of Mill Valley will assist with traffic control and parking issues, but will not sponsor or organize parades. (11/15/04)

F. City Banner Poles

1. Subject to constitutional limitations, the banner poles on East Blithedale are for use by the City and Mill Valley non-profit organizations. The City of Mill Valley may pre-empt use of the pole for a City banner at any time.
2. Reservations begin at the start of the calendar year on a first-come-first-serve basis.
3. Subject to constitutional limitations, banner text, materials and colors shall be reviewed by the City before installation.

4. Banners may be hung for a maximum of one week at a time for non-profit organizations.
5. The required fee must be paid at the time of reservation. The fee shall be waived for any City banner.
6. The banner is to be picked up within five (5) working days after date of removal or there will be a \$10 late pickup charge. If not picked up within 30 days the banner will become the property of the City of Mill Valley. (1/94)
7. Street light poles throughout the city are not to be used to hang banners (2/07)

XII. PUBLIC WORKS

A. “Watch for Children” Signs

Applications for “Watch for Children” sign installation will be considered only when all the following conditions are met:

- The road is winding;
- No sidewalks exist;
- The road is used by children going to and from school and/or to and from playground areas.

B. Street Lighting

1. Street lighting is necessary for safety of vehicles and pedestrians.
2. Lighting along streets between intersections should be related to pedestrian activity at night. Some streets have limited activity while others, close to schools, churches, and business areas, have considerable activity. Such lighting should also be related to the extent to which vehicles use the streets at night.
3. The staff should continually monitor and review existing lighting to determine if such lighting should be removed or relocated.

C. Naming or Re-naming Street, Park, Building or Other Public Places

Any proposal for any new name for any street, park, building or other public place, shall be reviewed by the Mill Valley Historical Society. All such proposals shall be

approved by the City Council. No City property or building shall be named after a living person. (6/17/85, 3/18/96)

XIII. PERSONNEL ADMINISTRATION

The City Council, through the administration of the City’s personnel system, desires and insists upon a highly competent and qualified workforce that reflects the richness of diversity that can be found throughout the employment marketplace of the San Francisco Bay Area. In order to achieve this goal, the City supports and encourages the following:

- The provisions of the Equal Opportunity Act of 1972.
- Fair employment practices in employment, services and treatment of all persons without discrimination related to race, color, national origin, sex, age, creed, religion, disability(ies), marital status, sexual orientation, or political affiliation.
- Establishment or utilization of a job standard or requirement only when there is a bona fide job requirement.
- The establishment and maintenance within the City’s financial capability of a benefit and compensation program that is designed to attract and keep a diverse workforce. The design of this program shall take into consideration the diverse needs of a work force consisting of short-, mid- and long-term employees.
- The identification and maintenance of information on and the locations of groups and organizations which reflect the Bay Area’s diversity that can be contacted regarding municipal employment opportunities.
- The development, adoption and dissemination of policies that are designed to ensure that the City is a safe and non-hostile place to work.
- Periodic training sessions on topics such as cultural awareness and sensitivity training so as to create and maintain an employee culture that places a high value on diversity.
- Diversity in the City’s workforce which more specifically means diversity throughout all City departments and at all employment levels and within occupational groupings. (1/94)

XI. RECYCLING

Solid waste management poses an increasingly difficult challenge as America's consumption increases and landfill space becomes scarcer. The City of Mill Valley has participated in recycling efforts to meet the requirements of California's Integrated Waste Management Act of 1989 (AB 939). The implementation of a recycling program by itself is insufficient. Recycling has not truly taken place until the recycled material has been used in the manufacture of a product and that product has been purchased and placed in use.

State and local government purchases account for 13% of the gross national product. Therefore, government purchasing can have a direct and meaningful influence on the marketplace.

It is the intent of the City Council that the City of Mill Valley take a leadership role in the recycling of its waste products, conservation of materials and in the purchase of recycled products for the use and delivery of City services.

Return of waste products to the recycle stream

Whenever possible, all City employees and departments shall return recyclable waste products to the recycling industry. Examples of recyclable waste materials may include:

- Recyclable paper (stationery, computer paper, cardboard, etc.)
- Used motor oil and solvents
- Tires and batteries
- Glass and plastic
- All metals

Conservation of materials

When practical, all City employees and departments shall conserve materials in order to reduce the amount of resultant waste materials. Examples of conservation may include:

- Printing on both sides of office paper
- Using the back side of "used" office paper for "scratch" paper
- Using reclaimed wastewater
- Using chipped yard wastes for ground cover
- Analyzing engine oil to extend life
- Filtering and reclaiming solvents
- Plan for the use of all purchased paints - nothing leftover

Purchase of products containing recycled materials

It is the policy of the City of Mill Valley to purchase products and materials containing recycled waste materials whenever feasible except when such use negatively impacts health, safety or operational efficiency.

1. The purchase of products that cannot be recycled or reused is strongly discouraged.
2. Recycled paper shall be purchased and used in all copy machines that will accept it and shall be used for all printing purposes when possible. All City departments shall use recycled paper for letterhead, envelopes and business cards. When feasible, a recycled paper logo or the statement "printed on recycled paper" shall be shown on recycled paper products. A recycled paper designation shall be printed on all letterhead.

3. City departments shall restructure purchasing procedures and specifications (where applicable) to implement the use of products that incorporate recycled materials. Recycled products may include, but shall not be limited to:

Paper products - letterhead, envelopes, copier and printer paper, notepads, paper towels, paper cups, toilet paper, tissue paper, chart paper, etc.

- Compost made with yard waste and/or sewage sludge
 - Oil and grease
 - Paint
 - Reclaimed wastewater
 - Landscape materials
 - Janitorial supplies
 - Plastic, glass and rubber supplies
 - Construction, automotive, road and highway supplies
5. A 10% preference not to exceed \$1,000 per contract shall be given to recycled products. The preference percentage shall be based on the lowest bid or price quoted by the vendor or contractor offering non-recycled products.
 6. All contractors/consultants bidding on City jobs shall specify recycled products as listed above whenever possible.

Community cooperation

Whenever feasible, the City of Mill Valley will cooperate with and encourage local business, homeowners and other government agencies to implement recycling efforts consistent with this Council Policy. (3/18/96)

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