

WHO'S IN CHARGE?

A REPORT ON THE CITY OF POINT ARENA

MAY 12, 2010

Summary

The City of Point Arena, (the City), a general law city, uses a Mayor-Council system which has all City staff managed by and reporting to the Council as a whole. The Mayor has the authority to assign and/or to replace commissioners without regard to their knowledge, experience, or preference. The organization is weakened by the lack of a designated City Administrator causing unrealistic and inappropriate responsibilities being placed on City Council members and the city clerk.

California State Water Quality Control Board has notified the City of mandated upgrades to the wastewater system which will create a financial burden on ratepayers. The waste water plant is 30 years old and the holding pond has lost over half of its capacity because sludge has never been removed.

There is a Community Development Block Grant, (CDBG), revolving loan fund, with a balance of approximately \$287,000. The purpose of the fund is to provide loans to businesses located in Point Arena. The fund manual is unclear and contradictory.

Methods

In response to a citizen's complaint, the Mendocino County Grand Jury, (GJ), conducted an investigation into the operations of the City. The GJ conducted various interviews, toured City facilities, and reviewed numerous documents, including financial statements, Council minutes, maps, the CDBG manual, and other documents found on the City's web site.

Background

The City, located on the South Coast of Mendocino County, recently celebrated its Centennial. In the early 1900s, the City was a robust shipping center. Fishing and timber were the main industries, and had a population exceeding today's population of approximately 500 residents. The City has a volunteer fire department; law enforcement services are contracted out to the Mendocino County Sheriff's Office. There are three schools, a library, a theater, a motel and two hotels, and a City owned pier. Current economic conditions have caused a decline in tourism; consequently, "bed tax" and other revenues have diminished.

Council members receive a \$75 per month stipend; the Mayor receives \$100 per month.

Findings

Findings - Governance

1. The City has a web site, www.cityofpointarena.com, which is “user friendly”.
2. City Council meeting agendas and minutes are available on the web site.
3. Council meetings are held monthly, on the fourth Tuesday, at 6:00 p.m., at the Veteran’s Hall in Point Arena and often last in excess of three hours.
4. The City operates under a Mayor-Council system of government.
5. The City is governed by a five member elected City Council, who serve a four year term, and are elected on a staggered basis every two years.
6. New Council members receive a handbook, which includes job descriptions. Training in the Brown Act, ethics, and sexual harassment is provided by the City’s attorney.
7. The Council members select a Mayor from their ranks for a two year term.
8. Each Council member is appointed by the Mayor as a Commissioner for one of the five City departments: Safety, Roads, Utility, Administration, and the Pier.
9. Commission appointments are made at the discretion of the Mayor and recent changes appear to the GJ to have been punitive in nature, and made irrespective of job performance, knowledge, or experience in the department.
10. The City organizational chart has no City Manager or department heads. (See Appendix A)
11. The City Clerk performs the work of a city manager without the authority or the compensation for that position.
12. The City has nine employees: two in administration, one supervisor and one staff member at the waste water plant, one supervisor and one staff member for public works, one supervisor and two staff members at the Pier.
13. All City staff report to their Commissioner, who reports to the Council. Personnel evaluations are made by the entire Council, not by their immediate supervisor. Supervisors appear to be figureheads without real authority.
14. Employees establish their own schedules without supervision. There is no shared work calendar that would allow for work schedule coordination and communication.
15. Employees fill out their own timecards and are issued payroll checks by the clerk without supervisorial verification.

Findings - Finance

16. Budgets are often adopted three to five months after the beginning of the fiscal year.
17. The auditor, contracted by the City, has been the same individual for over 20 years.

18. The current revolving loan fund manual is unclear and contradictory. The loan application states that the maximum is \$150,000, whereas, the manual states the maximum amount is \$50,000.

Findings - Services

19. Water is provided by Point Arena Waterworks, Inc., a private company.
20. There are 198 parcels within the city limits.
21. The wastewater treatment plant serves 149 connections, with 50 undeveloped lots.
22. There is a \$4,400 connection fee for new wastewater service.
23. The City's wastewater plant is approximately 30 years old. The sludge pond, which has never been dredged, is as much as 85 percent full. The wastewater plant has been out of compliance with State regulations for many years.
24. The City is seeking a \$3.77 million grant/loan from the United States Department of Agriculture, (USDA), to fund pond dredging and plant remediation. The urgently needed dredging is estimated to cost \$200,000.
25. The wastewater rates were raised effective April 1, 2006, June 22, 2007, and November 11, 2008. The current monthly rate is \$45.00.
26. Residential wastewater fees are collected through the Mendocino County Tax Collector's office.
27. The City has complied with Proposition 218 requirements for notice of rate changes.
28. The wastewater enterprise system¹ had an operating loss of \$19,737 for the fiscal year ended June 30, 2008, the latest audit available. The operation of the wastewater enterprise is reported to be breaking even in 2009.
29. The City owns the local pier, also an enterprise, which operated at a loss of \$88,863 for the fiscal year ended June 30, 2008.

Recommendations

The Grand Jury recommends that:

1. the City adopts the Council-Manager form of administration, i.e., the elected Council provides political leadership and makes policy while the City Manager-Administrator directs city departments in carrying out policy. (Findings 4-15)
2. the City Council conduct sessions to build team work and promote understanding of City departments. (Findings 6-9)
3. the Council adopts a new position of City Manager-Administrator. (Findings 4-5, 9-15)

¹ Generates its own revenue from rate payers, development impact fees, grants, and loans

4. the City establish and maintain a web-based calendar for work schedule coordination available to all City staff. (Findings 14-15)
5. the Council replace Commissioners with working committees of two council members for each City department. (Findings 4-5, 8-15)
6. the appointments shall be based on background, experience, knowledge and skill; not on favoritism or by punitive action. The appointments should last for at least one year. (Finding 9)
7. Council committee meetings be held and reports prepared prior to Council meetings to facilitate effective use of meeting time. (Findings 3, 9)
8. the city budgets be adopted at the beginning of each fiscal year based on reasonable assumptions of revenue and expenses, and updated quarterly. (Findings 16-17)
9. the Revolving Loan Fund Manual and application be updated, corrected, and posted on the City website. (Findings 1, 18)
10. the City follow accepted business practice by replacing the auditor this fiscal year and every three to five years thereafter. (Finding 17)
11. the City file the final application for the USDA grant/loan funding. (Findings 23-24)
12. the City continues to monitor the Pier's financial status, to develop revenue, and assure financial stability, or consider privatization to eliminate the burden on the general fund. (Finding 29)

Discussion

The City Clerk performs the work of a city manager without the authority or the compensation for that position. This leads to a lack of authority, coordination, and communication. The City of Point Arena has an inefficient organizational structure. There is no consistent coordination between the employees, departments, and the Council. Committee work is done at the monthly Council meeting making them unnecessarily long. The organization is weakened by the lack of a designated City Administrator, which leads to inappropriate and overlapping responsibilities being placed on City Council members and inefficient use of time.

There is no coordinated effort to efficiently manage city staff. Staff reports to their commissioner, who acts as a Supervisor, but may not be available on a daily basis. Staff sets their own work schedule/time off. A City Manager-Administrator position would be responsible for staff direction and human

resource needs, such as work schedules, notifications of time off, and timecard verification. The City Manager-Administrator would report directly to the City Council on staff issues and concerns.

Wastewater rates have been too low to properly maintain and/or upgrade the wastewater system. The need for higher rates should be addressed at a public meeting. Due to the small number of connections, it is unlikely that the City will be able to independently fund State mandated upgrades.

The revolving loan fund has proven to be beneficial to the some of the citizens and the City.

Required Responses

Point Arena City Council (All Findings; All Recommendations)

Appendix A

