



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

June 26, 2026

Matthew Alaniz
Vice Mayor
City of Willits
111 E. Commercial St.
Willits, CA 95490

Re: Your Request for Advice
Our File No. A-26-047

Dear Vice Mayor Alaniz:

This letter responds to your request for advice regarding the Political Reform Act (“Act”) and Government Code Section 1090, et seq.¹ Please note that we are only providing advice under the Act and Section 1090, not under other general conflict of interest prohibitions such as common law conflict of interest.

Also, note that we are not a finder of fact when rendering advice (*In re Oglesby* (1975) 1 FPPC Ops. 71), and any advice we provide assumes your facts are complete and accurate. If this is not the case or if the facts underlying these decisions should change, you should contact us for additional advice.

We are required to forward your request regarding Section 1090 and all pertinent facts relating to the request to the Attorney General’s Office and the Mendocino County District Attorney’s Office, which we have done. (Section 1097.1(c)(3).) We did not receive a written response from either entity. (Section 1097.1(c)(4).) We are also required to advise you that, for purposes of Section 1090, the following advice “is not admissible in a criminal proceeding against any individual other than the requestor.” (See Section 1097.1(c)(5).)

QUESTIONS

1. Does the Act or Section 1090 prohibit you, the Vice Mayor of the City of Willits (“City”), from participating in an amendment to a settlement agreement or wastewater disposal agreement with Brooktrails Township Community Services District (“District”) when your spouse is employed as the District’s General Manager?

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

2. Does the Act or Section 1090 prohibit you from participating in the City Council's decision to contract with RW Consulting to lead and support negotiations with the District regarding an amendment to a settlement agreement or wastewater disposal agreement?

CONCLUSIONS

1. No, neither the Act nor Section 1090 prohibits you from participating in an amendment to a settlement agreement or wastewater disposal agreement with the District. Under the Act, your spouse's salary from a governmental entity is not considered income. Under Section 1090, you have a non-interest in the agreements because your spouse's employment with the District predates your election to the City Council by more than one year.

2. No, you have not identified a financial interest under the Act or Section 1090 that prohibits you from participating in a contract between the City and RW Consulting.

FACTS AS PRESENTED BY REQUESTER

You are the Vice Mayor and a City Council member for the City of Willits ("City"). You have served on the Willits City Council since December 2024. Your spouse has been the District General Manager since 2018. You and your spouse live and own property in the City.

The District is located in the geographic center of Mendocino County and approximately one mile northwest of the City. The District provides various services, including sewer services, to District customers. The District owns, operates, and maintains a public wastewater collection system and receives wastewater treatment and disposal services from the City. The District reimburses the City for costs allocated to the District based on the ratio of total flow entering the City's wastewater treatment plant. Currently, the District has the right to dispose of up to 490,000 gallons per day of sanitary sewage, based on average dry weather flow, into the City's sewage treatment plant.

According to the Mendocino Local Agency Formation Commission's ("Mendocino LAFCo's") Municipal Service Review and Sphere of Influence Update adopted on August 5, 2019, "In 2010, the District filed a lawsuit against the City seeking, declaratory relief regarding wastewater accounting methods and allocation of operating costs and annual audits. The City filed a cross complaint against the District to recover certain costs and expenses incurred by the City related to the [City's wastewater treatment plant] improvement project." In 2012, the City completed major upgrades to its wastewater treatment plant.

On April 6, 2015, the City and District entered into a settlement agreement for the disposal of wastewater from the District to the City's wastewater treatment and disposal facilities ("Settlement Agreement"). The Settlement Agreement resulted in the dismissal of litigation between the City and District and a general release. The Settlement Agreement required the City and District to jointly contract with a certified public accountant to audit, by December 31, 2018, the City's accounting and sewage flow records for a three-year period. The purpose of the audit was to "[identify] the costs and volumes of wastewater contributed by the District, in order to

establish a fair accounting of the true cost of treating and disposal of the District's wastewater."² The District agreed to pay the City \$22,000 per month for its share of sewage treatment plant operations from July 1, 2015 through June 30, 2019. In exchange, the parties released each other for past claims for overpayment or underpayment of sewage treatment plant operations or capital replacement costs predating July 1, 2015. In addition, the District agreed to pay a lump sum of \$213,500 as the District's share for the City's past payments on a 2011 loan from the U.S. Department of Agriculture ("USDA") and 36 percent of the City's semi-annual payments for two 2007 USDA loans. The District also agreed to pay 36 percent of future costs to improve the City's sewage treatment plant to meet more stringent state and federal standards than currently in effect, or to replace equipment or facilities. The Settlement Agreement required the City to install new metering facilities to measure the flow of sewage entering the City's sewage treatment plant. Lastly, the agreement required the parties to establish an ad hoc committee with two members from the City Council and the District Board to investigate the feasibility of a joint powers agency owning and operating the wastewater treatment plant.

On June 24, 2020, the City and District entered into an amendment of the Settlement Agreement effective March 10, 2020 (the "Amendment"). The Amendment apportioned the District's annual operating costs, as follows: \$28,000 per month from July 1, 2019, through June 30, 2020, then adjusted by 3.5% beginning July 1, 2020, and each July 1 thereafter. In addition, the District agreed to pay a lump sum of \$48,000 to the City. The parties released each other for past claims for overpayment or underpayment of sewage treatment plant operations or capital replacement costs predating March 10, 2020. The Amendment extended the term of the Settlement Agreement to June 30, 2025. The parties agreed to jointly contract for a sewer rate study and use the resulting data to establish monthly wastewater treatment plant operational expenses to be paid by the District for an agreed-upon period following the contract term. Prior to the performance of the sewer rate study, the ad hoc committee would continue to meet to address capital and replacement costs, ongoing operational strategies or changes, flow measure, shared cost responsibilities, and other topics.

The term of the Settlement Agreement expired in 2025, despite the District's requests for the City to extend it. At its April 22, 2026 meeting, the City Council agenda included the approval of a contract with RW Consulting to facilitate wastewater negotiations between the City and the District. RW Consulting would lead and support City negotiations with the District on another amendment to the Settlement Agreement or a new agreement for wastewater disposal and treatment services that reflects current operations, cost-allocation needs, and equitable treatment of City sewer contributors and customers. However, the City Council tabled the matter pending advice from the Fair Political Practices Commission regarding whether you have a conflict of interest that prohibits your participation in negotiations with the District involving wastewater disposal and treatment services.

² See Mendocino LAFCo's Municipal Service Review and Sphere of Influence Update adopted on August 5, 2019.

ANALYSIS

The Act

Under Section 87100 of the Act, “[a] public official at any level of state or local government shall not make, participate in making or in any way attempt to use the official’s 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 has a financial interest in a decision within the meaning of Section 87100 if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the official, a member of the official’s immediate family,” or on certain specified economic interests. (Section 87103.) You have not identified a financial interest involving RW Consulting.

Amendment to Settlement Agreement & Wastewater Disposal Agreement

Pertinent to the amendment to the Settlement Agreement and a wastewater disposal agreement between the City and District, the relevant economic interests under Section 87103 are:

- An interest in a source of income to the official, or promised income, which aggregates to \$500 or more within 12 months prior to the decision (Section 87103(c)) including any community property interest in the income of a spouse (Section 82030(a)).
- An interest in the official’s personal finances, meaning the financial effect of a governmental decision on the personal finances of a public official or his or her immediate family. (Section 87100; Regulation 18700(c)(6).)

Under the Act, “income” expressly excludes the salary from a local government agency. (Section 82030(b).) A “local government agency” includes a district. (Section 82041.) Regulation 18232(a) states that, for purposes of Section 82030(b)(2):

“Salary” from a state, local, or federal government agency means any and all payments made by a government agency to a public official, or accrued to the benefit of a public official, as consideration for the public official’s services to the government agency. Such payments include wages, fees paid to public officials as “consultants” as defined in Regulation 18700.3, pension benefits, health and other insurance coverage, rights to compensated vacation and leave time, free or discounted transportation, payment or indemnification of legal defense costs, and similar benefits.

According to the facts, your spouse is employed by, and receives a salary from, the District. Therefore, your spouse’s salary does not constitute income under the Act and does not result in disqualification from any decision involving the District barring any other economic interest.

You also have a financial interest in your personal finances and those of your immediate family. (Sections 87100, 87103; Regulation 18700(c)(6).) Regulation 18702.5(a) provides that:

A governmental decision's reasonably foreseeable financial effect on a public official's financial interest in personal finances or those of immediate family, also referred to as a "personal financial effect," is material if the decision may result in the official or the official's immediate family member receiving a financial benefit or loss of \$500 or more in any 12-month period due to the decision.

Notwithstanding Regulation 18702.5(a), a personal financial effect is not material if the decision would only affect the salary of the official or a member of the official's immediate family that they receive from a federal, state, or local government agency unless the decision relates to their employment. (Regulation 18702.5(b)(1).) Either an amendment to the Settlement Agreement or a wastewater disposal agreement may change the allocation of the District's and the City's share for wastewater treatment and disposal costs. This could potentially reduce or increase the sewer rates for City customers, of which you are one, which therefore could result in a personal financial effect.

Public Generally

Section 87103 prohibits an official from taking part in a decision only if the effect of the decision on the official's interest is distinguishable from the effect on the public generally. Regulation 18703(a) establishes the general rule for determining when the decision's effect on the official's interest is distinguishable from the effect on the public generally:

A governmental decision's financial effect on a public official's financial interest is indistinguishable from its effect on the public generally if the official establishes that a significant segment of the public is affected and the effect on the official's financial interest is not unique compared to the effect on the significant segment.

Additionally, Regulation 18703(e) provides specific rules for special circumstances where the public generally exception would apply. Relevant to this request for advice, Regulation 18703(e)(1) provides a specific rule in the following special circumstance:

The decision sets or adjusts the amount of an assessment, tax, fee, or rate for water, utility, or other broadly provided public services that is applied equally, proportionally, or by the same percentage to the official's interest and all businesses, properties, or individuals subject to the assessment, tax, fee, or rate.

In this case, any change in the sewer rate will broadly affect all City customers, and there is no indication that a potential sewer rate adjustment would result in a unique effect on your personal finances. Therefore, despite the potential impact on your personal finances of a rate change, you do not have a disqualifying interest under the Act that prohibits you from participating in an amendment to the Settlement Agreement or a wastewater disposal agreement with the District.

Section 1090

Section 1090 generally prohibits public officers, while acting in their official capacities, from making contracts in which they are financially interested. Section 1090 is concerned with any financial interests, other than perhaps a remote or minimal interest, which would prevent the officials involved from exercising absolute loyalty and undivided allegiance to the best interests of their respective agencies. (*Stigall v. City of Taft* (1962) 58 Cal.2d 565, 569 (*Stigall*).) Section 1090 is intended not only to strike at actual impropriety but also to strike at the appearance of impropriety. (*City of Imperial Beach v. Bailey* (1980) 103 Cal.App.3d 191, 197.) A contract that violates Section 1090 is void. (*Thomson v. Call* (1985) 38 Cal.3d 633, 646 (*Thomson*).) The prohibition applies regardless of whether the terms of the contract are fair and equitable to all parties. (*Id.* at pp. 646-649.)

Under Section 1090, “the prohibited act is the making of a contract in which the official has a financial interest.” (*People v. Honig* (1996) 48 Cal.App.4th 289, 333 (*Honig*).) An official “makes” a contract if the official participates in any way in the making of the contract, including involvement in matters such as preliminary discussions, negotiations, planning, drawing of plans and specifications. (*Millbrae Assn. for Residential Survival v. City of Millbrae* (1968) 262 Cal.App.2d 222, 237; see also *Stigall, supra*, 58 Cal.2d at p. 569.)

As a member of the City Council, you are subject to the provisions of Section 1090. Additionally, due to your status as a City Council member, you are presumed to be involved in the making of all contracts by the City Council irrespective of whether you actually participate in the making of the contract. (*Thomson, supra*, 38 Cal.3d at pp. 645, 649.) The determinative question is whether you have a financial interest under Section 1090 in an amendment to the Settlement Agreement or the wastewater disposal agreement between the City and the District arising from your spouse’s employment with the District, which would prohibit the City from making either contract.

Although Section 1090 does not specifically define the term financial interest, case law and Attorney General opinions state that prohibited financial interests may be indirect as well as direct, and may involve financial losses, or the possibility of losses, as well as the prospect of pecuniary gain. (*People v. Vallerger* (1977) 67 Cal.App.3d 847, 867, fn. 5; *Terry v. Bender* (1956) 143 Cal.App.2d 198, 207-208; 85 Ops.Cal.Atty.Gen. 34, 36-38 (2002); 84 Ops.Cal.Atty.Gen. 158, 161-162 (2001).) Officials are deemed to have a financial interest in a contract if they might profit from it in any way. (*Honig, supra*, 48 Cal.App.4th at p. 333.) An official has an interest in the community and separate property income of their spouse. (*Thorpe v. Long Beach Community College Dist.* (2000) 83 Cal.App.4th 655 (*Thorpe*); 89 Ops.Cal.Atty.Gen. 69 (2006); see also 78 Ops.Cal.Atty.Gen. 230, 235 (1995).) You have not identified a financial interest in RW Consulting. You have a financial interest in an amendment to the Settlement Agreement or the wastewater disposal agreement between the City and your spouse’s employer, the District. Absent an exception, Section 1090 would prohibit the contracts.

The Legislature has created various statutory exceptions to Section 1090’s prohibition where the financial interest involved is deemed to be a “remote interest,” as defined in Section 1091 or a “noninterest,” as defined in Section 1091.5. If a remote interest is present, the contract

may be made if the officer fully discloses the interest, the interest is noted in the agency's official records; and the officer abstains from any participation in the making of the contract. (Section 1091(a).) If a noninterest is present, the contract may be made without the officer's abstention, and a noninterest generally does not require disclosure. (*City of Vernon v. Central Basin Mun. Water Dist.* (1999) 69 Cal.App.4th 508, 514-515.)

Under the present circumstances, the pertinent "non-interest" exception to consider is the application of Section 1091.5(a)(6), which provides that a public official has a non-interest in a contract if their interest is "[t]hat of a spouse of an officer or employee of a public agency in his or her spouse's employment or officeholding if his or her spouse's employment or officeholding has existed for at least one year prior to his or her election or appointment." However, the non-interest exception under Section 1091.5(a)(6) does not apply to an agency decision regarding a spouse's employment terms (see *Williams* Advice Letter, No. A-16-208), including a promotion (69 Ops. Cal. Atty. Gen. 255, 259 (1986)), new employment (*Thorpe, supra*, 83 Cal.App.4th 655, 664-665), or selective reclassification resulting in eligibility for a salary increase (84 Ops. Cal. Atty. Gen. 175, 180 (2001)).

The only interest you have in contracts between the City and the District, as described above, is due to the source of income that your spouse's employer, the District, provides. However, your spouse has been the District General Manager since 2018, at least four years before you were elected to the City Council. Therefore, you do not have an interest, and are not prohibited from participating, in an amendment to the Settlement Agreement or the wastewater disposal agreement between the City and the District.³

If you have other questions on this matter, please contact me at JGin@fppc.ca.gov.

Sincerely,

Dave Bainbridge
General Counsel

Joanna Gin

By: Joanna Gin
Senior Counsel, Legal Division

JG: aja

³ Since the non-interest exception for spouses permits your participation in the decisions involving the settlement agreement, we do not analyze other exceptions. However, we note that other exceptions may apply in regard to a settlement agreement between governmental entities, including the non-interest exception under Section 1091.5(a)(9), the remote interest exception under Section 1091(b)(13), and, in some cases, the rule of necessity. (See *Devaney* Advice Letter, No. A-14-142 [rule of necessity applies to allow the city council to carry out its essential duties of settling and reimbursing claims for damages].)