

**MINUTES OF THE WILLOWS CITY COUNCIL SPECIAL MID-YEAR
BUDGET MEETING HELD February 14, 2011**

The City Council of the City Of Willows met in Special Workshop session on Monday, February 14, 2011, in the Council Chambers of the Civic Center. The meeting was called to order at 11:03 a.m. by Mayor Gary Hansen.

PLEDGE OF ALLEGIANCE: Council Member Cobb led the Pledge of Allegiance at the opening of the session.

PRESENT: Cobb, Hobbs, Holvik, Yoder & Hansen

ABSENT: None

1. 2010/2011 Mid Year Budget Review- Finance Director Tim Sailsbery briefed the Council on the status of the General Fund for the first six months of 2010/2011 in comparison to the prior year and to the adopted budget. Sailsbery noted that activity for the first six months for 2010/2011 resulted in an operating deficit of \$163.4K compared to \$221.9K deficit for the prior year, and that projections for the balance of the year show that the City will likely exceed the budgeted deficit of \$243.5K and the actual deficit will be closer to \$282.4K.

Discussion ensued regarding various General Fund revenue sources, including an unexpected decline in sales tax revenue from original projections, as well as TOT revenue exceeding original expectations.

General Fund expenditure activity was then discussed, including the effect of the weed abatement program on expenditure levels.

Items for budgetary transfer appropriation and transfer were introduced. Council directed staff to bring the items back for approval at a future regularly scheduled Council meeting.

2. Revenue Enhancement Items - Staff and Council discussed a number of items to potentially enhance revenues, among them, a possible Sales Tax Audit and/or a TOT Audit. After some discussion it was the consensus of the Council to direct staff to pursue Sales Tax Audit services but not to pursue TOT audit services.
3. Consider Adoption of a Resolution of Appropriation Not To Exceed \$35,000 for CDBG Over the Counter Economic Development Grant Application Processing City Manager Holsinger and Marc Nemenic, Executive Director, 3Core, briefed the Council on the potential for CDBG funds to be utilized in a

loan program for a business retention program within the RDA boundaries (Sunshine Market re-build). Council was further briefed that this project must go through a significant loan review process and is subject to approval by State CDBG representatives, and that the funds requested would be utilized in processing the loan application.

/M/ Yoder /S/ Hobbs to adopt the resolution of appropriation. Item passed unanimously.

Overview of Sewer Enterprise Fund Activity- Parks and Public Works Director Tyhurst briefed the Council on a number of activities regarding Sewer Collection and Treatment. Tyhurst provided a status update on the solar array installation project, noting that preliminary stages of installation have begun but will be weather dependent.

Financing a larger scale sewer line replacement project vs. utilizing annual receipts to replace on a smaller scale was discussed. Council was briefed on the status of said financing.

In house vs. contract operations of the treatment facility was discussed. Council directed staff to study the cost of in house operations further before returning with a recommendation.

A rate study to compare revenues to ongoing operations and providing capital for renovation and expansion was discussed.

ITEMS TO BE ADDED BY CITY COUNCIL OR ADMINISTRATIVE STAFF FOR DISCUSSION PURPOSES ONLY:

Council members expressed their desire to work toward balanced budget for 2011/2012 and potential implications to wage, benefits, and staffing levels.

ADJOURNMENT: The meeting was adjourned at 2:14 p.m.

Dated: February 14, 2011

TIM SAILSBERY

Finance Director