



Willows City Council
Special Meeting
Mid-Year Budget Review
February 25, 2020
Willows City Hall
5:30 p.m.

City Council
Kerri Warren, Mayor
Larry Domenighini, Vice Mayor
Lawrence Mello, Council Member
Joe Flesher, Council Member
Gary Hansen, Council Member

Interim City Manager
Wayne Peabody

City Clerk
Tara Rustenhoven

201 North Lassen Street
Willows, CA 95988
(530) 934-7041

Agenda

1. **CALL TO ORDER- 5:30 p.m.**
2. **PLEDGE OF ALLEGIANCE**
3. **ROLL CALL**
4. **PUBLIC COMMENT/WRITTEN COMMUNICATIONS-Public Comment is restricted to only those topics listed on the agenda and is generally restricted to three minutes.**
5. **Fiscal Year 2019/2020 MID YEAR BUDGET REVIEW-**
 - General Fund Revenue Projection
 - General Fund Expenditures by Department and vs. 2018/19
 - Appropriation Request
 - Enterprise Funds
 - Status of Trees-Lassen Street Project
6. **ADJOURNMENT**

This agenda was posted on February 21, 2020

Tara Rustenhoven, City Clerk

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.

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

2019/20

MID YEAR BUDGET REVIEW

CITY OF WILLOWS MID YEAR BUDGET REPORT

DATE: February 25, 2019

TO: City Council
Interim City Manager

FROM: Administrative Services Director

SUBJECT: Mid-Year Budget Recap

PART I-MID YEAR GENERAL FUND REVIEW

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 includes:

Exhibit II-1 General Fund Revenue Projection Revision
Exhibit II-2 General Fund-By Department-Six Month Actual vs. Budget
Exhibit II-3 General Fund- By Expenditure Category-Vs. Prior Year

EHIBIT I-1 General Fund Revenue Projection Revision

Based upon updated information available since the implementation of the 2018-19 Budget, the following revenue items have been revised:

Property Tax-Revised Upward \$28K-Initial property tax distribution from the County notes an increase in revenue above expectations.

Water Franchise-Revised Upward \$2K- The total of water franchise revenue has been received for the year, and it is approximately \$2K greater than anticipated.

Sales Tax-Revised Upward \$20K- Sales tax receipts are stronger than originally anticipated for the year.

Motor Vehicle (License) Fees Revised Upward \$20K- This per capita distribution from the State of California has increased greater than anticipated.

Weed Abatement Revised Downward \$4.5K-Summer abatement activity was lower than the previous year.

EXHIBIT I-2 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 Council-31.3% of budget expended through 12/31- Travel and special department expense line items have not been, or minimally utilized

City Manager-91.1% of budget expended through 12/31- The primary expenditure in the City Manager budget at this point is the annual payment for the PERS unfunded liability allocated to past City Managers. The City has the option to make the unfunded liability payment in lump sum in July each year at a savings of approximately 3.4% over making monthly installments, and, thus far, we have chosen to do so. Please note that this is an issue in every department that has full time employees, as this lump sum payment skews the expenditures to the front end of the year.

Recreation- 62.2% of budget expended. The lump sum PERS payment plays a significant role here as well, as well as the utilization of the part time assistance budget.

Swimming Pool -78.1% of budget expended. The swim season crosses over two fiscal years, with the bulk of expenditures occurring July 1 to close.

Capital Outlay-165.4% of budget expended. As noted at the Feb. 11 City Council meeting there is \$160K categorized as General Fund Capital Expenditure associated with payments made on the South Willows Project to Cal Water for inspection and engineering review. Pending how much of this is considered a deposit and will be returned and whether there will be grant funds available at the end from contingency to cover some or all of this, it has been expended as General Fund.

EXHIBIT I-3 Schedule of Revenue and Expenses-By Expense Category- Compared to Prior Year

Please note the following in comparison to last year:

Wages (\$36K over last year)- This is primarily due to overtime in the Fire Department due to shift coverage for a firefighter/engineer out on 4850 leave due to injury.

Employee Benefits (\$80K over last year)- The additional cost of this year's PERS unfunded liability payment vs. last year's was significant.

Capital Outlay (\$138K over last year)-As noted earlier, the Cal Water payment for South Willows activity is the primary reason for this.

Other changes from prior year (up or down) are due primarily to timing of incurring the costs between the two years.

PART II-APPROPRIATION ITEMS

Please refer to Exhibit II-1 for appropriation requests to be discussed. If consensus approval is reached, the appropriations will be brought back to the next available open City Council meeting.

PART III-ENTERPRISE ACTIVITY

Both Sewer and Water activities are provided in this section. Please note for Sewer that the revenue numbers have been revised to reflect the fact that the proposed increase for 7/1/19 was not implemented and the professional services for in house vs. contract service and RFP have been added to the budget.

For Water, please note that a major repair recently occurred that necessitated the augmentation of General Fund dollars to complete.

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

City of Willows - General Fund Revenue
 2019/20 Projection
 MID YEAR REVISE

EXHIBIT I-1

Revenues:	2019/20			NOTES
	2018/19 Actual	2019/20 Projection	Mid Year Revision	
PROPERTY TAX	\$ 809,929	\$ 792,000	\$ 820,000	1
PG&E FRANCHISE	\$ 49,724	\$ 50,000	\$ 50,000	
WATER FRANCHISE	\$ 45,834	\$ 46,000	\$ 48,055	2
CABLE TV FRANCHISE	\$ 34,519	\$ 32,500	\$ 32,500	
GARBAGE FRANCHISE	\$ 72,216	\$ 62,000	\$ 62,000	
SALES TAX	\$ 1,477,295	\$ 1,380,000	\$ 1,400,000	3
TRANSFER TAX	\$ 18,749	\$ 19,000	\$ 19,000	
OCCUPANCY TAX	\$ 861,879	\$ 725,000	\$ 725,000	
BUSINESS LICENSE	\$ 20,820	\$ 21,000	\$ 21,000	
BUILDING PERMITS	\$ 51,419	\$ 95,000	\$ 95,000	
ENCROACHMENT PERMITS	\$ 11,266	\$ 6,000	\$ 6,000	
FINES & FORFEITURES	\$ 12,981	\$ 2,500	\$ 2,500	
GENERAL INTEREST	\$ 16,191	\$ 22,000	\$ 22,000	
RENTAL OF PROPERTY	\$ 22,946	\$ 27,000	\$ 27,000	
MOTOR VEHICLE IN LIEU	\$ 577,461	\$ 575,000	\$ 595,000	4
PLANNING FEES	\$ 16,401	\$ 6,000	\$ 6,000	
PLAN CHECK FEES	\$ 20,962	\$ 20,000	\$ 20,000	
FIRE DEPARTMENT FEES	\$ 36,986	\$ 40,000	\$ 40,000	
SEWER ADMIN FEE	\$ 77,234	\$ 77,234	\$ 77,234	
OTHER REV & FUNDS	\$ 4,695	\$ 50,000	\$ 50,000	
WEED ABATEMENT	\$ 10,305	\$ 8,000	\$ 3,500	5
CAL TRANS STREET SWEEP	\$ 4,919	\$ 3,936	\$ 3,936	
DIF ADMINISTRATION	\$ 807	\$ 1,500	\$ 1,500	
PARKING, AVA & VEH RELEASE	\$ 11	\$ 500	\$ -	
SWIM POOL RECEIPTS	\$ 26,042	\$ 20,000	\$ 20,000	
PARK PERMITS	\$ 2,963	\$ 1,300	\$ 1,300	
PUB SAFETY SALES TAX	\$ 18,260	\$ 14,500	\$ 14,500	
BOOKING FEES	\$ 1,165	\$ 500	\$ 500	
TOTAL GENERAL REVENUES	\$ 4,303,979	\$ 4,098,470	\$ 4,163,525	

NOTES

- 1 Initial property tax receipts from the County were greater than anticipated. Projection has been revised.
- 2 Water franchise has been received for the year and totals \$48,055.
- 3 Sales tax projections through the first six months indicate a minor revision upward.
- 4 First 1/2 distribution of VLF fees indicate that the total will be greater than anticipated.
- 5 Weed abatement activity was lower than anticipated for summer 2019

CITY OF WILLOWS
SCHEDULE OF REVENUE AND EXPENSES
GENERAL FUND- BY DEPARTMENT
Six Months Ending December 31, 2019

EXHIBIT I-2

REVENUES	Six Months Ending Dec. 31, 2019 Amount	Adopted 2019/20 General Fund Budget	Percentage of General Fund Budget Received
Taxes	\$ 1,862,264	\$ 3,505,500	53.1%
Franchise Fees	\$ 84,068	\$ 190,500	44.1%
Licenses and Permits	\$ 34,974	\$ 123,300	28.4%
Interest	\$ 11,000	\$ 22,000	50.0%
Service Fees	\$ 77,861	\$ 226,670	34.3%
Rent	\$ 13,123	\$ 27,000	48.6%
Fines and Forfeitures	\$ 6,099	\$ 4,000	152.5%
TOTAL GENERAL FUND REVENUES	\$ 2,089,389	\$ 4,098,970	51.0%

EXPENDITURES BY DEPARTMENT	Six Months Ending Dec. 31, 2019 Amount	Adopted 2019/20 General Fund Budget	Percentage of General Fund Budget Expended
City Council	\$ 10,085	\$ 25,982	38.8%
City Attorney	\$ 20,467	\$ 45,000	45.5%
City Manager	\$ 43,352	\$ 47,591	91.1%
Finance	\$ 147,726	\$ 269,490	54.8%
Planning	\$ 41,104	\$ 106,005	38.8%
General Office	\$ 92,319	\$ 163,428	56.5%
Civic Center	\$ 17,121	\$ 37,500	45.7%
Building Dept	\$ 95,933	\$ 192,348	49.9%
Police Dept.	\$ 680,002	\$ 1,548,820	43.9%
Engineering	\$ 667	\$ 10,000	6.7%
Library	\$ 120,241	\$ 209,093	57.5%
Recreation	\$ 61,721	\$ 99,220	62.2%
Swimming Pool	\$ 30,171	\$ 38,627	78.1%
P&PW	\$ 207,619	\$ 358,000	58.0%
Parks Dept.	\$ 26,138	\$ 45,873	57.0%
Mall Maintenance	\$ 3,862	\$ 9,000	42.9%
Museum Maintenance	\$ 1,133	\$ 2,500	45.3%
Fire Department	\$ 536,046	\$ 897,390	59.7%
Public Works	\$ 31,350	\$ 52,821	59.4%
Storm Drains	\$ 3,075	\$ 7,824	39.3%
Capital Outlay	\$ 198,450	\$ 120,000	165.4%
TOTAL GENERAL FUND EXPENDITURES	\$ 2,368,582	\$ 4,286,512	55.3%
EXCESS (DEFICIT) OF REVENUES	\$ (279,194)	\$ (187,542)	

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

EXHIBIT I-3

Six Months Ending December 31, 2019 and 2018

REVENUES	Six Months Ending Dec. 31, 2019 Amount	Percentage of Total Revenue	Six Months Ending Dec. 31, 2018 Amount	Percentage of Total Revenue
Taxes	\$ 1,862,264	89.1%	\$ 1,777,505	91.4%
Franchise Fees	\$ 84,068	4.0%	\$ 79,301	4.1%
Licenses and Permits	\$ 34,974	1.7%	\$ 31,902	1.6%
Interest	\$ 11,000	0.5%	\$ 11,777	0.6%
Service Fees/Other	\$ 77,862	3.7%	\$ 30,307	1.6%
Rent	\$ 13,123	0.6%	\$ 9,718	0.5%
Fines and Forfeitures	\$ 6,099	0.3%	\$ 4,350	0.2%
TOTAL GENERAL FUND REVENUES	\$ 2,089,389	100.0%	\$ 1,944,862	100.0%
EXPENDITURES				
Wages-Full Time	\$ 432,184	20.7%	\$ 396,572	19.0%
Employee Benefits	\$ 785,921	37.6%	\$ 705,959	33.8%
Workers Compensation Ins.	\$ 22,707	1.1%	\$ 25,045	1.2%
Professional/Contract Services	\$ 591,899	28.3%	\$ 618,879	29.6%
Insurance, Property & Liability	\$ 101,801	4.9%	\$ 97,942	4.7%
Utilities	\$ 57,923	2.8%	\$ 59,292	2.8%
Capital Outlay	\$ 198,451	9.5%	\$ 60,008	2.9%
Wages-Part Time	\$ 79,261	3.8%	\$ 62,060	3.0%
Special Department	\$ 27,420	1.3%	\$ 29,962	1.4%
Telephone	\$ 6,999	1.3%	\$ 11,906	0.6%
Allowances, Travel & Training	\$ 6,834	0.3%	\$ 6,886	0.3%
Office Expenses	\$ 1,403	0.1%	\$ 7,322	0.4%
Vehicle Maintenance	\$ 16,532	0.8%	\$ 8,692	0.4%
Uniform/Clothing/Safety	\$ 3,295	0.2%	\$ 2,007	0.1%
Fuel	\$ 9,409	0.5%	\$ 9,497	0.5%
Buildings & Grounds	\$ 10,505	0.5%	\$ 12,356	0.6%
Equipment Maintenance	\$ 5,960	0.3%	\$ 7,383	0.4%
Postage	\$ 1,805	0.1%	\$ 1,355	0.1%
Dues & Memberships	\$ 1,262	0.1%	\$ 753	0.0%
Claim Coverage	\$ 1,173	0.1%	\$ -	0.0%
Small Tools	\$ 4,710	0.2%	\$ 3,826	0.2%
Advertising	\$ 1,128	0.1%	\$ 2,641	0.1%
TOTAL GENERAL FUND EXPENDITURES	\$ 2,368,582	113.3%	\$ 2,130,344	101.9%
EXCESS (DEFICIT) OF REVENUES	\$ (279,194)	-13.4%	\$ (185,483)	-8.9%

**PART II
TRANSFER/APPROPRIATION
ITEMS**

City of Willows
Items for Appropriation/Transfer Request
FY 2019/20 Mid Year Presentation

Exhibit II-1

		<u>Appropriation Request</u>	
City Attorney	Additional legal counsel to assist with the code enforcement process.	301.4122.020	\$ 5,000
Planning	Remove General Fund Allocation for General Plan as HCD grant award was received	301.4130.060	\$ (50,000)
Library	Additional Print material from General Fund-Late Fine Revenue Elimination	301.4933.120 202.4933.120	\$ 1,533 \$ (1,533)
Pool	Utility Cost- Budget projections have not kept up with rates	301.4080.135	\$ 2,000
Public Works	Overtime Weekend Duty follows classification of employee	301.4002.138 318.4002.180	\$ 7,000 \$ (7,000)
Parks	Utility Cost- Budget projections have not kept up with rates	301.4080.140	\$ 2,000
Fire	Backfill temp wages and OT personnel cost for firefighter out on 4850 leave	301.var.150	\$ 25,000
Capital	Augment Finance, HR, Community Development Software original funding (Will also need to add \$1,500 per month(\$18,000) in annual professional services for software hosting, maintenance and licensing starting in 2020-21	301.7234.400	\$ 50,000

PART III
ENTERPRISE ACTIVITY

CITY OF WILLOWS
SCHEDULE OF REVENUE AND EXPENSES
SEWER ENTERPRISE FUND
Six Months Ending December 31, 2019

EXHIBIT III-1

REVENUES	Six Months Ending Dec. 31, 2019	2019/20 Sewer Enterprise Fund Budget	Percentage of Sewer Enterprise Fund Budget Received	Notes
Sewer Service Fees	\$ 773,504	\$ 1,589,000	48.7%	1
Sewer Connections	\$ 6,250	\$ 15,000	41.7%	
Sewer-Development Impact Fees	\$ 834	\$ -		
Interest	\$ 9,000	\$ 18,000	50.0%	
TOTAL GENERAL FUND REVENUES	\$ 789,588	\$ 1,622,000	48.7%	

EXPENDITURES BY CATEGORY	Six Months Ending Dec. 31, 2019	2019/20 Sewer Enterprise Fund Budget	Percentage of Sewer Enterprise Fund Budget Expended	Notes
SALARIES	\$ 70,875	\$ 178,386	39.7%	
OVERTIME	\$ 4,670	\$ 16,000	29.2%	
PERS	\$ 65,976	\$ 81,061	81.4%	
EMPLOYEE BENEFITS	\$ 26,729	\$ 90,960	29.4%	
PAYROLL TAXES	\$ 5,521	\$ 16,335	33.8%	
WORKERS COMP. INSURANCE	\$ 5,283	\$ 11,530	45.8%	
OFFICE EXPENSE		\$ 600	0.0%	
SPECIAL DEPARTMENTAL	\$ 1,888	\$ 4,500	42.0%	
SMALL TOOLS		\$ 600	0.0%	
UNIFORM EXPENSE	\$ 1,001	\$ 2,800	35.8%	
TELEPHONE	\$ 1	\$ 950	0.1%	
UTILITIES	\$ 46,072	\$ 170,000	27.1%	
BUILDING MAINTENANCE	\$ -	\$ 2,500	0.0%	
VEHICLE MAINTENANCE	\$ 343	\$ 22,000	1.6%	
FUEL	\$ 3,500	\$ 7,000	50.0%	
EQUIPMENT MAINTENANCE	\$ 850	\$ 21,000	4.0%	
PROFESSIONAL/CONTRACT SERVICES	\$ 349,297	\$ 691,500	50.5%	2
INSURANCE	\$ 25,785	\$ 25,600	100.7%	
TRAVEL AND TRAINING		\$ 300	0.0%	
DUES AND MEMBERSHIPS	\$ 875	\$ 2,000	43.8%	
SAFETY/FIRST AID		\$ 250	0.0%	
PERMITS	\$ 10,655	\$ 10,500	101.5%	
GENERAL ADMINISTRATION		\$ 77,234	0.0%	
DEBT PAYMENTS	\$ 234,120	\$ 351,889	66.5%	
CAPITAL EXPENDITURES	\$ 64,673	\$ 200,000	32.3%	
TOTAL GENERAL FUND EXPENDITURES	\$ 918,114	\$ 1,985,495	46.2%	
EXCESS (DEFICIT) OF REVENUES	\$ (128,526)	\$ (363,495)		

Notes

- 1 The adopted budget for 2019-20 was under the assumption that the initial increase in sewer rates was going to occur (\$1,738,752). The amount noted is revised to rates as they stand for 2019-20.
- 2 Includes additional budget appropriations for in house vs. contract services and RFP.