



# Willows City Council Special Meeting

January 17, 2024  
Willows City Hall  
6:00 PM

City Council  
Gary Hansen, Mayor  
Evan Hutson, Vice Mayor  
Rick Thomas, Council Member  
Forrest Sprague, Council Member  
David Vodden, Council Member

City Manager  
Marti Brown

City Clerk  
Amos Hoover

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

## Agenda

Watch the Council meeting online via Zoom (Passcode 95988):

<https://us06web.zoom.us/j/86521294377?pwd=vquQ035IjhlImRaVP4Slb7QQvvh4p1.1>

1. **CALL TO ORDER**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

4. **DISCUSSION AND ACTION CALENDAR**

All matters in this section of the agenda are discussed and will be acted on individually. Individuals wishing to address the City Council concerning any of these items are invited to make oral comments of up to three minutes at this time. Please address your comments to the Mayor and Councilmembers, and not to staff and/or the audience. When the Mayor calls for public comment, please raise your hand to be acknowledged. While not required, the City requests that you please state your name clearly for the audio recording. By State law, the Council is not permitted to undertake any action or discussion on any item not appearing on the posted agenda. If you have any documentation that you would like distributed to the City Council, please mail it to the City Clerk at 201 North Lassen Street, Willows, CA 95988 or email it to: [ahoover@cityofwillows.org](mailto:ahoover@cityofwillows.org).

a. **FY 2023-24 Mid-Year Budget Review, Adjustment, General Fund Forecast & Potential Sales Tax Measure**

Recommended Action: Approve the Mid-Year Budget Review and any recommended adjustments; and discuss the General Fund Forecast update and a potential sales tax measure.

Contact: Marti Brown, City Manager, [mbrown@cityofwillows.org](mailto:mbrown@cityofwillows.org)

5. **ADJOURNMENT**

**This agenda was posted on January 12, 2024.**

*Amos Hoover*

Amos Hoover, City Clerk

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. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). 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.*





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# DISCUSSION & ACTION CALENDAR



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Date: January 17, 2024

To: Honorable Mayor and Councilmembers

From: Andy Heath, Finance Consultant  
Marti Brown, City Manager

Subject: FY 2023-24 Mid-Year Budget Review, Adjustment, General Fund Forecast  
& Potential Sales Tax Measure

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**Recommendation:**

Approve the Mid-Year Budget Review and any recommended adjustments; and discuss the General Fund Forecast update and a potential sales tax measure.

**Rationale for Recommendation:**

The Mid-Year Budget Review and Forecasting Model are tools for understanding the City's financial condition during the first part of the fiscal year, projecting the financial condition through the end of the fiscal year, and revising the budget to ensure the adopted budget is consistent with expectations based on previously approved budget amendments, the changing needs of the organization, and current economic trends and conditions.

**Background:**

This year's Mid-Year Budget Review and Adjustment focuses on management's assessment of overall funding impacts likely to result over the balance of the current fiscal year to maintain existing service levels, while mitigating the potential impacts of economic and fiscal uncertainty due to inflationary impacts and mandated requirements. Over the course of the last year, management has found that while COVID-related economic impacts have waned significantly, other factors have come into play that significantly impact the City's current and future fiscal wherewithal. Given this high level of economic uncertainty, City staff remains actively engaged in the monitoring of all sectors of economic activity while updating the long-term forecast for the City's General Fund.

This staff report provides a snapshot of aggregated Mid-Year Adjustments recommended for the balance of FY 2023-24, as well as presenting an updated four-year future financial forecast of the City's General Fund based on various assumptions. The information highlighted in the

Discussion & Analysis section of this staff report forms the foundation for a PowerPoint presentation that will be presented to the City Council on January 17, 2024.

**Discussion & Analysis:**

Discussion of the FY 2023-24 Mid-Year activity and update is facilitated by the fund schedules and details accompanying this report. The staff report focuses on pertinent recommended changes to budgeted funds, which have been aligned into eight defined Funds. Revenue and expenditure schedules have been prepared for each fund. Additionally, since the audit for Fiscal Year 2022-23 has been started, the Mid-Year update includes preliminary actual revenue and expenditure data for the year ended June 30, 2023, and projected fund balance information for each fund.

This Mid-Year report also includes an update to the City’s General Fund Forecast (presented with the General Fund below) and a schedule of the current Citywide authorized staffing levels. Positions noted in this schedule are funded as necessary and included in the long-term forecast presented for the General Fund.

The following Fund groups are discussed in this staff report:

- General Fund
- Enterprise Fund
- Special Revenue Fund – Transportation
- Special Revenue Fund – Library
- Special Revenue Fund – Misc. Operational
- Special Revenue Fund – CDBG / Housing
- Special Revenue Fund - Projects
- Special Revenue Fund – Impact Fees

**GENERAL FUND**

The City’s General Fund accounts for all discretionary revenues which may be appropriated towards any Citywide program and/or expenditure as approved by the City Council. Recommended changes to General Fund revenues and expenditures are as follows:

	<b>Revenues</b>	<b>Expenditures</b>
FY 2023-24 Adopted Budget	\$ 5,621,401	\$ 6,315,323
Estimated Amounts @ 6/30/2024	\$ 5,886,831	\$ 6,840,602
Recommended Mid-Year Adjustment	\$ 265,430	\$ 525,279

As indicated above, it is recommended that the City adjust originally budgeted General Fund revenues upward by \$265,430 and General Fund expenditures upward by \$525,279.

Information noted in the tables below discusses the reasons and/or rationale for selected revenue and expenditure adjustments (nominal changes are not specifically discussed) in the City’s General Fund. Anticipated fiscal impacts related to the current state of the economy are considered in the updated estimate through the end of the fiscal year.

## General Fund Revenues

A proposed net increase of \$265,430 is recommended for General Fund revenues as follows:

<b>Revenue Type</b>	<b>Adjustment</b>	<b>Reason / Rationale</b>
Property Taxes	\$ 23,800	- Adjustment based on estimated amount expected to be received from Glenn County and conservative 2.5% growth for FY 2023-24 (based on prior year collections).
Property Tax in Lieu of Vehicle License Fee	\$ 3,663	- Adjustment based on estimated amount expected to be received from Glenn County and conservative 2.5% growth for FY 2023-24 (based on prior year collections).
Encroachment Permits	\$ 10,000	- Increase in Encroachment Permits based on higher-than-anticipated collections year-to-date.
Interest Earnings	\$ 5,000	- Increase in Interest Earnings based on higher interest rates.
Grant Funding – Public Works	\$ 139,500	- One-time increase in grant funding from the USDA for Public Works vehicles – this is a carryover from FY 2022-23.
ARPA Funding Transfers	(\$ 170,000)	- Reduction in transfers from the American Rescue Plan Act (ARPA) funding received due to alternative funding availability for upgrades to the Swimming Pool (\$200,000) offset by an increase in transfers related to the Tyler System Upgrade - \$30,000.
MVLF Residual Payments	\$ 6,500	- Increase in Motor Vehicle License Fee (MVLF) Residual Payments based on prior year actual collections.
Sewer Administrative Fees and Transfers	\$ 106,967	- Increase in Sewer Administrative Fees and Transfers based on updated allocation of budgeted administrative staff and non-staff (e.g., legal, audit, consulting, utilities, IT) expenditures.
Weed Abatement	\$ 5,000	- Increase in Weed Abatement fees based on higher-than-anticipated collections year-to-date.
Transfers In	\$ 135,000	- Increase in Transfers In to recognize additional funding received for the Willows Library from Glenn County (\$35,000); and the Health Department (\$100,000).

A proposed net increase of \$525,279 to General Fund expenditure appropriations is comprised of the following:

Appropriation	Adjustment	Reason / Rationale
30 - City Manager	\$ 84,938	- Increase in City Manager Budget due to transfer of City Clerk position from Finance (Department 50 Budget) to City Manager/Administration.
50 - Finance	(\$ 91,263)	- Decrease in Finance Budget due to: <ul style="list-style-type: none"> <li>o Transfer of City Clerk position to City Manager (Department 30 Budget).</li> <li>o Salary savings resulting from vacant positions in Finance Department incurred through December 2023.</li> </ul> - Increase in Finance Budget for additional consulting fees budgeted due to vacant positions.
60 - Planning	(\$ 37,070)	- Decrease in Planning costs related to vacancy savings and salary updates for Community Development / Public Services Director position.
70 - General Office	(\$ 3,361)	- Increase in General Office costs related to: <ul style="list-style-type: none"> <li>o Addition of previously unbudgeted retiree health insurance.</li> <li>o Additional funding towards Property Tax Administrative Fees / League of CA Cities membership costs.</li> </ul> - Decrease in General Office costs related to lower Worker's Compensation and General Liability insurance premiums.
80 - Civic Center	\$ 11,899	- Increase in Civic Center costs related to: <ul style="list-style-type: none"> <li>o Higher overall utilities costs,</li> <li>o Replacement HVAC unit for City Hall.</li> </ul> - Decrease in Civic Center costs related to elimination of part-time staff budgeted (staff no longer charged to this budget).
90 - Building	\$ 560	- Slight increase in Building staffing costs to account for true-up staffing costs.
100 - Police	\$ 378,001	- Increase in Police costs related to new contract terms with Glenn County Sheriff's Office.
110 - Engineering	\$ 19,175	- Higher engineering consultant costs experienced to date (determine if costs can be charged out to other funds).
120 - Library	\$ 26,083	- Increase in budgeted Library costs due to: <ul style="list-style-type: none"> <li>o True-up of staffing costs (including of health benefits costs).</li> <li>o Additional allocation of \$19,000 for print materials funded by additional allocation from Glenn County.</li> </ul>

Appropriation	Adjustment	Reason / Rationale
130 - Recreation	(\$ 56,168)	- Decrease in Recreation Budget due to elimination of full-time Recreation Manager position approved with adoption of FY 2023-24 Budget
135 – Swimming Pool	(\$ 300,431)	- Decrease in Swimming Pool Budget due to: <ul style="list-style-type: none"> <li>o Trued up part-time staffing costs, and</li> <li>o Removal of Swimming Pool Upgrade project due to new funding received by alternative grant (will be funded and budgeted at later date).</li> </ul>
138 – Parks / Public Works	\$ 11,829	- Increase in Parks / Public Works Budget due to trued up staffing costs.
150 - Fire	\$ 54,853	- Increase in Fire Personnel Service costs due to additional overtime (\$6,893) related to Weed Abatement activities funded by a grant; and trued-up salaries (note: some costs are offset by a CalFire Weed Abatement grant).
Non-Departmental	\$ 426,234	- Increase in Non-Departmental Budget to account for: <ul style="list-style-type: none"> <li>o Debt Service for Fire Truck Lease formerly paid by Fire Impact Fees - \$63,321.</li> <li>o Debt Service for “Gap Loan” formerly paid by grant reimbursements - \$167,944.</li> <li>o Capital appropriations for Public Works Dump Truck (grant and ARPA funded) - \$150,000.</li> <li>o Capital appropriations for Tyler System Upgrade Project (ARPA funded), HVAC Duct Cleaning - \$40,500.</li> <li>o Transfer out to Fund 347 (Closed out CDBG HOME Program Income Fund) for prior year monitoring costs - \$4,469.</li> </ul>

At the end of the current fiscal year, General Fund Reserves are anticipated to be approximately \$1.0 million. Based on the recommended budgetary changes for both revenue and expenditures noted above, it is anticipated that the General Fund will use approximately \$953,771 in Reserves to balance the budget by the end of this fiscal year. Projected Reserve levels as of June 30, 2024, assuming all revenue and expenditures, as adjusted, are realized include:

- \$ 200,000 Working Capital Reserve
- 5,000 Capital Projects Reserve
- 816,710 Unobligated Fund Balance
- \$1,021,710 Total General Fund Reserves



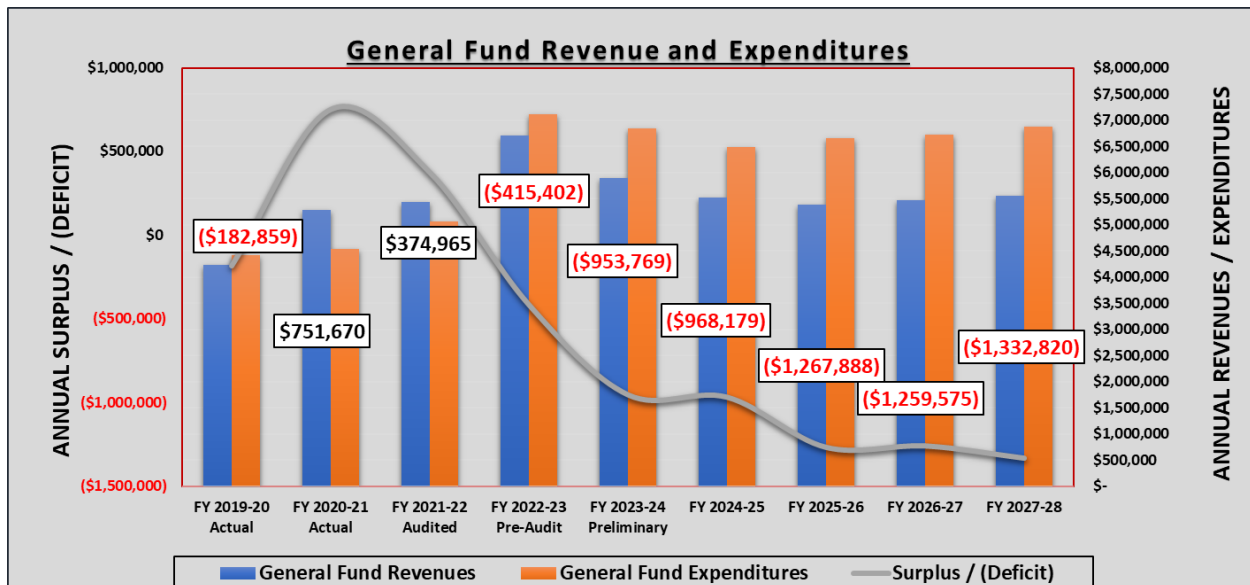
## General Fund Forecast

As previously discussed, development of a multi-year forecast for the City's General Fund continues to be updated. This forecast is based on a "base budget" concept which accounts for the following:

- All current one-time impacts to revenues and expenditures are removed for purposes of forecasting future fiscal activity (note: certain one-time revenues and expenditures may cross multiple fiscal years).
- All currently authorized positions are included in the forecast and assumed filled for entirety of each future fiscal year.
- Only approved negotiated salary increases are included in forecast.
- Revenues and expenditures are adjusted each year based on a growth assumption factors.

Development of the forecast is slightly complicated by unknown near-term and longer-term impacts to the local, state and national economies; high levels of inflation; CalPERS policy and investment return volatility, among other things. As such, management will continue to frequently monitor economic activity and update the City Council as adjustments are made to forecasts.

Based on the above listed assumptions, the four-year forecast for the City's General Fund is illustrated below:



As noted, it is expected that just over \$953,000 of existing fund balance will be required to balance the updated budget for FY 2023-24. This projected use of reserves stems from a conservative revenue projection approach offset by anticipated and known cost increases to maintain existing service levels (police, fire, building, planning, public works, recreation, library administration, etc.). General Fund surpluses recognized in FY 2020-21 and FY 2021-22 are

attributed to one-time revenues related to PG&E Rule 20A credit sales, development agreement revenues, and accounting adjustments related to accrual true-ups.

***The General Fund forecast shows a significant systemic deficit of between \$1.0 – \$1.4 million for the four years beginning with FY 2024-25. Given the City is expected to have approximately \$1.0 million remaining in reserves at the end of the current fiscal year, the City will need to quickly consider how to best mitigate future deficits to avoid further exhausting reserve levels.***

The updated budget for FY 2023-24 shows a “base budget” (budget with all one-time activity removed) deficit of approximately \$919,000. This base budget deficit can be partially attributed to the following:

- Higher costs for the law enforcement contract – additional \$425,000 in FY 2023-24 (note: the cost is expected to increase again by an additional \$355,000 in FY 2025-26).
- The filling of key staff positions to provide necessary service levels to the community (e.g., Accounting Manager, Community Development & Services Director).
- Slow base revenue growth compared to inflationary increases for base expenditures.

It should be mentioned that over the next several years, the \$919,000 base budget deficit is expected to grow due to further law enforcement contract increases and the return of required CalPERS Unfunded Liability payments; offset by conservative revenue growth. For example, in Fiscal Year 2023-24, the City of Willows had no Unfunded Accrued Liability (UAL) because it issued a Pension Obligation Bond (which it makes monthly payments on) and paid off all of its UAL; however, due to CalPERS investment results this past year, the City of Willows UAL jumped to \$81,583 for Fiscal Year 2024-25.

To the extent it is desired to maintain a consistent level of service to the community, the City may wish to consider augmenting revenues (e.g., Transactions Use Tax Measure) to mitigate otherwise deep cuts in the expenditure base that will be required in the absence of additional and immediate revenue increases. Given the current fiscal framework, time is of the essence to consider all opportunities to reduce the deficit.

### **ENTERPRISE FUNDS**

The City currently has two Enterprise Funds – the Sewer Fund and the Water Fund. These funds are treated as “business-type” funds whereby all support for the enterprise activity is paid directly by those who benefit from the service – the rate payers. Mid-Year recommended changes to the Sewer and Water Funds are discussed below.

**Sewer Fund**

	<b>Revenues</b>	<b>Expenditures</b>
FY 2023-24 Adopted Budget	\$ 1,897,500	\$ 2,226,819
Estimated Amounts @ 6/30/2024	\$ 1,897,500	\$ 4,223,181
Recommended Mid-Year Adjustment	\$ -	\$ 1,996,362

Sewer Fund revenues are not projected to change at mid-year. Sewer Fund expenditures are projected to be approximately \$1,966,362 higher than originally anticipated to account for a higher administrative cost transfer to the General Fund and lower utilities costs due to converting to solar energy. The updated Sewer Administrative cost transfer recommended is noted below:

<b>SEWER FUND COST ALLOCATIONS - FY 2023-24</b>			
	<b>Budget</b>	<b>Percentage</b>	<b>Allocation</b>
<b>Staff:</b>			
- City Manager	\$ 188,154	15%	\$ 28,223
- Community Development Director	\$ 169,827	20%	\$ 33,965
- Development Technician	\$ 72,243	5%	\$ 3,612
- Accounting Manager	\$ 129,202	15%	\$ 19,380
- Finance Analyst	\$ 74,328	15%	\$ 11,149
- City Clerk	\$ 82,147	7%	\$ 5,750
- Fire Chief	\$ 172,431	4%	\$ 6,897
- Public Works Employee Costs (Actual Time Only)	\$ 460,860	25%	\$ 115,215
<b>Other:</b>			
- Finance Consultant	\$ 65,000	10%	\$ 6,500
- Audit Cost	\$ 35,000	15%	\$ 5,250
- City Hall Utilities / Building Maintenance	\$ 51,195	15%	\$ 7,679
- Legal	\$ 130,000	10%	\$ 13,000
- Information Technology (M&I)	\$ 50,000	10%	\$ 5,000
<b>Total:</b>			<b>\$ 261,622</b>

Appropriations for Sewer Capital projects also increase by \$1,979,458 to account for projects noted in the most recent Capital Improvement Plan (CIP). The vast majority of these projects are funded by bond proceeds currently held for Sewer Enterprise purposes. Sewer capital projects include:

- Sycamore Street Lift Station - \$159,844
- Pacific Avenue Lift Station - \$146,088
- Lassn Street Sewer Rehabilitation - \$176,313
- Road 57 Sewer Lift Station - \$90,675

- Cherry Street Lift Station - \$115,863
- Update of the Municipal Code (shared cost) - \$15,000
- Chlorine Contact Improvements - \$120,000
- Annual Sewer Replacement Project - \$1,386,362
- WWTP – Clarifier Improvements - \$119,250
- WWTP – Administrative Building - \$43,500
- HVAC Air Ducts Cleaning - \$1500

It is anticipated that the Sewer Fund will have approximately \$2.70 million in fund balance and/or working capital remaining on June 30, 2024. This amount includes \$1.11 million remaining from bond proceeds set aside for future capital improvements; and \$543,606 set aside as a debt service reserve for the bonds. It is expected that the Sewer Fund will have \$1,015,458 in unobligated fund balance and/or working capital by the end of the fiscal year.

**Water Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 634,791	\$ 640,791
Estimated Amounts @ 6/30/2024	\$ 664,751	\$ 640,791
Recommended Mid-Year Adjustment	\$ 30,000	\$ -

Water Fund revenues are recommended to increase by \$30,000 at Mid-Year to offset for prior year fund balance deficits. The additional \$30,000 is recommended to be funded by an ARPA fund transfer, which is also funding the Cal Water System Main Tie-In project (the only capital project in the Water Fund budgeted at \$627,791). This project should effectively enable the City to eliminate the Water Enterprise. Water Fund expenditures are not recommended to change from those adopted with the Proposed Budget.

It is anticipated that the Water Fund will have a fund balance of \$6,000 on June 30, 2024.

**SPECIAL REVENUE FUNDS - TRANSPORTATION**

The City’s Transportation-related Special Revenue Funds include the Gas Tax, RMRA (SB-1) and RSTP funds. Revenues earned in these funds can only be used for applicable transportation-related purposes.

Each of these funds has been updated at Mid-Year to include estimated revenues and expenditures anticipated for the remainder of the fiscal year. Recommended changes for each fund are noted below.

**Gas Tax Funds**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 173,769	\$ 377,000

Estimated Amounts @ 6/30/2024	\$ 173,769	\$ 321,653
Recommended Mid-Year Adjustment	\$ -	(\$ 55,347)

Revenues in the Gas Tax Funds are expected to be the same as those approved with the Proposed Budget. Gas Tax Funds expenditures are projected to be approximately \$55,347 lower than originally budgeted to account for true-up capital projects costs outlined in the updated CIP. The CIP adds the Green Street Project (\$104,653) and reduces the Pacific Avenue Project from \$125,000 to \$5,000 as this project was mostly completed in the prior fiscal year (\$5,000 remains for any residual costs).

It is anticipated that the Gas Tax Funds will have approximately \$134,670 in fund balance remaining on June 30, 2024. At the present time, \$139,653 is allocated for capital: Streets Maintenance (\$30,000); Green Street Project (\$104,653); and the Pacific Avenue Project (\$5,000).

**RMRA / SB-1 Funds**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 157,236	\$ 60,000
Estimated Amounts @ 6/30/2024	\$ 157,236	\$ 511,466
Recommended Mid-Year Adjustment	\$ -	\$ 451,466

Revenues anticipated to be received in the RMRA / SB-1 Funds have been updated consistent with forecasted allocations available from the California City Finance website. RMRA / SB-1 Funds expenditures have been increased to \$511,466 to account for capital allocations towards the Streets / Sidewalk Reconstruction project(s) (\$500,000) and remaining costs attributed to the Pavement Management Program (\$4,150) and Green Street Project (\$7,316).

It is anticipated that the RMRA / SB-1 Funds will have approximately \$2,694 in fund balance remaining on June 30, 2024.

**RSTP Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 112,000	\$ 170,000
Estimated Amounts @ 6/30/2024	\$ 362,658	\$ 110,901
Recommended Mid-Year Adjustment	\$ 250,658	(\$ 59,099)

Revenues to be received in the Regional Surface Transportation Program (RSTP) Fund are expected to be \$250,658 higher than originally anticipated due to the recognition of State

Transportation Improvement Program (STIP) funding received towards the Pacific Street and N. Lassen Street Rehabilitation Projects. Appropriations for capital projects in the RSTP Fund have been reduced to \$110,901 to account for CIP funded activities including Annual Sidewalk Maintenance (\$67,500) and residual costs for the Pacific Avenue Project (\$43,401).

It is anticipated that the RSTP Fund will have approximately \$215,513 in fund balance remaining on June 30, 2024. The funds can be used towards applicable streets-related purposes.

**SPECIAL REVENUE FUNDS - LIBRARY**

The City’s Library-related Special Revenue Funds include the County Library, Literacy Pass-Through, Zip Books, Northnet Training and CLSA Delivery funds. Revenues earned in these funds can only be used for applicable library-related purposes.

Recommended changes for each fund are noted below.

**County Library / Literacy Pass-Through Funds**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 121,980	\$ 121,980
Estimated Amounts @ 6/30/2024	\$ 273,138	\$ 320,016
Recommended Mid-Year Adjustment	\$ 151,158	\$ 198,036

Revenues anticipated to be received in the County Library / Literacy Funds have been updated consistent with allocations received from Glenn County; and the Literacy grant amount has been updated to reflect amounts expected to be received. The Library contribution from Glenn County is adjusted upward to account for an additional \$35,000 that has been allocated for Library purposes. Additionally, a \$100,000 grant from the Health Department has also been included in the budget. Finally, State of CA Literacy contributions have been increased to \$60,438 to account for funds anticipated to be received in FY 2023-24. County Library / Literacy Funds expenditures are projected to be approximately \$198,036 higher than originally budgeted to account for the transfer of library support funds for Willows Library expenditures to the General Fund and Literacy Pass-Throughs, as appropriate.

It is anticipated that the County Library / Literacy Funds will have nothing remaining in fund balance remaining on June 30, 2024 as all revenues are transferred out to operating funds.

**Zip Books Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 7,528	\$ 7,517
Estimated Amounts @ 6/30/2024	\$ 7,517	\$ 10,000

Recommended Mid-Year Adjustment                    (\$     11)                    \$   2,483

Both revenues and expenditures anticipated for the Zip Books Fund have been updated to account for revenues already received from the State of California, and an applicable offsetting appropriation for future expenditures.

It is anticipated that the Zip Books Fund will have approximately \$733 in fund balance remaining on June 30, 2024.

**Northnet Training Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$       -	\$   1,991
Estimated Amounts @ 6/30/2024	\$   1,500	\$   3,273
Recommended Mid-Year Adjustment	\$   1,500	\$   1,282

Both revenues and expenditures anticipated for the Northnet Training Fund have been updated to account for revenues already received from the State of California, and an applicable offsetting appropriation for future expenditures.

It is anticipated that the Northnet Training Fund will have no fund balance remaining on June 30, 2024 as all available funding has been appropriated.

**CLSA Delivery Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 14,129	\$ 11,000
Estimated Amounts @ 6/30/2024	\$ 14,129	\$ 11,000
Recommended Mid-Year Adjustment	\$       -	\$       -

Revenues and expenditures anticipated to be received and spent in the CLSA Delivery Fund remain unchanged from amounts originally budgeted.

It is anticipated that the CLSA Delivery Fund will have approximately \$28,855 in fund balance remaining on June 30, 2024.

**SPECIAL REVENUE FUNDS – MISCELLANEOUS OPERATIONAL**

The City’s Miscellaneous Operational Special Revenue Funds include the Certified Access, Willows L&L, Recreation Reimbursement, Recreation Cultural, Community Discretionary, Mall Maintenance and State Recycling Grant funds. These funds can only be used for fund-specific purposes.

Revenues and expenditures have been updated for these funds consistent with prior year experience while taking into account receipts to date and expenditures incurred to date.

**Certified Access (ADA) Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 2,000	\$ -
Estimated Amounts @ 6/30/2024	\$ 2,000	\$ -
Recommended Mid-Year Adjustment	\$ -	\$ -

Revenues anticipated to be received in the Certified Access (ADA) fund have been updated to account for a portion of the business license fees received specific to ADA Access upgrades. At this time there are no eligible ADA project expenditures appropriated from this fund.

It is anticipated that the Certified Access (ADA) Fund will have approximately \$13,667 in fund balance remaining on June 30, 2024.

**Willows Lighting & Landscaping Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 33,621	\$ 35,981
Estimated Amounts @ 6/30/2024	\$ 34,533	\$ 38,931
Recommended Mid-Year Adjustment	\$ 912	\$ 2,950

Revenues anticipated to be received in the Willows Lighting & Landscaping fund have been updated to account for anticipated receipts as placed on the County Tax Roll for the current year. Assessment charges have been increased by \$912 consistent with the programmed use of available fund balances in each of the Lighting and Landscaping Districts. Expenditures have been increased by \$2,950 to account for all expenditures noted in the Engineering Reports for each District.

It is anticipated that the Willows Lighting & Landscaping Fund will have approximately \$44,870 in fund balance remaining on June 30, 2024, which may be used towards any applicable expenditure as discussed in the annual Engineer’s Report.

**Recreation Reimbursement Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ -
Estimated Amounts @ 6/30/2024	\$ -	\$ -
Recommended Mid-Year Adjustment	\$ -	\$ -



There are no revenues or expenditures anticipated to be received or spent in the Recreation Reimbursement Fund as all recreation activity has been moved to the General Fund. It is anticipated that the Recreation Reimbursement Fund will have no fund balance remaining on June 30, 2024. This fund has been combined into the City's General Fund for FY 2023-24 given the discretionary nature of the programs and that the City manages the programs with part-time staff.

**Recreation Cultural Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ -
Estimated Amounts @ 6/30/2024	\$ -	\$ -
Recommended Mid-Year Adjustment	\$ -	\$ -

Similar to the Recreation Reimbursement Fund, there are no revenues or expenditures anticipated to be received or spent in the Recreation Cultural Fund as all recreation activity has been moved to the General Fund.

It is anticipated that the Recreation Cultural Fund will have no fund balance remaining on June 30, 2024. This fund has been moved into the City's General Fund for FY 2023-24 given the discretionary nature of the programs and that the City manages the programs with part-time staff.

**Community Discretionary Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 7,500	\$ 37,900
Estimated Amounts @ 6/30/2024	\$ 5,890	\$ 23,736
Recommended Mid-Year Adjustment	(\$ 1,610)	(\$ 14,164)

Revenues for the Community Discretionary Fund have been updated to reflect anticipated receipts for FY 2023-24. Revenues are anticipated to be \$5,890 to account for defederalized CDBG loan payments which may be used for any discretionary purpose. Expenditures for the Community Discretionary Fund are recommended to be decreased by \$14,164 to account for the elimination of appropriations for the Economic Development Committee and Community Promotion due to funds no longer being available (would likely be funded by the General Fund).

It is anticipated that the Community Discretionary Fund will have approximately \$3,523 in fund balance remaining on June 30, 2024.

**Mall Maintenance Fund**

	<b>Revenues</b>	<b>Expenditures</b>
FY 2023-24 Adopted Budget	\$ -	\$ 8,800
Estimated Amounts @ 6/30/2024	\$ -	\$ 8,800
Recommended Mid-Year Adjustment	\$ -	\$ -

There are no changes recommended for either revenues or expenditures in the Mall Maintenance Fund. Amounts noted in the Adopted Budget are not recommended to change.

It is anticipated that the Mall Maintenance Fund will have approximately \$14,172 in fund balance remaining on June 30, 2024.

**State Recycling Grant Fund**

	<b>Revenues</b>	<b>Expenditures</b>
FY 2023-24 Adopted Budget	\$ -	\$ -
Estimated Amounts @ 6/30/2024	\$ -	\$ -
Recommended Mid-Year Adjustment	\$ -	\$ -

There are no changes recommended for either revenues or expenditures in the State Recycling Grant Fund. Amounts noted in the Adopted Budget are no recommended to change.

It is anticipated that the State Recycling Grant Fund will have approximately \$8,969 in fund balance remaining on June 30, 2024, which may be used towards any recycling-related (equipment purchases, etc.) purpose.

**SPECIAL REVENUE FUNDS – CDBG / HOUSING**

The City’s CDBG / Housing Special Revenue Funds include the CDBG Housing and HOME Program Income funds. These funds receive grants and loan repayments related to CDBG and HOME programs. Loan repayments are typically noted as “Program Income”, which may be used towards new applicable loans consistent with program guidelines, or defederalized to the extent loan repayment collections are lower than \$35,000 annually.

**CDBG Housing Fund**

	<b>Revenues</b>	<b>Expenditures</b>
FY 2023-24 Adopted Budget	\$ 7,500	\$ 7,500
Estimated Amounts @ 6/30/2024	\$ 6,289	\$ 6,289
Recommended Mid-Year Adjustment	(\$ 1,211)	(\$ 1,211)

Both revenues and expenditures have been decreased by \$1,211 to account for the anticipated receipt of loan payments and subsequent transfer out to the Community Discretionary Fund, respectively.

It is anticipated that the CDBG Housing Fund will have no fund balance remaining at the end of the fiscal year as all amounts are defederalized and transferred to the Community Discretionary Fund.

**HOME Program Income Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ -
Estimated Amounts @ 6/30/2024	\$ 4,469	\$ -
Recommended Mid-Year Adjustment	\$ 4,469	\$ -

Revenues in the HOME Program Income Fund are recommended to increase by \$4,469 as a transfer from the General Fund to cover prior year expenditures for loan monitoring costs. Similar to the CDBG Housing Fund, any funds received can be used towards future program expenditures, including new loans and administrative costs to maintain the HOME Program.

It is anticipated that the HOME Program Income Fund will have no fund balance as of June 30, 2024.

**SPECIAL REVENUE FUNDS – PROJECTS**

The City’s Project Special Revenue Funds include the CDBG Over-the-Counter, Basin Street, EDA Grant, SB-2 Grant and CDBG HOME Grant funds. These funds can typically only be used for project-specific purposes.

These funds are opened to account for project-specific activity during a defined time period. As project activity winds down and projects are completed, the fund is closed out.

**CDBG OTC Grant / Loan Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 112,731	\$ 5,000
Estimated Amounts @ 6/30/2024	\$ 112,731	\$ 5,000
Recommended Mid-Year Adjustment	\$ -	\$ -

The CDBG Over-the-Counter (OTC) Grant / Loan Fund accounts for project activity associated with the Rumiano Cheese Company grant / loan project. Revenues remain unchanged and

represent loan repayments from the Rumiano Cheese Company. Expenditures also remain unchanged and account for loan monitoring costs associated with grant program.

Amounts remaining in this fund at year end (loan repayments less applicable administrative costs) are treated as Program Income and may be loaned out to other entities within the City consistent with CDBG Program guidelines and the City’s CDBG Re-Use Plan.

**Basin Street Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ 174,912
Estimated Amounts @ 6/30/2024	\$ -	\$ 6,968
Recommended Mid-Year Adjustment	\$ -	(\$ 167,944)

The Basin Street Fund previously accounted for project activity associated with upgrades made to Basin Street and funded by an Over-the-Counter CDBG Grant. Although this project has been completed, the fund remained in place due to the repayment of a “Gap Loan” taken by the City to provide cash flow for multiple projects being undertaken simultaneously. Anticipated expenditures in this fund have been updated to account for final fund balances remaining to pay down the Gap Loan. FY 2023-24 and all future remaining Gap Loan payments will be made from the General Fund.

It is anticipated that this fund will have no remaining fund balance at the end of the fiscal year and that in FY 2024-25 the fund will be closed.

**EDA Grant Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ -
Estimated Amounts @ 6/30/2024	\$ -	\$ -
Recommended Mid-Year Adjustment	\$ -	\$ -

The EDA Grant Fund previously accounted for project activity associated with the South Willows Infrastructure Projects, which have been completed. Any residual amounts in this fund have been transferred to the Basin Street Fund, which is currently accounting for the repayment of the Gap Loan. This fund will be closed out at the end of the fiscal year.

**SB-2 Grant Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ -
Estimated Amounts @ 6/30/2024	\$ -	\$ -

Recommended Mid-Year Adjustment	\$	-	\$	-
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The SB-2 Grant Fund accounts for project activity associated with SB-2 grant eligible activity. There are no revenues or expenditures anticipated for FY 2023-24, although the fund does have a fund balance of \$58,022. This fund balance will be reviewed and reconciled to determine where other eligible expenditures may have been recorded so that the remaining fund balance can be transferred out. It is anticipated that this fund will be closed out at the end of the current fiscal year.

**USDA RDBG Grant Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ 95,000	\$ 95,000
Estimated Amounts @ 6/30/2024	\$ 95,000	\$ 59,079
Recommended Mid-Year Adjustment	\$ -	(\$ 35,921)

The USDA RDBG Grant Fund accounts for project activity associated with USDA grant eligible activity. An expected grant receipt of \$95,000 remains unchanged; while expenditures are lowered to \$59,079 to account for prior year expenditure activity. It is anticipated that this fund will be closed out at the end of the current fiscal year.

**HOME Grant Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ 2,500
Estimated Amounts @ 6/30/2024	\$ -	\$ 2,500
Recommended Mid-Year Adjustment	\$ -	\$ -

The HOME Grant Fund accounts for project activity associated with the Sycamore Street Apartments project. There are no revenues anticipated to be received for FY 2023-24. Expenditures account for loan monitoring costs associated with Sycamore Apartments loan. It is anticipated that this fund will have \$16,826 remaining on June 30, 2024.

**SPECIAL REVENUE FUNDS – IMPACT FEES**

The City’s Impact Fees Special Revenue Funds include the Fire, Police, Storm Drainage, Streets, Parks, I-5 Interchange and Library Impact Fee funds. These funds may only be used for allowable expenditures consistent with parameters outlined in each fee’s originating resolution consistent with AB-1600.

Revenues and expenditures for all funds have been updated with actual fee collections and payments made for FY 2023-24. It should be mentioned that the Fire Impact Fee Fund includes an appropriation of \$1,842, which represents fund balances available for a portion of the debt service on a recently purchased fire truck. Additionally, it is recommended that \$25,000 be appropriated from the Library Impact Fee Fund for Library improvements noted in the recently updated CIP. Anticipated fund balances as of June 30, 2024, for each of the Impact Fee Funds are as follows:

Fire - \$0                      Police - \$62,179                      Storm Drain - \$156,652                      Library - \$119,150  
 Streets - \$186,594                      Parks - \$339,104                      I-5 Interchange - \$396,151

**COVID-19 / AMERICAN RESCUE PLAN ACT (ARPA) FUND**

The COVID-19 / ARPA Fund accounts for the receipt and ultimate expenditure of \$1,452,552 in federal funds received related to the American Rescue Plan Act. These funds were received over two fiscal years and are currently available for eligible expenditures.

**COVID-19 / ARPA Fund**

	<u>Revenues</u>	<u>Expenditures</u>
FY 2023-24 Adopted Budget	\$ -	\$ 967,840
Estimated Amounts @ 6/30/2024	\$ -	\$ 827,840
Recommended Mid-Year Adjustment	\$ -	(\$ 140,000)

There are no anticipated revenues for the ARPA Fund during FY 2023-24. Expenditures have been updated to remove the Swimming Pool Upgrades Project (\$200,000) due to the project being funded by a new grant; and increase the Tyler System Upgrade Project by \$30,000 to account for potential implementation of new modules, and \$30d,000 for the Master Fee Schedule Update. Projects recommended to be funded by ARPA include:

- City Hall Upgrades - \$66,299
- Cal Water Main Connection - \$627,791
- Update Municipal Code - \$43,750
- Tyler ERP System Upgrade - \$60,000
- Master Fee Schedule Update - \$30,000

It is anticipated that the COVID-19 / ARPA Fund will have \$264,208 remaining at the end of the fiscal year. It may be recommended that these funds be used to mitigate the use of General Fund reserves towards the unanticipated increase in the Police Services Contract with Glenn County (the additional cost built into the General Fund Budget is \$378,001).

### Staffing Matrix

The staffing matrix used to develop mid-year estimates and long-term forecast personnel costs is listed below. All staff positions are assumed to be filled for the purpose of forecasting future expenditures.

### Full-Time Positions

Dept 10 – City Council	- 5.0 FTE City Councilmember
Dept 30 – City Manager	- 1.0 FTE City Manager - 1.0 FTE City Clerk
Dept 50 – Finance	- 1.0 FTE Administrative Analyst - 1.0 FTE Accounting Manager
Dept 60 – Planning	- 5.0 FTE Planning Commissioners - 1.0 FTE Community Development & Services Director
Dept 90 – Building	- 1.0 FTE Community Development Technician
Dept 120 – Library	- 2.0 FTE Library Technician
Dept 138 – Parks / Public Works	- 1.0 FTE Fleet Mechanic - 1.0 FTE Parks / PW Superintendent - 5.0 FTE Parks / PW Maintenance Workers
Dept 150 – Fire	- 1.0 FTE Fire Chief - 2.0 FTE Fire Captains - 1.0 FTE Firefighter/Engineers

### Part-Time / Temporary Positions

Dept 80 – Civic Center	- Custodian
Dept 120 – Library	- Various Library workers
Dept 130 – Recreation	- Recreation Assistant
Dept 135 – Swimming Pool	- Swimming Pool workers
Dept 150 – Fire	- Firefighters (PT)

### Fiscal Impact:

The Fiscal Year 2023-24 recommended budget modifications balance anticipated expenditures with anticipated revenues and carryover monies available for noted funds.

### Attachment:

- Attachment 1: Fund Schedules for Citywide Operating Funds

**City of Willows**  
**Budgeted Revenues / Expenditures / Fund Balance**  
**Fiscal Year 2023-24 Mid-Year Budget**

	<b>EST. BEGINNING FUND BALANCE July 1, 2023</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>ENDING FUND BALANCE June 30, 2024</b>	<b>Excess / (Deficit) of Revenues over Expenses</b>	<b>Capital Plan / Outlay</b>
<b>General Fund</b>	\$ 1,975,481	\$ 5,886,831	\$ 6,840,602	\$ 1,021,710	\$ (953,771)	\$ 346,049
<b>Enterprise Funds</b>						
318 / 321 - Sewer Enterprise	\$ 4,998,398	1,897,500	\$ 4,223,181	\$ 2,672,717	\$ (2,325,681)	\$ 2,374,395
325 - Water Enterprise	(17,960)	664,751	640,791	6,000	23,960	627,791
<i>Total Enterprise Funds</i>	<u>\$ 4,980,438</u>	<u>\$ 2,562,251</u>	<u>\$ 4,863,972</u>	<u>\$ 2,678,717</u>	<u>\$ (2,301,721)</u>	<u>\$ 3,002,186</u>
<b>Special Revenue Funds</b>						
<b>TRANSPORTATION</b>						
314-317 / 372 Gas Tax	\$ 282,554	\$ 173,769	\$ 321,653	\$ 134,670	\$ (147,884)	\$ 139,653
306 / 311 - RMRA / SB-1	356,924	157,236	511,466	2,694	(354,230)	511,466
310 - RSTP Program	(36,244)	362,658	110,901	215,513	251,757	110,901
<b>LIBRARY</b>						
338 / 359 - County Library / Literacy	46,878	273,138	320,016	-	(46,878)	-
341 - Zip Books	3,216	7,517	10,000	733	(2,483)	-
350 - Northnet Training	1,773	1,500	3,273	-	(1,773)	-
352 - CLSA Delivery	25,726	14,129	11,000	28,855	3,129	-
<b>MISC. OPERATIONAL</b>						
307 - Certified Access (ADA)	11,667	2,000	-	13,667	2,000	-
313 - Willows Lighting & Landscaping	49,268	34,533	38,931	44,870	(4,398)	-
322 - Recreation Reimbursement	-	-	-	-	-	-
323 - Recreation Cultural	-	-	-	-	-	-
330 - Community Discretionary	21,369	5,890	23,736	3,523	(17,846)	-
331 - Mall Maintenance	22,972	-	8,800	14,172	(8,800)	-
366 - State Recycling Grant	8,969	-	-	8,969	-	-
<b>CDBG / HOUSING</b>						
312 - CDBG Housing	-	6,289	6,289	-	-	-
347 - HOME Program Income	(4,469)	4,469	-	-	4,469	-
326 - CDBG Over-the-Counter Loan	127,670	112,731	5,000	235,401	107,731	-



**City of Willows**  
**Budgeted Revenues / Expenditures / Fund Balance**  
**Fiscal Year 2023-24 Mid-Year Budget**

	<b>EST. BEGINNING FUND BALANCE July 1, 2023</b>	<b>REVENUES</b>	<b>EXPENDITURES</b>	<b>ENDING FUND BALANCE June 30, 2024</b>	<b>Excess / (Deficit) of Revenues over Expenses</b>	<b>Capital Plan / Outlay</b>
<b>PROJECT</b>						
327 - Basin Street	6,968	-	6,968	-	(6,968)	-
329 - EDA Grant	661	-	-	661	-	-
343 - SB-2 Grant	58,022	-	-	58,022	-	-
440 - USDA RDBG Grant	(35,921)	95,000	59,079	-	35,921	-
398 - CDBG HOME Grant	19,326	-	2,500	16,826	(2,500)	-
<b>IMPACT FEES</b>						
356 - Fire Impact Fee	1,712	130	1,842	-	(1,712)	1,842
358 - Police Impact Fee	61,741	438	-	62,179	438	-
360 - Storm Drainage Impact Fee	155,478	1,174	-	156,652	1,174	-
361 - Streets Development Impact Fee	185,289	1,305	-	186,594	1,305	-
362 - Parks Facilities Impact Fee	337,104	2,000	-	339,104	2,000	-
363 - I-5 Interchange Impact Fee	393,109	3,042	-	396,151	3,042	-
364 - Library Development Impact Fee	143,200	950	25,000	119,150	(24,050)	25,000
<b>COVID-19 / ARPA</b>						
420 - COVID-19 / ARPA	1,092,048	-	827,840	264,208	(827,840)	-
<i>Total Special Revenue Funds</i>	<u>\$ 3,337,010</u>	<u>\$ 1,259,898</u>	<u>\$ 2,294,294</u>	<u>\$ 2,302,614</u>	<u>\$ (1,034,396)</u>	<u>\$ 788,862</u>
<b>Total Citywide</b>	<u>\$ 10,292,929</u>	<u>\$ 9,708,980</u>	<u>\$ 13,998,868</u>	<u>\$ 6,003,041</u>	<u>\$ (4,289,888)</u>	<u>\$ 4,137,097</u>