

CITY COUNCIL

Gary L Hansen, Mayor  
Jim Yoder, Vice Mayor  
Larry Domenighini, Council Member  
Lawrence Mello, Council Member  
Jeff Williams, Council Member



CITY MANAGER  
Scott Taylor

CITY CLERK  
Natalie Butler

201 North Lassen Street  
Willows, CA 95988  
(530) 934-7041  
[www.cityofwillows.org](http://www.cityofwillows.org)

**CITY COUNCIL SPECIAL MID-YEAR BUDGET REVIEW MEETING AGENDA**

**Council Chambers, 201 North Lassen Street**  
**Thursday, February 18, 2016**  
**6:00 p.m.**

1. **Call to Order the Special Mid-Year Budget Review Meeting – 6:00 p.m.**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Public Comment** – Public Comment is restricted to only those topics listed on the agenda and is generally restricted to three minutes.
5. **FY 2015/2016 Budget Review**
  - Overall Revenue and Expenditures
  - General Fund Revenue and Expenditures
  - General Fund Revenue Projection
  - General Fund Appropriation through 12/31
  - General Fund by Department and Compared to 2014/15
  - Appropriation Requests
  - Sewer and Water Enterprise
6. **Executive Session:** Council will convene into Executive Session pursuant to California Government Code Sections 54950 et seq. More specific information regarding the closed session item(s) is indicated below:

**PUBLIC COMMENT:** Pursuant to Government Code Section 54954.3, the public will have an opportunity to directly address the legislative body on the item(s) below prior to the Council convening into Closed Session. Public Comments are generally restricted to three minutes.

  - a) **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**, pursuant to Gov. Code § 54957  
**Title: City Manager**
7. **Report out from Executive Session:**
8. **Adjournment**

**CERTIFICATION:** Pursuant to Government Code § 54956 the agenda for this meeting was properly posted on or before February 17, 2016.

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at [www.cityofwillows.org](http://www.cityofwillows.org).

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider

# CITY OF WILLOWS

2015/16

MID YEAR BUDGET REVIEW

**PART I**  
**THE 2015-16 BUDGET**  
**REVENUE AND EXPENDITURE**  
**RECAP**

**CITY OF WILLOWS  
MID YEAR BUDGET REPORT  
Part I-Budget Revenue and Expenditure Recap  
2015/2016**

**DATE:** February 18, 2016

**TO:** City Council  
City Manager

**FROM:** Finance Director

**SUBJECT:** Budget Revenue and Expenditure Recap

This section consists of tables and charts noting the overall budget, in terms of revenues and expenditures, as well as General Fund revenues and expenditures:

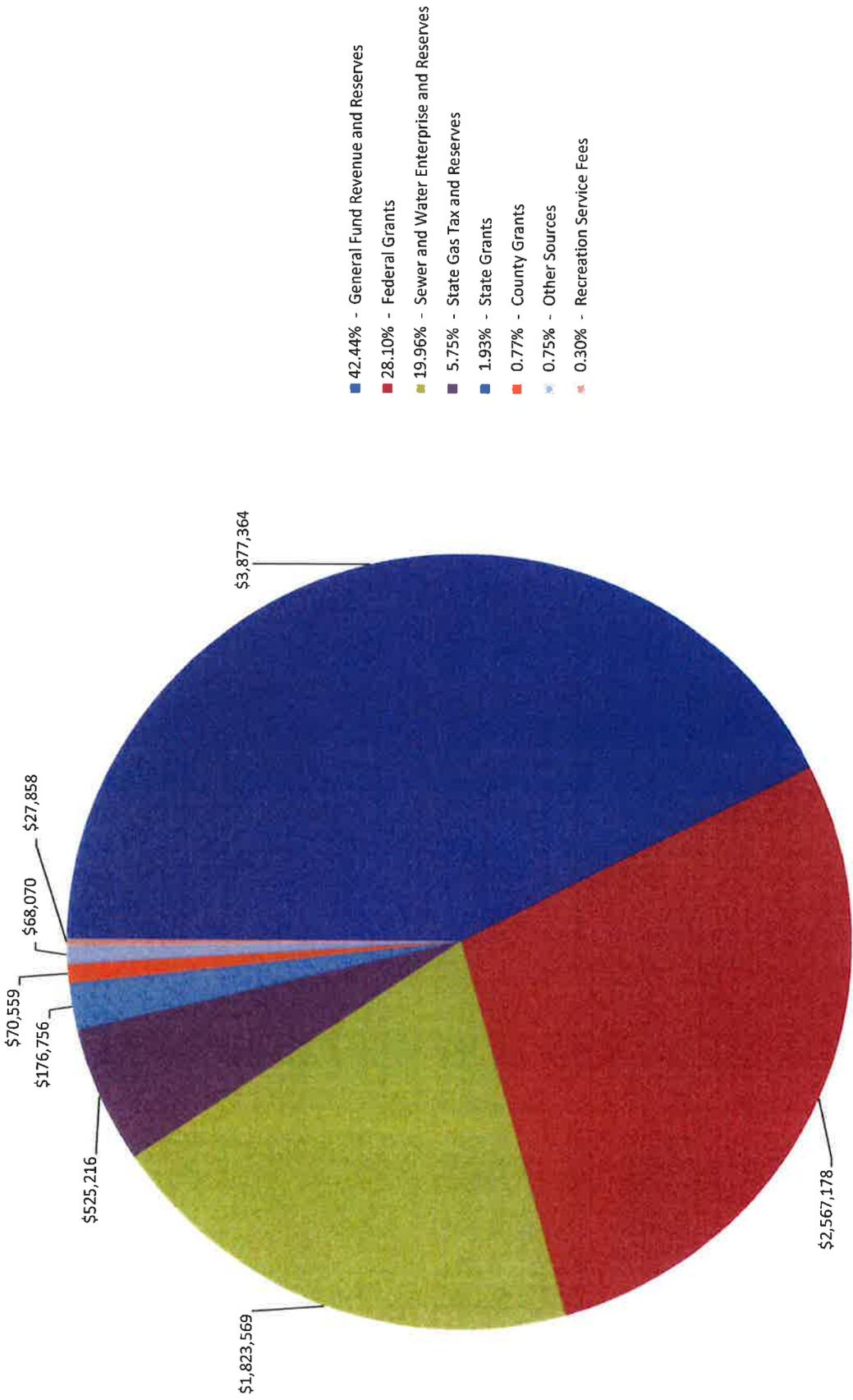
- Exhibit I-1- Total Budget Revenue Sources-“Where Did it Come From?” Table and Chart- Original Budget and Appropriations Through 12/31/15.
- Exhibit I-2- Total Budget Expenditures-“Where Is It Going?” Table and Chart- Original Budget and Appropriations Through 12/31/15.
- Exhibit I-3- General Fund Revenue and Reserve “Where Did it Come From?” Table and Chart-Original Budget and Projected Revenue Revisions through 12/31/15.
- Exhibit I-4- General Fund Expenditures “Where Is It Going?” Table and Chart-Original Budget and Appropriations through 12/31/15.

**City of Willows**  
**Schedule of Revenue Sources**  
**"Where Is Coming From"**  
**2015-16 Budget**

Exhibit I-1

	Original Budget Passage	Additional Appropriations through 12/31/15	Revenue Sources As of 12/31/15	Percentage of Total
General Fund Revenue and Reserves	\$ 3,824,736	\$ 52,628	\$ 3,877,364	42.44%
Federal Grants	\$ 67,178	\$ 2,500,000	\$ 2,567,178	28.10%
Sewer and Water Enterprise and Reserves	\$ 1,823,569		\$ 1,823,569	19.96%
State Gas Tax and Reserves	\$ 291,184	\$ 234,032	\$ 525,216	5.75%
State Grants	\$ 176,756		\$ 176,756	1.93%
County Grants	\$ 65,659	\$ 4,900	\$ 70,559	0.77%
Other Sources	\$ 68,070		\$ 68,070	0.75%
Recreation Service Fees	\$ 27,858		\$ 27,858	0.30%
	\$ 6,345,010	\$ 2,791,560	\$ 9,136,570	

# Where Is It Coming From? 2015 - 2016 Budget

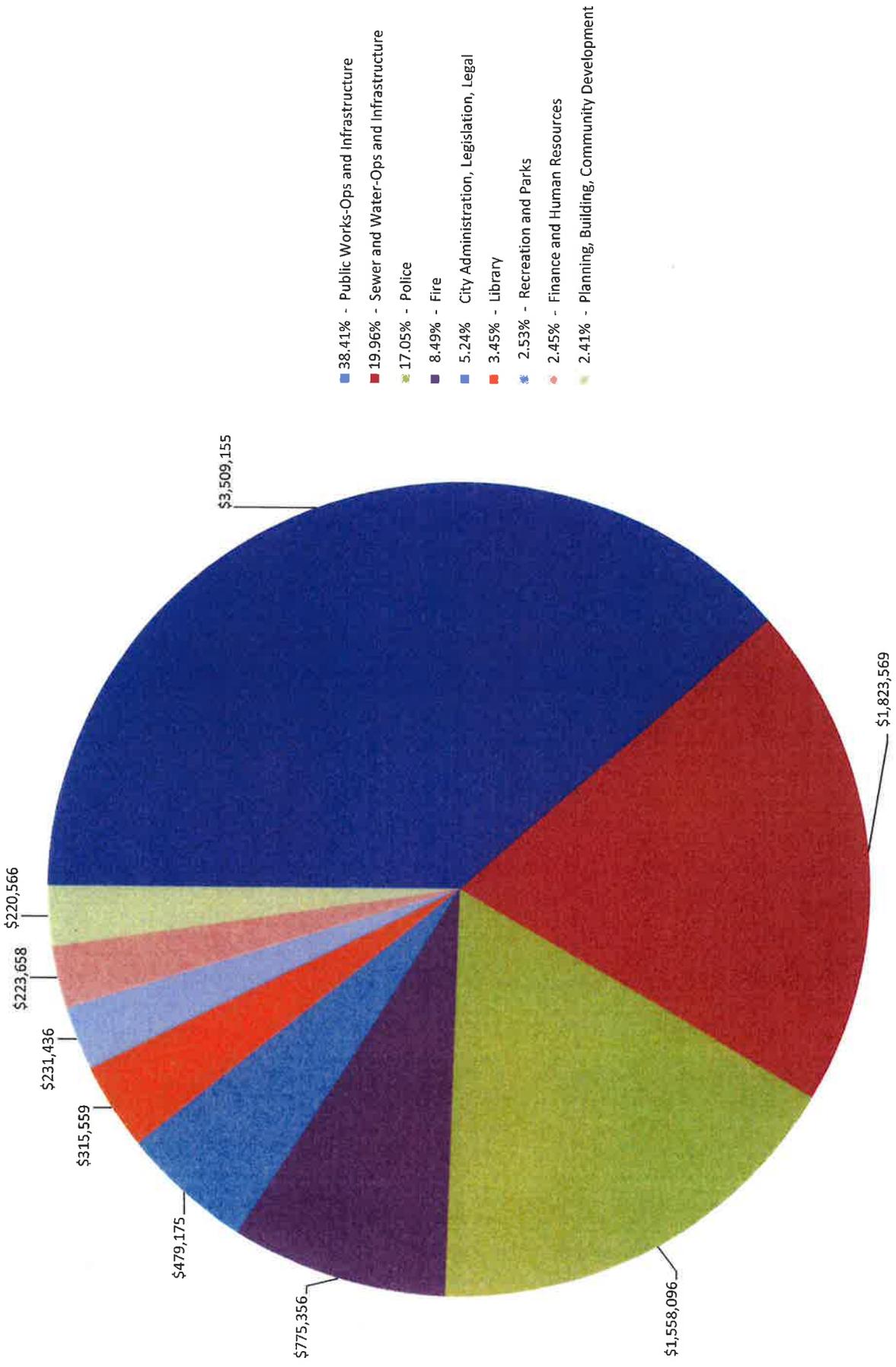


**City of Willows**  
**Schedule of Expenditure Categories**  
**"Where Is It Going"**  
**2015-16 Budget**

Exhibit I-2

	Original Budget Passage	Additional Appropriations through 12/31/15	Expenditure Category As of 12/31/15	Percentage of Total
Public Works-Ops and Infrastructure	\$ 775,123	\$ 2,734,032	\$ 3,509,155	38.41%
Sewer and Water-Ops and Infrastructure	\$ 1,823,569		\$ 1,823,569	19.96%
Police	\$ 1,558,096		\$ 1,558,096	17.05%
Fire	\$ 775,356		\$ 775,356	8.49%
City Administration, Legislation, Legal	\$ 426,547	\$ 52,628	\$ 479,175	5.24%
Library	\$ 310,659	\$ 4,900	\$ 315,559	3.45%
Recreation and Parks	\$ 231,436		\$ 231,436	2.53%
Finance and Human Resources	\$ 223,658		\$ 223,658	2.45%
Planning, Building, Community Development	\$ 220,566		\$ 220,566	2.41%
	\$ 6,345,010	\$ 2,791,560	\$ 9,136,570	

# Where Is It Going? 2015 - 2016 Budget



City of Willows Exhibit I-3  
 Schedule of General Fund Revenue and Reserves  
 "Where Is Coming From"  
 2015-16 Budget

	Original Budget Passage	Projection Changes through 12/31/15	Revenue Sources As of 12/31/15	Percentage of Total
Taxes	\$ 3,138,900	\$ (59,610)	\$ 3,079,290	79.42%
General Fund Reserve	\$ 219,366	\$ 84,238	\$ 303,604	7.83%
Service Fees	\$ 187,170		\$ 187,170	4.83%
Franchise Fees	\$ 159,500	\$ 3,000	\$ 162,500	4.19%
Licenses and Permits	\$ 64,300	\$ 25,000	\$ 89,300	2.30%
Fines and Forfeitures	\$ 20,500		\$ 20,500	0.53%
Rent	\$ 20,000		\$ 20,000	0.52%
Interest	\$ 15,000		\$ 15,000	0.39%
	\$ 3,824,736	\$ 52,628	\$ 3,877,364	

See Exhibit II-1 for explanation of revenue projection changes

# Where Is It Coming From? 2015 - 2016 General Fund Budget

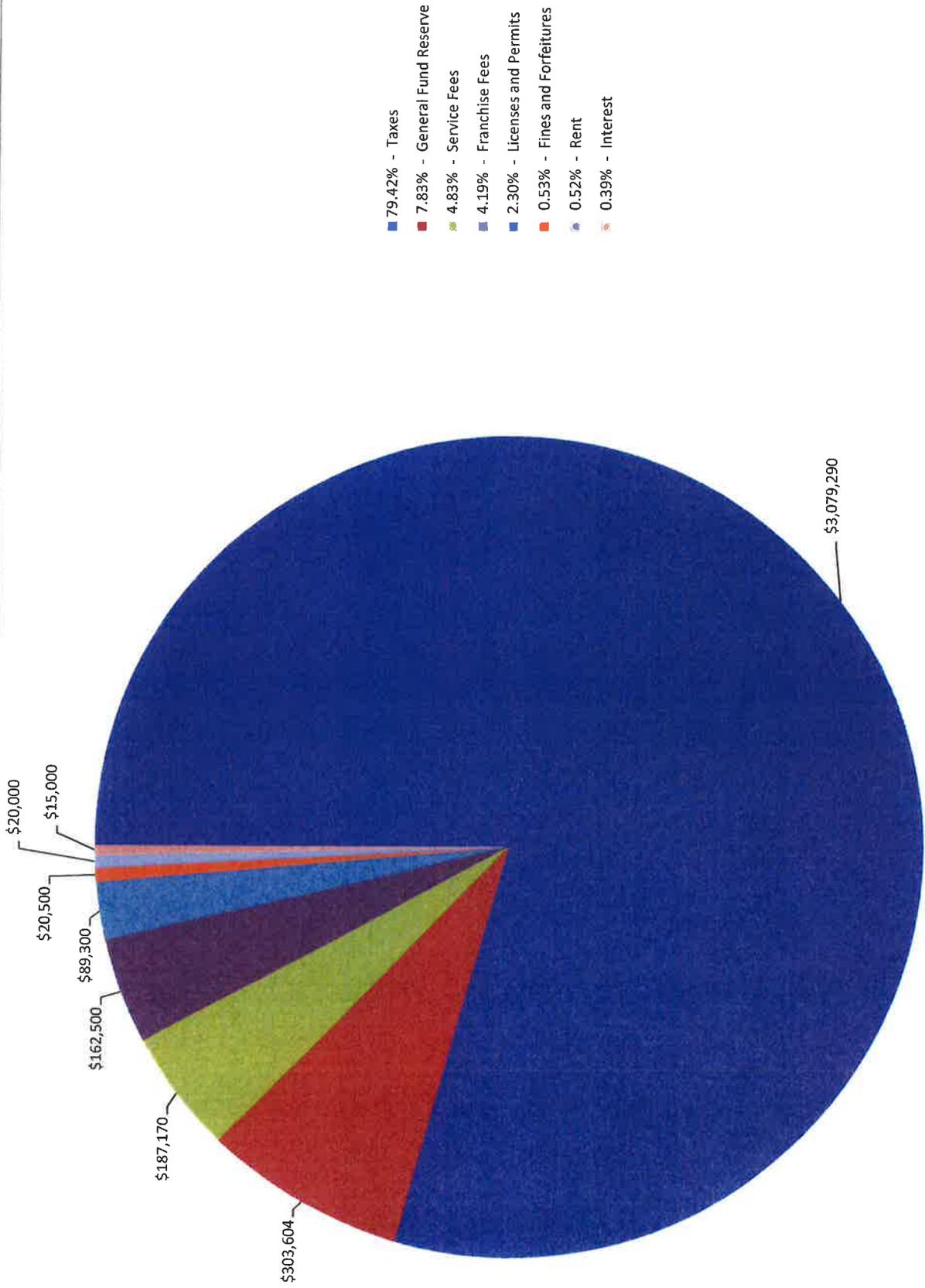
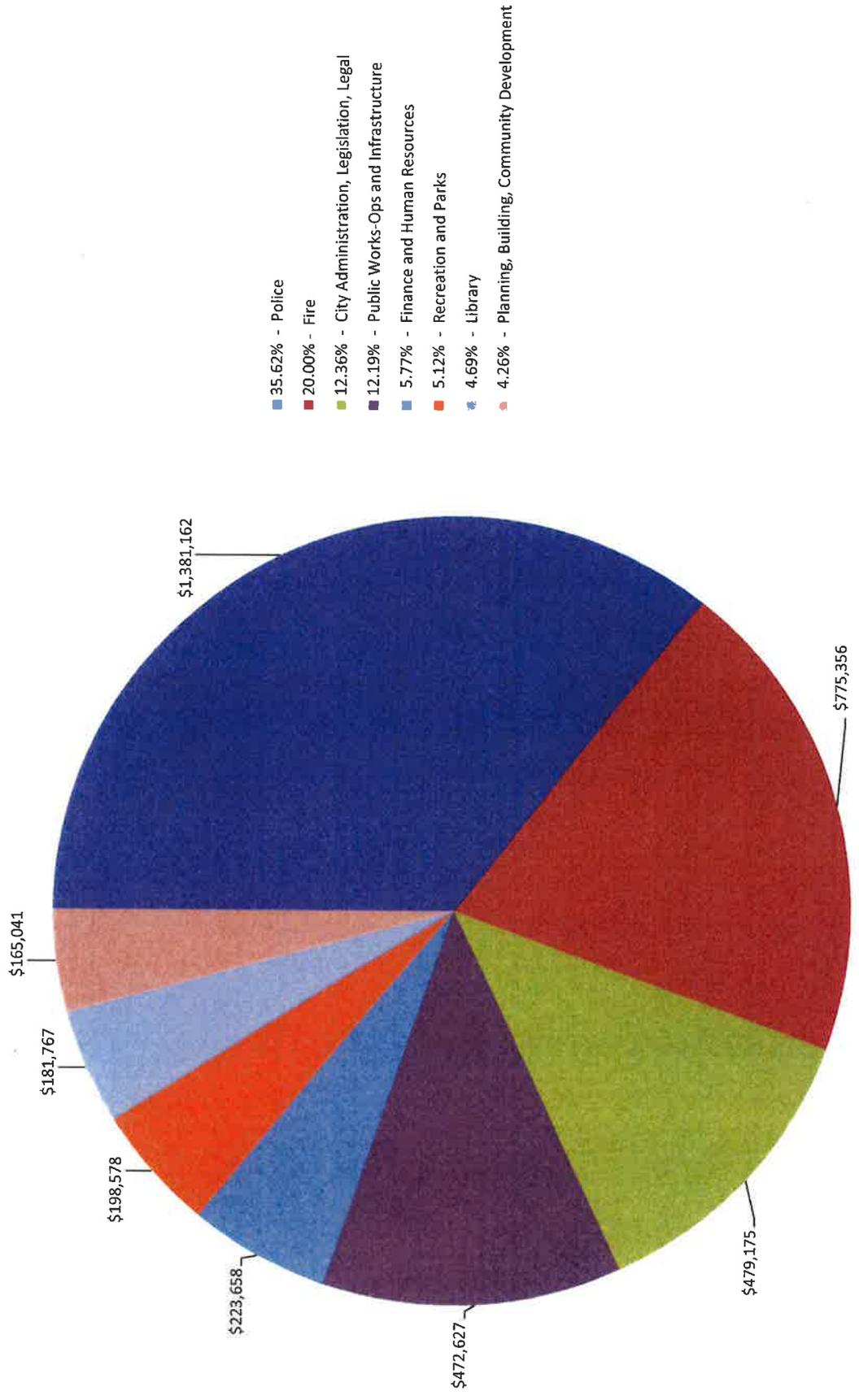


Exhibit I-4

**City of Willows**  
**Schedule of General Fund Expenditure Categories**  
**"Where Is It Going"**  
**2015-16 Budget**

	Original Budget Passage	Additional Appropriations through 12/31/15	Expenditure Category As of 12/31/15	Percentage of Total
Police	\$ 1,381,162		\$ 1,381,162	35.62%
Fire	\$ 775,356		\$ 775,356	20.00%
City Administration, Legislation, Legal	\$ 426,547	\$ 52,628	\$ 479,175	12.36%
Public Works-Ops and Infrastructure	\$ 472,627		\$ 472,627	12.19%
Finance and Human Resources	\$ 223,658		\$ 223,658	5.77%
Recreation and Parks	\$ 198,578		\$ 198,578	5.12%
Library	\$ 181,767		\$ 181,767	4.69%
Planning, Building, Community Development	\$ 165,041		\$ 165,041	4.26%
	\$ 3,824,736	\$ 52,628	\$ 3,877,364	

# Where Is It Going? 2015 - 2016 General Fund Budget



**PART II  
MID-YEAR GENERAL FUND  
REVIEW**

**CITY OF WILLOWS  
MID YEAR BUDGET REPORT  
Part II-The General Fund**

DATE: February 18, 2016

TO: City Council  
City Manager

FROM: Finance Director

SUBJECT: The General Fund

As the General Fund represents the fund source where Council has “discretionary” oversight regarding how the funds are utilized, it is the primary focus of the mid-year review. The breakdown of exhibits in this section include:

- Exhibit II-1 General Fund Revenue Projection Revision
- Exhibit II-2 Summary of General Fund Revisions and Appropriation Updates
- Exhibit II-3 General Fund-By Department-Six Month Actual vs. Budget
- Exhibit II-4 General Fund- By Expenditure Category-Vs. Prior Year

**EHIBIT II-1 General Fund Revenue Projection Revision**

Based upon updated information available since the implementation of the 2015-16, the following revenue items have been revised:

**Property Tax-Revised Downward \$89.6K-** We received word in September from the Glenn County Finance Director that the State Controller’s Office had conducted a 7 year audit of the allocation of Property Tax among the various entities that share in property tax receipts. The net result of this audit resulted in a change in calculation methods, and the City was deemed to have received \$89.6K too much over the 7 year period. These funds were “returned” via reduction in the current year allocation of property tax by the County.

In reviewing the initial allocation, there is concern that the ongoing effect of the change in calculation may have a larger impact that originally planned (net effect of \$12K-\$13K) going forward. Staff has reached out to the County Department of Finance, and meetings to go over the issue have been scheduled, but will not be completed by the time of the mid-year review. This item may be further revised as a result of the process.

**Garbage Franchise-Revised Upward \$3K-** Last year's final numbers for garbage franchise and the amount received thus far this year would indicate that revenue will exceed expectations.

**Sales Tax-Revised Downward \$25K-** Cities are entering the final year of the "triple flip" trade of sales tax for property tax, and, according to California Municipal Finance, the timing issues of coming off of the "flip" could lead to as much as a 6% increase in sales tax revenue, and that was factored into the original estimate. However, continued, extended softening of fuel prices and the slow-down in the planted acres requiring taxable fertilizer and chemicals are showing to offset some of this potential gain.

**Occupancy Tax-Revised Upward \$40K-** TOT revenues through the first half of the year are running about 10% ahead of the previous year. A conservative uptick for the year of 8% is included in the revision.

**Building Permits-Revised Upward \$25K-** The pace of building permit revenue is exceeding original projections. At the current pace, a \$25K revision is a reasonable estimate.

**Vehicle License Fee- Revise Upward \$15K-** The initial allocations from the State via the County have exceeded the original expectations.

## **EXHIBIT II-2 Revenue Revisions and Appropriations**

The details of the revenue revisions are noted above. The lone General Fund appropriation made subsequent to the passage of the budget was to the City Manager's budget to cover the six week "transition" period when two CM's were employed and the costs of employing the new CM.

Net result of the revisions shows a projected revenue of \$3.574MM and expenditures of \$3.877MM for an operating deficit of \$303K.

## **EXHIBIT II-3 Schedule of Revenue and Expenses-By Department-Six Months Vs. Updated Budget**

In general, expectations would be "50% of the year gone, 50% of expenditures made". Please note the following items to keep in mind that would change this.

**City Attorney-** 93.8% of budget expended through 12/31- Activity with the City Attorney has been greater than originally anticipated. An additional appropriation request is made in Part III of the Mid-Year Review.

**City Manager**-66.6% of budget expended through 12/31- The “transition” period of two CM’s on site occurred during the first half of the year (budget appropriations were approved for this). In addition, the “cash out” of the accrued time off (vacation, administrative leave, floating holiday, etc) of the departing CM was expensed at the time of departure. This will reverse at fiscal year-end as accrual status is updated.

**Police**- 56.7% of budget expended. The overtime budget has been nearly fully expended through the first six months (an appropriation request for additional OT is noted in Part III of this report). In addition, two departures with significant compensatory time off were cashed out. As noted above, this will reverse at year end when accruals are updated.

Please also note that the method of payment to PERS has changed, and this affects each department that has full time employees. A lump sum payment of roughly \$394K was made in July. In prior years, this amount would have been built into the monthly payment to PERS. Again, any department with full-time employees would be somewhat skewed on the front end of expenditures due to their share of this payment.

#### **EXHIBIT II-4 Schedule of Revenue and Expenses-By Expense Category- Compared to Prior Year**

Please note the following in comparison to last year:

**Wages (\$115K over last year)**- The 6 week crossover of CM’s (\$16K in wages) cash out of accruals by departing employees (\$39k in wages), and effect of wage increase for management and confidential (\$50K in wages) make up the majority of this change. General step increases make up the remaining difference.

**Employee Benefits (\$263K over last year)**-As previously noted, the change in how PERS is paid (lump sum up front portion) is the largest portion of this issue. The \$394K noted above, spread out over 12, would create an over prior year of \$197K difference over six months. The overall PERS rate also contributes to this (about \$30K). Increased cafeteria plan contribution due to health insurance increases also plays a large role (about \$12K).

As noted, Part III of this report lists several appropriation items for Council to consider. Several items are maintenance of operations items, while others are additions.

City of Willows - General Fund Revenue  
Projection 2015/16-Mid Year Revision

EXHIBIT II-1

Revenues:	2014/15 Final	Original 2015/2016 Projection	Mid Year Revision	Projection At Mid Year 2015/2016	Notes
PROPERTY TAX	\$ 757,271	\$ 810,900	\$ (89,610)	\$ 721,290	1
PG&E FRANCHISE	\$ 40,985	\$ 42,000		\$ 42,000	
WATER FRANCHISE	\$ 37,869	\$ 39,000		\$ 39,000	
CABLE TV FRANCHISE	\$ 27,593	\$ 25,500		\$ 25,500	
GARBAGE FRANCHISE	\$ 56,407	\$ 53,000	\$ 3,000	\$ 56,000	2
SALES TAX	\$ 1,245,396	\$ 1,325,000	\$ (25,000)	\$ 1,300,000	3
TRANSFER TAX	\$ 7,983	\$ 7,500		\$ 7,500	
OCCUPANCY TAX	\$ 501,000	\$ 500,000	\$ 40,000	\$ 540,000	4
BUSINESS LICENSE	\$ 22,691	\$ 22,500		\$ 22,500	
BUILDING PERMITS	\$ 76,901	\$ 32,500	\$ 25,000	\$ 57,500	5
ENCROACHMENT PERMITS	\$ 10,051	\$ 8,000		\$ 8,000	
FINES & FORFEITURES	\$ 14,294	\$ 20,000		\$ 20,000	
GENERAL INTEREST	\$ 15,188	\$ 15,000		\$ 15,000	
RENTAL OF PROPERTY	\$ 19,701	\$ 20,000		\$ 20,000	
MOTOR VEHICLE IN LIEU	\$ 481,836	\$ 482,000	\$ 15,000	\$ 497,000	6
PLANNING FEES	\$ 8,014	\$ 7,000		\$ 7,000	
PLAN CHECK FEES	\$ 22,140	\$ 30,000		\$ 30,000	
FIRE DEPARTMENT FEES	\$ 37,120	\$ 35,000		\$ 35,000	
POLICE REPORTS	\$ 605	\$ 1,000		\$ 1,000	
SEWER ADMIN FEE	\$ 77,234	\$ 77,234		\$ 77,234	
OTHER REV & FUNDS	\$ 63,265	\$ 2,500		\$ 2,500	
WEED ABATEMENT	\$ 9,929	\$ 10,000		\$ 10,000	
CAL TRANS STREET SWEEP	\$ 1,968	\$ 3,936		\$ 3,936	
DIF ADMINISTRATION	\$ 14,723	\$ 1,500		\$ 1,500	
PARKING, AVA & VEH RELEASE	\$ 795	\$ 1,000		\$ 1,000	
SWIM POOL RECEIPTS	\$ 23,674	\$ 18,000		\$ 18,000	
PARK PERMITS	\$ 2,437	\$ 1,300		\$ 1,300	
PUB SAFETY SALES TAX	\$ 16,308	\$ 13,500		\$ 13,500	
BOOKING FEES	\$ 503	\$ 500		\$ 500	
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 3,593,881</b>	<b>\$ 3,605,370</b>	<b>\$ (31,610)</b>	<b>\$ 3,573,760</b>	

Notes

- 1 Projected amount of holdback by the County Department of Finance as a result of 7-year audit of Property Tax Distributions by the State Controller's Office.
- 3 The original increase from 2014-15 included the addition of Tractor Supply and a one time bump in sales tax revenue as a result of the end of the triple flip. However, continued softening of fuel prices and unknown level of activity in the fertilizer and chemical retail market make a cautionary adjustment appropriate.
- 4 TOT revenues through the first six months indicate that the revenue should be up by about 8% from the prior year.
- 5 Building permit activity through the first six months is greater than projected.
- 6 The first installment of Vehicle License Fee Revenue was greater than anticipated. A revision upward appears appropriate.

CITY OF WILLOWS  
SCHEDULE OF GENERAL FUND UPDATED FOR  
REVENUE REVISIONS AND APPROPRIATIONS  
GENERAL FUND- BY DEPARTMENT  
Status at December 31, 2015

EXHIBIT II-2

REVENUES	Original Adopted 2015/16 Budget	Revenue Projection Revisions	Revised 2015/16 Budget With Appropriation Changes	NOTES
Taxes	\$ 3,138,900	\$ (59,610)	\$ 3,079,290	1
Franchise Fees	\$ 159,500	\$ 3,000	\$ 162,500	1
Licenses and Permits	\$ 64,300	\$ 25,000	\$ 89,300	1
Interest	\$ 15,000		\$ 15,000	
Service Fees and Other	\$ 187,170		\$ 187,170	
Rent	\$ 20,000		\$ 20,000	
Fines and Forfeitures	\$ 20,500		\$ 20,500	
	<u>\$ 3,605,370</u>	<u>\$ (31,610)</u>	<u>\$ 3,573,760</u>	
<b>EXPENDITURES</b>				
City Council	\$ 17,695		\$ 17,695	
City Attorney	\$ 15,000		\$ 15,000	
City Manager	\$ 202,252	\$ 52,628	\$ 254,880	2
Finance	\$ 223,658		\$ 223,658	
Planning	\$ 45,941		\$ 45,941	
General Office	\$ 179,100		\$ 179,100	
Community Activities	\$ -		\$ -	
Civic Center	\$ 36,370		\$ 36,370	
Building Dept	\$ 119,100		\$ 119,100	
Police Dept.	\$ 1,361,162		\$ 1,361,162	
Engineering	\$ 15,000		\$ 15,000	
Library	\$ 176,767		\$ 176,767	
Recreation	\$ 107,308		\$ 107,308	
Swimming Pool	\$ 42,532		\$ 42,532	
P&PW	\$ 355,175		\$ 355,175	
Parks Dept.	\$ 43,738		\$ 43,738	
Mall Maintenance	\$ 12,800		\$ 12,800	
Museum Maintenance	\$ 2,500		\$ 2,500	
Fire Department	\$ 702,753		\$ 702,753	
Public Works	\$ 43,002		\$ 43,002	
Storm Drains	\$ 7,780		\$ 7,780	
Capital Outlay	\$ 115,103		\$ 115,103	
Property and Liability Insurance			\$ -	
Workers Compensation Insurance			\$ -	
	<u>\$ 3,824,736</u>	<u>\$ 52,628</u>	<u>\$ 3,877,364</u>	
Projected Deficit	<u>\$ (219,366)</u>	<u>\$ (84,238)</u>	<u>\$ (303,604)</u>	

Notes

1 See Exhibit II-1 for details of revenue revisions

2 Council approved a General Fund appropriation in the amount of \$52,628 at the October 27 City Council meeting to cover the costs of employing the new CM and the transition period of employing two CM's.

**CITY OF WILLOWS**  
**SCHEDULE OF REVENUE AND EXPENSES**  
**GENERAL FUND- BY DEPARTMENT**  
**Six Months Ending December 31, 2015**

EXHIBIT II-3

REVENUES	Six Months Ending Dec. 31, 2015 Amount	Revised 2015/16 Budget With Revenue Revisions and Appropriation Change	Percentage of General Fund Budget Received
Taxes	\$ 1,341,086	\$ 3,079,290	43.6%
Franchise Fees	\$ 71,176	\$ 162,500	43.8%
Licenses and Permits	\$ 54,120	\$ 89,300	60.6%
Interest	\$ 8,762	\$ 15,000	58.4%
Service Fees	\$ 40,229	\$ 187,170	21.5%
Rent	\$ 25	\$ 20,000	0.1%
Fines and Forfeitures	\$ 5,736	\$ 20,500	28.0%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 1,521,134</b>	<b>\$ 3,573,760</b>	<b>42.6%</b>

EXPENDITURES BY DEPARTMENT	Six Months Ending Dec. 31, 2015 Amount	Revised 2015/16 Budget With Revenue Revisions and Appropriation Change	Percentage of General Fund Budget Expended
City Council	\$ 6,716	\$ 17,695	38.0%
City Attorney	\$ 14,069	\$ 15,000	93.8%
City Manager	\$ 169,817	\$ 254,880	66.8%
Finance	\$ 124,893	\$ 223,658	55.8%
Planning	\$ 20,201	\$ 45,941	44.0%
General Office	\$ 98,574	\$ 179,100	55.0%
Civic Center	\$ 17,040	\$ 36,370	46.9%
Building Dept	\$ 64,414	\$ 119,100	54.1%
Police Dept.	\$ 772,160	\$ 1,361,162	56.7%
Engineering	\$ 3,866	\$ 15,000	25.8%
Library	\$ 82,565	\$ 176,767	46.7%
Recreation	\$ 65,962	\$ 107,308	61.5%
Swimming Pool	\$ 21,565	\$ 42,532	50.7%
P&PW	\$ 176,749	\$ 355,175	49.8%
Parks Dept.	\$ 19,952	\$ 43,738	45.6%
Mall Maintenance	\$ 3,019	\$ 12,800	23.6%
Museum Maintenance	\$ 911	\$ 2,500	36.4%
Fire Department	\$ 408,825	\$ 702,753	58.2%
Public Works	\$ 23,644	\$ 43,002	55.0%
Storm Drains	\$ 2,730	\$ 7,780	35.1%
Capital Outlay	\$ 80,027	\$ 115,103	69.5%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 2,177,699</b>	<b>\$ 3,877,364</b>	<b>56.2%</b>

**EXCESS (DEFICIT) OF REVENUES**      \$            (656,565)      \$            (303,604)

**CITY OF WILLOWS  
SCHEDULE OF REVENUE AND EXPENSES  
BY EXPENSE CATEGORY  
GENERAL FUND**

EXHIBIT II-4

**Six Months Ending December 31, 2015 and 2014**

REVENUES	Six Months Ending Dec. 31, 2015 Amount	Percentage of Total Revenue	Six Months Ending Dec. 31, 2014 Amount	Percentage of Total Revenue
Taxes	\$ 1,341,086	88.2%	\$ 1,513,427	87.4%
Franchise Fees	\$ 71,176	4.7%	\$ 68,054	3.9%
Licenses and Permits	\$ 54,120	3.6%	\$ 42,339	2.4%
Interest	\$ 8,762	0.6%	\$ 9,091	0.5%
Service Fees/Other	\$ 40,229	2.6%	\$ 92,550	5.3%
Rent	\$ 25	0.0%	\$ 1,317	0.1%
Fines and Forfeitures	\$ 5,736	0.4%	\$ 4,796	0.3%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 1,521,134</b>	<b>100.0%</b>	<b>\$ 1,731,575</b>	<b>100.0%</b>
<b>EXPENDITURES</b>				
Wages-Full Time	\$ 820,790	54.0%	\$ 715,198	47.0%
Employee Benefits	\$ 744,922	49.0%	\$ 481,761	31.7%
Workers Compensation Ins.	\$ 63,888	4.2%	\$ 59,749	3.9%
Professional/Contract Services	\$ 158,556	10.4%	\$ 179,279	11.8%
Insurance, Property & Liability	\$ 90,859	6.0%	\$ 87,507	5.8%
Utilities	\$ 44,736	2.9%	\$ 47,077	3.1%
Capital Outlay	\$ 80,027	5.3%	\$ 146,655	9.6%
Wages-Part Time	\$ 65,392	4.3%	\$ 65,382	4.3%
Special Department	\$ 25,271	1.7%	\$ 27,189	1.8%
Telephone	\$ 6,109	0.4%	\$ 9,037	0.6%
Allowances, Travel & Training	\$ 17,002	1.1%	\$ 9,170	0.6%
Office Expenses	\$ 8,319	0.5%	\$ 4,791	0.3%
Vehicle Maintenance	\$ 5,263	0.3%	\$ 16,958	1.1%
Uniform/Clothing/Safety	\$ 9,388	0.6%	\$ 4,890	0.3%
Fuel	\$ 4,061	0.3%	\$ 10,711	0.7%
Buildings & Grounds	\$ 11,480	0.8%	\$ 8,830	0.6%
Equipment Maintenance	\$ 14,821	1.0%	\$ 11,837	0.8%
Postage	\$ 1,501	0.1%	\$ 1,132	0.1%
Dues & Memberships	\$ 982	0.1%	\$ 835	0.1%
Small Tools	\$ 3,759	0.2%	\$ 5,619	0.4%
Advertising	\$ 572	0.0%	\$ 1,771	0.1%
Transfers Out	\$	0.0%	\$	0.0%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 2,177,699</b>	<b>143.1%</b>	<b>\$ 1,895,377</b>	<b>124.5%</b>
<b>EXCESS (DEFICIT) OF REVENUES</b>	<b>\$ (656,565)</b>	<b>-43.2%</b>	<b>\$ (163,802)</b>	<b>-10.8%</b>

**PART III**  
**TRANSFER/APPROPRIATION**  
**ITEMS**

**CITY OF WILLOWS  
MID YEAR BUDGET REPORT  
Part III-Appropriation Requests  
2015/2016**

DATE: February 18, 2016

TO: City Council  
City Manager

FROM: Finance Director

SUBJECT: Items for Appropriation Consideration

Councilmembers, please refer to Exhibit III-1 for items to consider for additional General Fund appropriations. A brief note of each is as follows:

**City Attorney**

\$14K of the \$15K allocated for City Attorney services has been utilized through the first six months of the fiscal year. Request for attendance at City Council meetings, specified ordinance issues, and representation in personnel matters have all led to greater use of the City Attorney. Subsequent activity to December creates an estimate that the projected use of the City Attorney will be closer to \$35K for the year. As such, an additional \$20K appropriation is requested.

**Police Department Overtime**

\$79.5K of the \$80K in General Fund overtime was utilized in the first six months of the fiscal year. While one of the vacant positions was recently filled, field training time will keep this Officer from alleviating overtime until well into the Spring. Another position should be filled shortly, but, again, field training will be up to 20 weeks before that position can fill what is now overtime shifts.

While there will be some salary and benefit savings due to recent vacancies that covers part of the overtime cost, it is estimated that up to \$65K in additional overtime cost is necessary to make it through the balance of the fiscal year.

**Police Department Officer**

Council contemplated this issue in August and again in September, and requested that Staff return the item at mid-year review. The pros and cons of funding an ongoing position have been vetted, and Council is requested to review and direct Staff on this issue. The annualized, ongoing, cost would be up to \$113K in the first full year. Based upon a possible April 1 hire date, an appropriation of \$28,281 for the balance of 2015-16 would need to be approved.

### **Fire Command Vehicle**

Along with the Police Officer position, Council requested that a replacement command vehicle be brought back for consideration at mid-year review. This capital, one time cost, would be estimated at \$70,000.

### **Management Analyst Position**

An additional administrative position is requested. This position title, Management Analyst, would be utilized for the following:

- Human Resource Administration
- Risk Management Administration
- Administrative Support for Planning, Building, Public Works, and General Administration

The position has not been fully reviewed, and comparative salary review has just begun, but an estimate in the range of \$50,000 per year base salary is utilized for calculation purposes. The estimated annual cost of the position would be approximately \$79,800. With an estimated start date of April 1, the appropriation for 2015-16 would be \$19,950 for the balance of the year, and this would be an ongoing expenditure of the City.

**City of Willows**  
**Items for Appropriation/Transfer Request**  
**Based on FY 2015/16 Mid Year Presentation**

Exhibit III-1

			<u>Appropriation Request</u>
City Attorney-	Additional cost associated with use of City Attorney for various matters.	301.4120.020	\$ 20,000
Police-	Additional allocation of overtime due to number of available, active officers and vacancy.	301.4002.100	\$ 65,000
Police-	At the request of Council, consideration of funding an additional Police Officer. For 2015-16, an April 1 hire is assumed, but the annual cost as previously presented is estimated to be up to \$113,125 per year for an entry level Police Officer	301.var.100	\$ 28,281
Fire	Also at the request of Council, in tandem with consideration of funding an additional Police Officer, a command vehicle for the Fire Department is to be considered.	301.7241.400	\$ 70,000
General Administration	Funding the position of Management Analyst to the General Office Budget. This position, currently estimated at a base annual salary of \$50,000 per year, would handle:  Human Resource Administration Risk Management Support Administrative Activities in Building, Planning, Public Works, and General Administration  The annualized cost is estimated at \$79,800 for the position, but, for 2015-16 an April 1 hire date is assumed.	301.var.070	\$ 19,950

**PART IV**  
**ENTERPRISE ACTIVITY**

CITY OF WILLOWS  
MID YEAR BUDGET REPORT  
Part IV-Enterprise Funds (Sewer and Water)  
2015/2016

DATE: February 18, 2016

TO: City Council  
City Manager

FROM: Finance Director

SUBJECT: Enterprise Funds

**Exhibit IV-1** highlights Sewer Enterprise Fund activity for the first six months of 2015/16 compared to the budget. As previously noted in other sections, the effect upfront payment of a portion of PERS has created an unusual look to the amount expended in the first six months.

Other line items are not out of expected activity. However, in reviewing Sewer Enterprise Activity, it should be noted that we are now heading toward ongoing cash flow not covering ongoing operations and a set aside for capital expenditures. Ongoing increases in a number of expense categories (utilities, contract services, etc.) and a softening in revenue, particularly in the area of commercial sewer revenue (tied to water usage), have led to the current status. Reserves remain healthy, but we are now dipping into cash flow for operations and capital.

A rate change will need to go through the Proposition 218 process, with a rate study to precede any proposed rate change. A rate study was started last year with the assistance of the Water Board, but was put on hold. It will be re-started. However, with the timing of completing this and going through the Prop 218 process, we may not have enough time to implement for 7/1/16 rate change (the date it would need to be in place for residential billing on the property tax bill). This may become an issue for the fall for 7/1/17 implementation.

**Exhibit IV-2-** Water Enterprise- no items of note in terms of expenditures through the first six months. However, as a reminder to Council, the well servicing the three customers at the south end of the city limits is subject to the Chromium 6 requirements, and something will need to be done in the near future to fall into compliance. Stay tuned.

**CITY OF WILLOWS**  
**SCHEDULE OF REVENUE AND EXPENSES**  
**SEWER ENTERPRISE FUND**  
**Six Months Ending December 31, 2015**

EXHIBIT IV-1

REVENUES	Six Months Ending Dec. 31, 2015 Amount	2015/2016 Sewer Enterprise Fund Budget	Percentage of Sewer Enterprise Fund Budget Received
Sewer Service Fees	\$ 745,827	\$ 1,618,000	46.1%
Sewer Connections	\$ 1,581	\$ 6,250	25.3%
Sewer-Development Impact Fees	\$ 12,190	\$ -	
Interest	\$ 8,200	\$ 18,500	44.3%
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 767,798</b>	<b>\$ 1,642,750</b>	<b>46.7%</b>

EXPENDITURES BY CATEGORY	Six Months Ending Dec. 31, 2015 Amount	2015/2016 Sewer Enterprise Fund Budget	Percentage of Sewer Enterprise Fund Budget Expended
SALARIES	\$ 86,702	\$ 167,532	51.8%
OVERTIME	\$ 8,020	\$ 15,555	51.6%
PERS	\$ 47,394	\$ 56,346	84.1%
EMPLOYEE BENEFITS	\$ 43,196	\$ 77,919	55.4%
PAYROLL TAXES	\$ 7,291	\$ 14,006	52.1%
WORKERS COMP. INSURANCE	\$ 6,934	\$ 11,207	61.9%
OFFICE EXPENSE	\$ 115	\$ 600	19.2%
SPECIAL DEPARTMENTAL	\$ 1,397	\$ 6,000	23.3%
SMALL TOOLS	\$ -	\$ 600	0.0%
UNIFORM EXPENSE	\$ 921	\$ 2,800	32.9%
TELEPHONE	\$ 1	\$ 950	0.1%
UTILITIES	\$ 45,014	\$ 120,000	37.5%
BUILDING MAINTENANCE	\$ 24	\$ 5,000	0.5%
VEHICLE MAINTENANCE	\$ 2,660	\$ 22,000	12.1%
FUEL	\$ 5,705	\$ 14,000	40.8%
EQUIPMENT MAINTENANCE	\$ 972	\$ 21,000	4.6%
PROFESSIONAL/CONTRACT SERVICES	\$ 315,148	\$ 607,000	51.9%
INSURANCE	\$ 27,758	\$ 28,078	98.9%
TRAVEL AND TRAINING	\$ -	\$ 1,100	0.0%
DUES AND MEMBERSHIPS	\$ 1,742	\$ 1,200	145.2%
SAFETY/FIRST AID	\$ -	\$ 250	0.0%
PERMITS	\$ 6,360	\$ 10,500	60.6%
GENERAL ADMINISTRATION	\$ -	\$ 77,234	0.0%
DEBT PAYMENTS	\$ 225,659	\$ 355,000	63.6%
CAPITAL EXPENDITURES	\$ 340	\$ 200,000	0.2%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 833,353</b>	<b>\$ 1,815,877</b>	<b>45.9%</b>
<b>EXCESS (DEFICIT) OF REVENUES</b>	<b>\$ (65,555)</b>	<b>\$ (173,127)</b>	

CITY OF WILLOWS  
 SCHEDULE OF REVENUE AND EXPENSES  
 WATER ENTERPRISE FUND  
 Six Months Ending December 31, 2015

EXHIBIT IV-2

REVENUES	Six Months Ending Dec. 31, 2015 Amount	2015/2016 Water Enterprise Fund Budget	Percentage of Water Fund Budget Received
Water Service Fees	\$ 1,744	\$ 5,000	34.9%
		\$ -	
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 1,744</b>	<b>\$ 5,000</b>	<b>34.9%</b>

EXPENDITURES BY CATEGORY	Six Months Ending Dec. 31, 2015 Amount	2015/2016 Water Enterprise Fund Budget	Percentage of Water Fund Budget Expended
SPECIAL DEPARTMENTAL	\$ 2,356	\$ 3,000	78.5%
UTILITIES	\$ 105	\$ 2,300	4.6%
MAINTENANCE	\$ -	\$ 1,500	0.0%
INSURANCE	\$ 94	\$ 92	102.2%
PERMITS	\$ -	\$ 800	0.0%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 2,555</b>	<b>\$ 7,692</b>	<b>33.2%</b>
<b>EXCESS (DEFICIT) OF REVENUES</b>	<b>\$ (811)</b>	<b>\$ (2,692)</b>	