

City of Willows
Fiscal Year 2023-24
Proposed Budget



Presentation to City Council
June 30, 2023



FY 2023-24 Proposed Budget - Discussion Outline -

1. Overview of Budget Development Process to Date
2. Review of FY 2023-24 Citywide Proposed Budget
3. General Fund Revenues and Expenditures / Forecast
4. Enterprise Fund Update
5. Other Fund Groups / Special Revenue Funds Updates
6. Consider FY 2023-24 Proposed Budget – Questions / Comments

FY 2023-24 Proposed Budget - Budget Development Process -

Budget Development Process to Date:

- Update financial information for FY 2021-22 audit process – conform fiscal information to accounting principles and best practices / preparation of General Fund multi-year forecast
- Review and update of FY 2022-23 financial activity – mid-year report and budget development overview – March 28, 2023
- Work with management staff to update the budget for FY 2022-23
- Incorporate City Council requests into budget as required
- Update of General Fund Base Budget Forecast
- Presentation of FY 2023-24 Preliminary Budget for General Fund – May 22, 2023
- Consider adoption of the FY 2022-23 Proposed Budget – June 30, 2023

FY 2023-24 Proposed Budget - Citywide Budget -

Fund Type	FY 2023-24 Proposed Budget	
	Revenues	Expenditures
General Fund	\$ 5,621,401	\$ 6,315,823
Enterprise Funds	\$ 2,532,291	\$ 2,867,610
Special Revenue Funds	\$ 852,219	\$ 2,152,567
Total Budget:	\$ 9,005,911	\$ 11,336,000

FY 2023-24 Citywide Budget - \$11,336,000

Note:

- **Using \$694,422 of fund balance (reserves) in General Fund to balance budget – some for ongoing expenditures – “Base Budget” uses more than \$410,000 in reserves on an ongoing basis**

FY 2023-24 Proposed Budget

- Citywide Budget -

Citywide Capital Outlay / Projects (where project is fully appropriated)				
General Fund	\$	455,549	RMRA / SB-1 Fund	\$ 60,000
Sewer Enterprise Fund		395,000	RSTP Program Fund	170,000
Water Enterprise Fund		627,791	Fire Impact Fee Fund	65,163
Gas Tax Fund(s)		195,000		
Total Capital Outlay / Projects: \$1,968,503				

- General Fund**
 - Swimming Pool Upgrades (\$200,000 ARPA / \$100,000 GF Reserves)
 - Upgrade Computer Equipment – Tyler (\$30,000); Upgrade Municipal Code (\$43,750)
 - Base Budget – Computers (\$5,000); City Hall Reconfiguration (\$66,299 – ARPA)
 - Fire Equipment (Grant / Base) - \$10,500

- Sewer Fund**
 - Sycamore St. Lift Station; Update Municipal Code; Annual Sewer Replacement Project
 - WWTP – Clarifier Improvements; Administration Building
 - ***Bond Projects..... (\$3.3 million in capital available)***

- Water Fund**
 - Cal Water Main System Tie-In (ARPA)

- Transportation**
 - Streets Resurfacing Projects; Pacific Avenue; Sidewalk Reconstruction

- Fire Impact Fee Fund**
 - Debt Service for Fire Truck (*may need to come from General Fund*)

FY 2023-24 Proposed Budget

- Citywide Budget -

FY 2023-24 Staffing

Citywide Staffing <i>FUNDED POSITIONS</i>	
Department	FTE
Mayor / City Council	5.00
City Manager / City Clerk	2.00
Administrative Services / Finance	2.00
Community Development	2.00
Fire	4.00
Library	2.00
Public Works / Sewer Operations	7.00
Recreation	1.00
Citywide Full Time Equivalents (FTE) :	25.00

- **Budget assumes full funding for entirety of fiscal year for all positions**
- **New positions recommended:**
 - **Children’s Librarian (Full Time)**
 - **Recreation Manager (Full Time)**
- **Part-Time / Temporary Functions:**
 - **Custodial Services**
 - **Library Program**
 - **Recreation / Swimming Programs**
 - **Firefighters**
- **Allocation of staffing to Sewer to be variably costed – not by percentage (note: appropriated at 25% for Public Works)**

FY 2023-24 Proposed Budget - Citywide Reserve Levels -

Reserve Levels @ June 30, 2024:

Fund	--Reserve Levels--	
	Designated	Undesignated
General Fund	\$ 305,000	1,307,887
Sewer Enterprise Fund	3,903,299	497,333
Water Enterprise Fund	\$ -	(18,670)
Gas Tax Fund	-	145,157
RMRA / SB-1 Fund	\$ -	530,935
RSTP Program	-	248,480
County Library Fund	\$ -	(261)
Other Library Funds	-	27,088
Miscellaneous Op. Funds	\$ -	63,111
CDBG / Housing Funds	-	102,588
Project Funds	-	(25,789)
Impact Fee Funds	-	1,218,010
COVID 19 / ARPA Fund	\$ -	-

Reserve Notes

- Designated reserves include a Working Capital Reserve (\$200,000); Capital Reserve (\$5,000)
- Water Fund expected to closed out
- Transportation-related reserves = \$924,572
- Other Library Reserves include Zip Books; Northnet Training; CLSA Delivery
- Impact Fee Reserves =\$1,218,010
- Remaining ARPA Funding not appropriated = \$0

FY 2023-24 Proposed Budget - General Fund -

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 6,964,993	\$ 7,048,465
FY 2023-24 Proposed Budget	\$ 5,621,401	\$ 6,315,823

FY 2022-23 Updated Budget anticipated use of reserves: (\$83,472)

- Improved from Mid-Year anticipated use of (\$277,876)
- Grants help to offset costs (one-time); Property Tax; ARPA Offsets

FY 2023-24 Proposed Budget anticipated use of reserves: (\$694,422)

- All positions funded for entirety of year – transition of 2 positions - \$80,000
- One-time funding towards Swimming Pool Upgrades - \$100,000
- Police Contract costs @ 3% (to be negotiated) - \$48,000
- Prior year added positions add \$500,000+ to the ongoing budget
- Includes \$340,000 in ARPA-Funded projects / one-time needs
- Negotiated salary increases included



FY 2023-24 Proposed Budget - General Fund Changes / Additions -

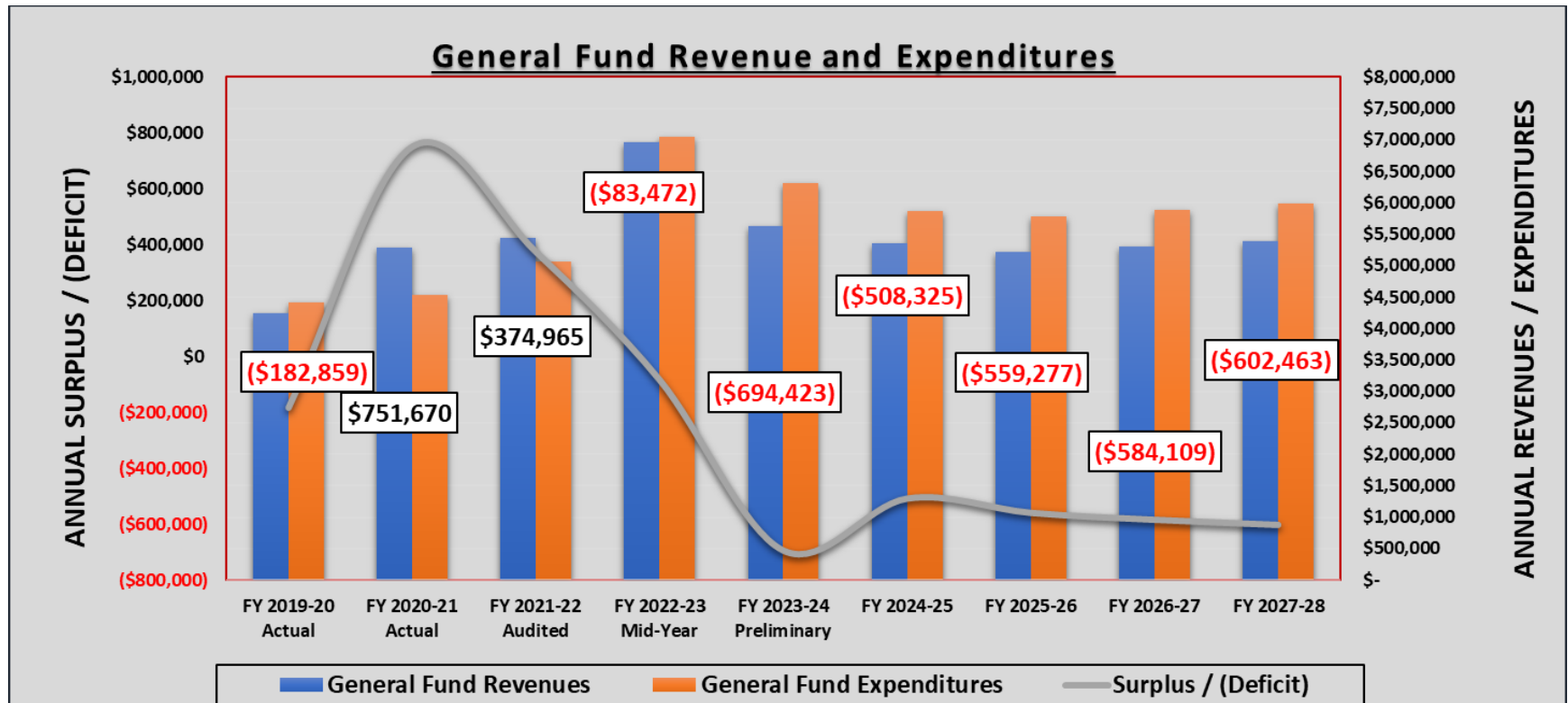
General Fund Revenues

- Changes to major discretionary revenue sources (represents 81.7% of all General Fund base revenues):
 - Property Taxes – 2%
 - Sales Taxes – 1.5%
 - Transient Occupancy Taxes – 1.0%

- Other General Fund revenues held static or increased / decreased based on current and prior year experience

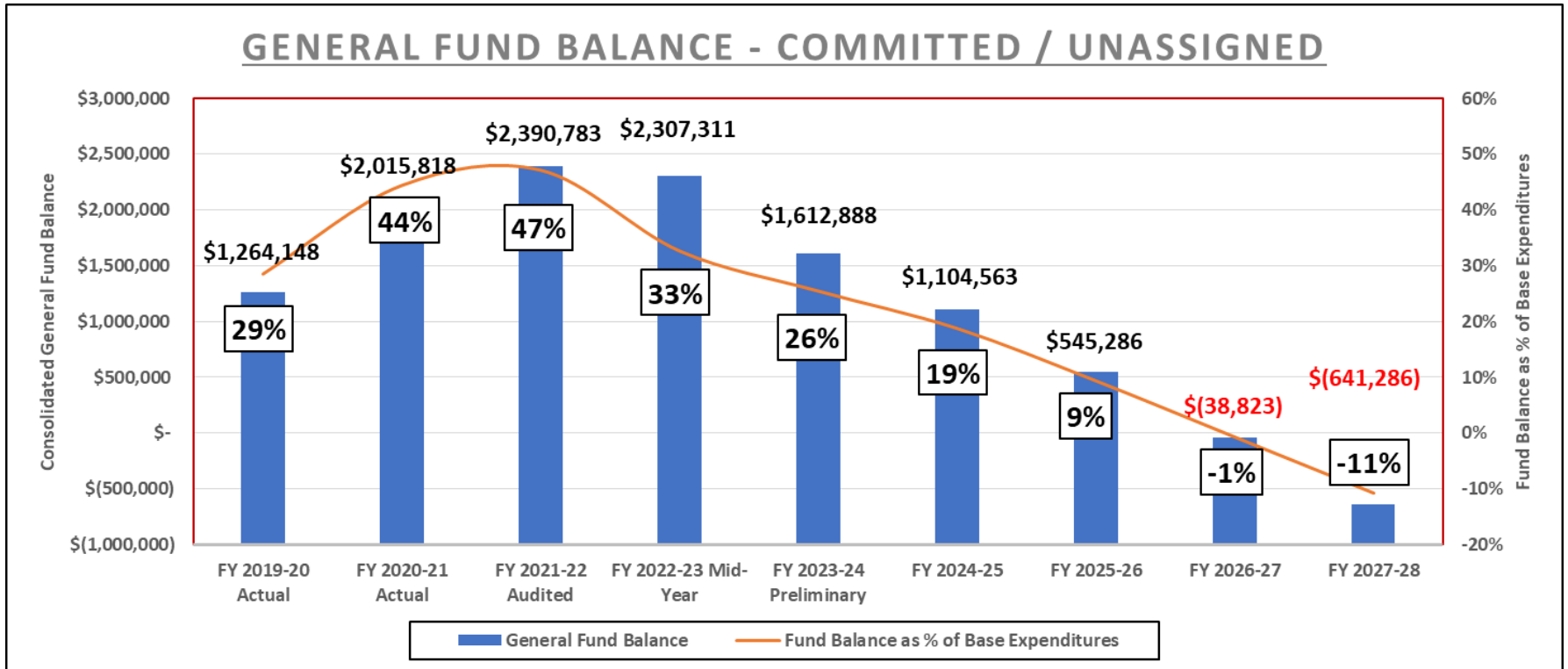
FY 2023-24 Proposed Budget - General Fund -

Multi-Year Forecast – General Fund:



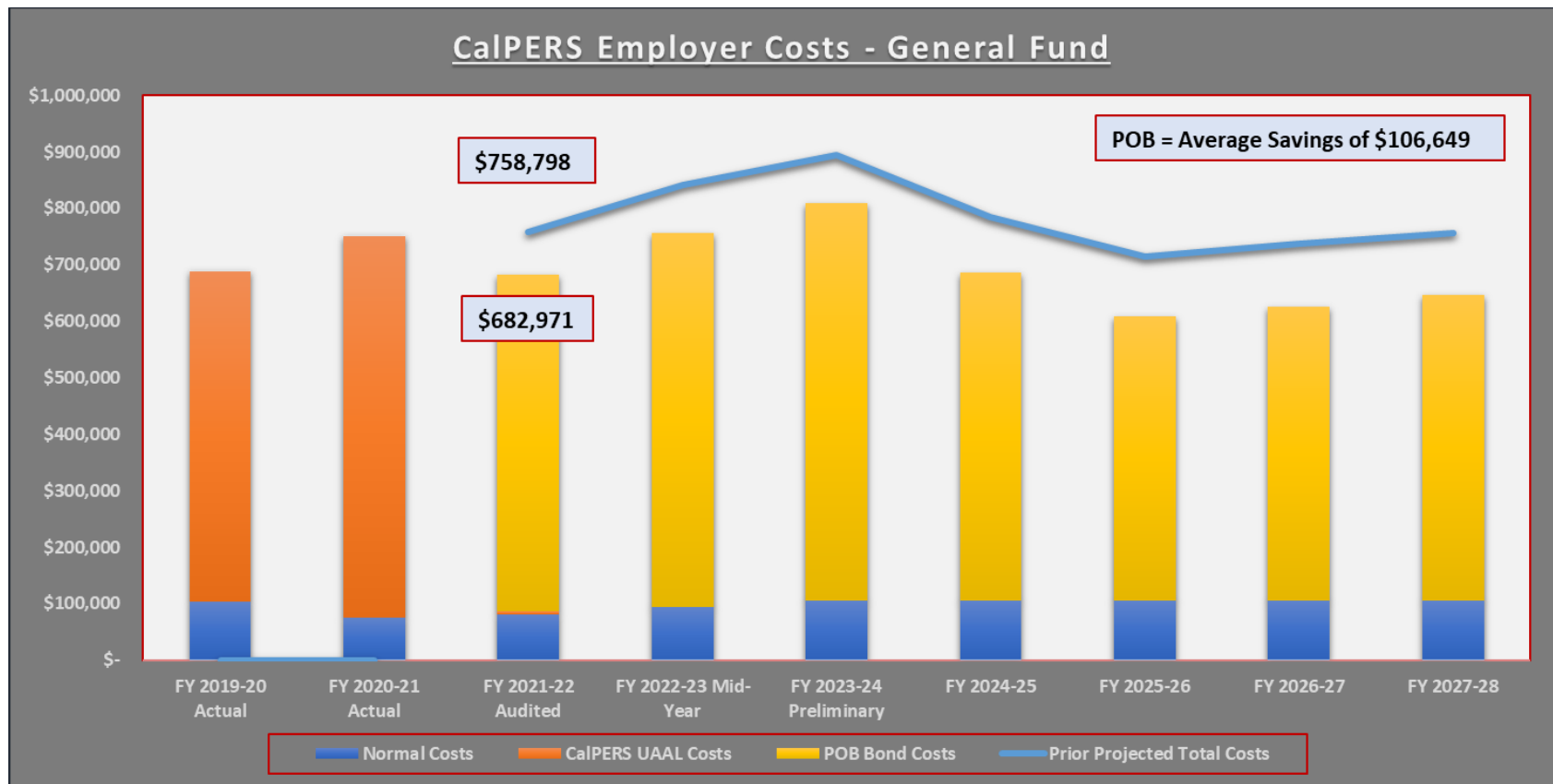
FY 2023-24 Proposed Budget - General Fund -

Multi-Year Forecast – General Fund Reserves:



FY 2023-24 Proposed Budget - General Fund -

Impacts of POB Issuance – General Fund:



FY 2023-24 Proposed Budget - Sewer Enterprise Fund -

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 1,995,365	\$ 1,762,499
FY 2023-24 Proposed Budget	\$ 1,897,500	\$ 2,226,819

Projected Sewer Fund Balance @ 06/30/24: \$4,400,632 (\$3,359,693 is restricted)

Sewer Fund Budget Notes:

- Programmed rate increase for FY 2023-24
- Funds available for Sewer Improvements (bond issue) - \$3,359,693
- Funds \$395,000 towards variety of capital outlay and projects
 - Sycamore St. Lift Station
 - Update Municipal Code
 - Annual Sewer Replacement Project
 - WWTP – Clarifier Improvements
 - WWTP – Administration Building

FY 2023-24 Proposed Budget - Water Enterprise Fund -

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 7,000	\$ 13,000
FY 2023-24 Proposed Budget	\$ 634,791	\$ 640,791

Projected Water Fund Balance @ 06/30/24: (\$18,670)

Water Fund Budget Notes:

- This fund is likely to be closed out during FY 2023-24 – All activity will transition to Cal Water based on tie-in to their system (funded by ARPA - \$627,791)
- Any negative fund balance at end of year will be covered by ARPA or General Fund

FY 2023-24 Proposed Budget - Special Revenue Funds – Transportation -

Gas Tax Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 159,024	\$ 180,500
FY 2023-24 Proposed Budget	\$ 173,769	\$ 377,000

Projected Gas Tax Fund Balance @ 06/30/24: \$145,157

Gas Tax Fund Budget Notes:

- The Pacific Avenue Project is appropriated for FY 2023-24 (some may be incurred in FY 2022-23) - \$125,000 match
- Street lighting and staffing costs related to street maintenance built into this budget (\$90,000)
- Capital @ \$195,000 includes Street Maintenance, Rehabilitation and Resurfacing; Pacific Avenue Project

FY 2023-24 Proposed Budget - Special Revenue Funds – Transportation -

RMRA / SB-1 Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 137,991	\$ 59,290
FY 2023-24 Proposed Budget	\$ 157,236	\$ 60,000

Projected RMRA / SB-1 Fund Balance @ 06/30/24: \$530,935

RMRA / SB-1 Fund Budget Notes:

- \$60,000 in capital is included from this fund towards Sidewalk Reconstruction
- FY 2022-23 expenditures include Lassen Street Project / Sidewalk Reconstruction (base budget – if not spent will carryover)
- Need to review Maintenance of Effort issue in General Fund to keep these funds in future

FY 2023-24 Proposed Budget - Special Revenue Funds – Transportation -

RSTP Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 1,573,805	\$ 1,612,742
FY 2023-24 Proposed Budget	\$ 112,000	\$ 170,000

Projected RSTP Fund Balance @ 06/30/24: \$248,480

RSTP Fund Budget Notes:

- FY 2022-23 expenditures include STIP-Funded Lassen Street and Pacific Avenue Projects
- FY 2023-24 Capital @ \$170,000 includes Street Resurfacing and Pacific Avenue Project

Note: \$900,000+ available for streets- / transportation-related needs, depending on MOE Issues

FY 2023-24 Proposed Budget - Special Revenue Funds – Library -

County Library / Literacy Pass-Through Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 121,980	\$ 153,123
FY 2023-24 Proposed Budget	\$ 121,980	\$ 121,980

Projected County Library Fund Balance @ 06/30/24: (\$261)

County Library Fund Budget Notes:

- Literacy Grant from State of CA built in @ \$44,280 (passed through to Glenn County)
- Assumed \$77,700 Library funding from Glenn County - all transferred to General Fund to cover Willows Library branch costs
- Funds remaining may be used for any library purpose (note: Willows Branch costs are appropriated in General Fund – Dept. 120)



FY 2023-24 Proposed Budget - Special Revenue Funds – Library -

Other Library-related Funds:

Zip Books Fund - Fund Balance @ June 30, 2024 - \$1,671
\$10,000 towards library-related costs appropriated in FY 2023-24
Revenues received from the State used for applicable expenditures

Northnet Training Fund - Fund Balance @ June 30, 2024 - \$0
\$1,991 towards library-related costs appropriated in FY 2023-24

CLSA Delivery Fund- Fund Balance @ June 30, 2024 – \$25,417
\$11,000 towards E-Rate program appropriated in FY 2023-24
E-Rate revenues used for applicable expenditures

FY 2023-24 Proposed Budget

- Special Revenue Funds – Miscellaneous -

Miscellaneous Operating Funds:

Certified ADA Access Fund -	Fund Balance @ June 30, 2024 - \$13,551 Portion of business license fees for ADA upgrades
Willows Lighting / Landscp. Fund -	Fund Balance @ June 30, 2024 - \$45,172 Used towards expenditures consistent with Engineer's Report
Recreation Reimbursement Fund-	Activity moved to General Fund
Recreation Cultural Fund -	Activity moved to General Fund
Community Discretionary Fund -	Fund Balance @ June 30, 2024 – (\$18,254) Revenues include defederalized CDBG program income loan payments Loan payments are decreasing – some expenditures may need GF funding Expenditures include LAFCO; 3-Core; Community Promotion; ED Committee
Mall Maintenance Fund -	Fund Balance @ June 30, 2024 - \$13,673 Funding appropriated for FY 2022-23 moved to FY 2023-24
State Recycling Grant Fund-	Fund Balance @ June 30, 2024 - \$8,969 No activity budgeted for fund May be used for recycling-related activities



FY 2023-24 Proposed Budget - Special Revenue Funds – CDBG/Housing -

CDBG / Housing Funds:

CDBG Housing Fund -

Fund Balance @ June 30, 2024 - \$0

No changes to fund

Receives program income and transfers to Community Discretionary Fund

Revenues declining – loan payments lower

HOME Program Income Fund -

Fund Balance @ June 30, 2024 – **(\$4,469)**

Appropriation for administrative costs associated with HOME Program

Determine if loans will be paid back or transfer costs to General Fund

FY 2023-24 Proposed Budget

- Special Revenue Funds – Projects -

Projects Operating Funds:

CDBG OTC Grant / Loan Fund -	Anticipated Fund Balance @ June 30, 2024 - \$107,057 Fund used to account for Rumiano Cheese Company grant / loan Fund expected to be converted to Loan Program Income Fund
Basin Street Fund-	Anticipated Fund Balance @ June 30, 2024 – (\$40,461) Fund accounts for upgrades to Basin Street funded by CDBG Grant Fund tracks “Gap Loan” payments, which may require General Fund funding
EDA Grant Fund -	Anticipated Fund Balance @ June 30, 2024 – \$0 Fund expected to be reconciled and closed out during FY 2023-24
SB-2 Grant Fund -	Anticipated Fund Balance @ June 30, 2024 – \$0 Fund expected to be reconciled and closed out during FY 2023-24
USDA RDBG Grant Fund -	Anticipated Fund Balance @ June 30, 2024 - \$0 Fund accounts for RDBG Grant activity
HOME Grant Fund -	Anticipated Fund Balance @ June 30, 2024 - \$14,672 Fund accounts for Sycamore Street Apartments project

FY 2023-24 Proposed Budget

- Special Revenue Funds – Impact Fees -

Impact Fees Operating Funds:

Anticipated Fund Balances @ June 30, 2024:

- Fire - (\$ 63,315) *(note: used for Fire Truck debt service)*
- Police - \$ 62,045
- Storm Drain - \$ 156,118
- Library - \$ 144,114
- Streets - \$ 185,916
- Parks - \$ 338,782
- I-5 Interchange - \$ 394,350

Funds may be used towards any nexus-based project / expenditure

FY 2023-24 Proposed Budget - Special Revenue Funds – ARPA -

COVID-19 / ARPA Fund

	<u>Revenues</u>	<u>Expenditures</u>
FY 2022-23 Estimated Actuals	\$ 726,276	\$ 409,500
FY 2023-24 Proposed Budget	\$ -	\$ 967,840

Projected COVID-19 / ARPA Fund Balance @ 06/30/24: \$0

COVID-19 / ARPA Fund Budget Notes:

- Both receipts of ARPA funding received
- Reconciliation of ARPA Funding provided
- Some FY 2022-23 ARPA expenditures may not be incurred by end of year and carried over into FY 2023-24

All ARPA Funding must be obligated by Dec. 31, 2024; and spent by Dec. 31, 2026

FY 2023-24 Proposed Budget - Special Revenue Funds – ARPA -

COVID-19 / ARPA Fund

	FY 2021-22	FY 2022-23	FY 2022-23	FY 2023-24
ARPA Reconciliation:	EXPENDED	ADOPTED	ESTIMATED	PROPOSED
Employee Stipends	\$ 75,212	\$ -	\$ -	\$ -
Master Fee Update	\$ -	\$ 30,000	\$ 30,000	\$ -
Swimming Pool Upgrades	\$ -	\$ -	\$ -	\$ 200,000
City Hall Upgrades	\$ -	\$ -	\$ -	\$ 66,299
Cal Water Main Connection	\$ -	\$ -	\$ -	\$ 627,791
Fire Dept Equipment	\$ -	\$ 90,000	\$ 90,000	\$ -
Update Municipal Code	\$ -	\$ 135,000	\$ -	\$ 43,750
Upgrade Audio Visual - CC	\$ -	\$ 25,000	\$ 5,000	\$ -
Fire Truck Upgrades	\$ -	\$ -	\$ 20,000	\$ -
Public Works Equipment	\$ -	\$ 349,000	\$ 209,500	\$ -
ERP System Upgrade	\$ -	\$ 55,000	\$ 55,000	\$ 30,000
Total ARPA Expended / Committed:	\$ 75,212		\$ 409,500	\$ 967,840
			Total Expended Committed:	\$ 1,452,552
			Total ARPA Remaining:	\$ -



FY 2023-24 Proposed Budget - Recommended Action -

Consider adopting the FY 2023-24 Proposed Budget for the City of Willows

Comments / Questions