



Date: October 10, 2023
To: Honorable Mayor and Councilmembers
From: Marti Brown, City Manager
Carolyn Walker, City Attorney
Subject: Fiscal Emergency & Sales Tax Ballot Measure

Recommendation:

Pass a resolution (Attachment 1) and ordinance (Exhibit A to the Resolution) declaring a fiscal emergency and authorizing the City Manager to place a 1% sales tax measure on the March 2024 election ballot.

Rationale for Recommendation:

In order to place a sales tax measure on a special election ballot (e.g., March 2024), the City Council must first declare a fiscal emergency and make findings to support the emergency.

The City of Willows currently faces an approximate \$.5 million structural deficit that will continue to grow to an estimated \$1.5 million with the proposed increase in the law enforcement contract with the Glenn County Sheriff's Office. Regardless of whether the City contracts with the Glenn County Sheriff's Office or the City of Willows re-establishes its own law enforcement program, the City does not currently generate sufficient revenues to provide adequate and sustainable law enforcement services to the citizens of Willows indefinitely. In addition, and with the \$.5 million structural deficit, the City is also not able to sustainably provide other basic services to the citizens of Willows such as Public Works, Permitting, Administration and Finance. Under the current circumstances, the City will have no General Fund Reserve by Fiscal Year 2024-25 (Exhibit B to the Resolution).

Background:

Over the past several years, the City's General Fund revenues have remained steady but expenditures have grown considerably. For several years, the City has maintained below-minimum staffing levels due to a lack of revenue and competitive salaries. As a result, the City elected to contract with the Glenn County Sheriff's Office for law enforcement services in 2017 anticipating cost savings and a more competitive marketplace for law enforcement services.

The City and County executed a five-year contract that expired in June of 2022. Concurrently, a new Sheriff was elected in June 2022 and sworn into office in January 2023. As then Sheriff-elect, Sheriff Gibbs requested a one-year contract extension with the City of Willows in the fall of 2022. Unfortunately, negotiations for a new contract did not begin until June of 2023. At that time, the Glenn County Sheriff's Office presented a new proposal that increased the Sheriff's contract for Fiscal Year 2023-24 from approximately \$1.62 million to \$2.57 million.

In addition to the costly jump of providing law enforcement services in one fiscal year, the City has already been struggling with staffing levels in the Community Development & Services, Fire, Finance, and Administration Departments. The cost of providing these services has also increased over the past several fiscal years and expenditures have grown while revenues have remained the same.

As Exhibit B illustrates, the City will have no General Fund Reserve by the end of Fiscal Year 2024-25 under these circumstances.

Discussion & Analysis:

Due to the current fiscal circumstances, the City needs to adopt a 1% Transactions and Use Tax (General Sales). The tax would be a vital source of revenue to the City so that it may provide lifesaving law enforcement services, as well as other basic city services in the Fire, Community Development & Services (e.g., Public Works, permitting), Administration and Finance Departments. A 1% sales tax is estimated to generate \$2 to \$2.4 million of increased revenue (based on the increased sales tax revenue generation of the surrounding cities of Orland, Williams and Corning).

To place the measure on the ballot, the City Council must adopt a resolution authorizing the ordinance be placed on the ballot and consolidated with the special election in March of 2024. The resolution must be passed by a minimum of a four-fifths vote of the Council which authorizes the submission of the ordinance to the County Elections Office for the March 5, 2024 election. The measure must then be passed by a majority of the City's electoral voters. In order to do so, the City Council needs to declare a state of fiscal emergency regarding the immediate need for the sales tax.

The attached ordinance would add a new Chapter to the Willows Municipal Code (WMC) entitled Transactions and Use Tax, which would not be operative until and unless it's approved by a majority of the voters. The attached resolution calls for 1) a declaration of a fiscal emergency, and 2) requests City of Willows to consolidate the election with the Presidential Primary Election, and submit the ordinance on the March 5, 2024 special election ballot.

Fiscal Impact:

It will cost the City approximately \$10,000 to \$15,000 to place a sales tax measure on the March 2024 ballot. The exact cost will not be known until the City is billed by the County. The above estimate is based on prior years' election costs.

Attachment:

- Attachment 1: Resolution
 - Exhibit A: Ordinance XX-2023
 - Exhibit B: Financial Forecast (based on the current proposed law enforcement contract and pre-existing deficit)



**City of Willows
Resolution XX-2023**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS, DECLARING AN EMERGENCY UNDER PROPOSITION 218, CALLING FOR THE PLACEMENT OF A GENERAL SALES TAX MEASURE ON THE BALLOT OF THE MARCH 5, 2024 ELECTION TO ADOPT A TRANSACTIONS AND USE TAX, AND REQUESTING THAT IT BE CONSOLIDATED WITH THE PRESIDENTIAL PRIMARY ELECTION TO BE HELD ON MARCH 5, 2024

WHEREAS, the City of Willows ("City") holds the authority to levy a Transactions and Use Tax for special purposes pursuant to California Revenue and Taxation Code section 7285, subject to approval of a majority votes of the electorate pursuant to Article XIII C, Section 2 of the California Constitution ("Proposition 218"); and

WHEREAS, the City Council would like to submit to the voters a measure introducing a Transactions and Use Tax ("Sales Tax") of one percent (1%) on the sale of all tangible personal property sold at retail in the City; and

WHEREAS, the Sales Tax is a general tax, the revenue of which will be used to provide the citizens of Willows with city services including law enforcement, fire protection and prevention, emergency medical, public works, administration, permitting, library, inspections and finance services; and

WHEREAS, like many other cities, the City has undergone a financial crisis due to the economic downturn, takeaways by the state and inability of revenues to keep pace with expenditures; and

WHEREAS, in the Fiscal Year 2022-23 Mid-Year Budget Review and Adjustment, staff identified a nearly \$.5 million structural deficit; and

WHEREAS, the Glenn County Sheriff's Office proposes a more than \$900,000 increase in the City's law enforcement contract for fiscal year 2023-24 creating a new total structural deficit that ranges between \$1.4 and \$1.6 million per year; and

WHEREAS, the City has historically worked diligently to make all possible cuts to its budget; and

WHEREAS, the City has evaluated the impacts of financial constraints on the City's ability to provide vital services to the public, including evaluation and implementation of measures to reduce costs, as well as measures to increase revenue; and

WHEREAS, a General Sales Tax is needed immediately in order to maintain minimum staffing levels in all city departments including Law Enforcement, Fire, Community Development, Public Works, Administration, Library, and Finance; and

WHEREAS, the Measure is also needed in order to attract and retain highly qualified personnel, purchase apparatus and equipment, and implement capital improvement projects that will better serve the community; and

WHEREAS, only a locally-approved voter funding source would guarantee that new revenue stays in the City to improve city services and the quality of life for City residents; and

WHEREAS, without immediate voter approval of the proposed Sales Tax, the City will face serious financial shortfalls and be required to reduce essential municipal services (as illustrated in Exhibit "A"), which will endanger the health, safety, and general welfare of the City and its residents and, as such, there is a need to adopt the Sales Tax in order to maintain adequate services for the health, safety, and general welfare of the residents of the City of Willows; and

WHEREAS, pursuant to Proposition 218 any general tax measure submitted to the voters must be consolidated with a regularly scheduled general election for members of the City Council except in cases of emergency, as determined by a four-fifths vote of the City Council; and

WHEREAS, the next regularly scheduled general election at which City Council members are to be elected is not until November 5, 2024; and

WHEREAS, the health, safety, and general welfare of the citizens of the City would be endangered if the City was unable to place the Sales Tax before the voters until November 5, 2024, as the City requires immediate additional financial resources in order to continue to preserve and maintain essential City services at current levels; and

WHEREAS, there is a Presidential Primary Election scheduled for March 5, 2024, with this election being conducted in the County of Glenn by the Registrar of Voters Office; and

WHEREAS, the City Council unanimously finds and declares that the financial circumstances of the City requires an immediate and urgent enactment of the Sales Tax to increase revenues to the City to preserve the public peace, health, safety, and welfare of the community, to avoid work stoppages and law enforcement service disruptions, and to continue to provide valued city services; and

WHEREAS, all circumstances described above create an emergency situation warranting the placement of a measure on the next available special election ballot to permit the voters to decide on the General Sales Tax pursuant to Proposition 218; and

WHEREAS, the City Council desires to consolidate the General Sales Tax ballot measure with the Presidential Primary Election to be held on March 5, 2014;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WILLOWS:

Section 1. That pursuant to California Constitution Article XIII C, section 2(b), the City Council hereby unanimously declares the existence of an emergency in that there are imminent financial risks and dangers, as described in the Recitals, to the public welfare and the City's financial ability to provide essential municipal services without disruption, so that a special election is necessary to address such risks and dangers.

Section 2. That the City Council, pursuant to its right and authority, does call a Special Municipal Election and orders submitted to the voters at a Special Municipal Election to be held and consolidated with the Presidential Primary Election on Tuesday, March 5, 2024, the following questions:

BALLOT MEASURE # _____	
Shall Ordinance No. XX-2023 of the City of Willows, authorizing the City of Willows to impose a general transactions and use tax in the total amount of one percent (1%) to be used for the purpose of providing the citizens of Willows with critical city services including and not limited to, law enforcement, fire, emergency medical, public works, community development, administration, library, and finance be approved?	Yes
	No

Section 3. That the proposed complete text of the City's Transactions and Use Tax Ordinance submitted to the voters is attached hereto as Exhibit "A".

Section 4. That the vote requirement for the measure to pass is by a majority of the votes cast.

Section 5. That the Willows City Council is hereby requested to, and consent and agree to, the consolidation of the election on this ballot measure with the Presidential Primary Election to be held on March 5, 2024, and to direct the Glenn County Registrar of Voters to take any and all necessary steps to conduct the consolidated election.

Section 6. That the Registrar of Voters of the County of Glenn is authorized to canvass the returns of the election. The election shall be held in all respects as if there were only one election, and only public form of ballot shall be used. The election will be held and conducted in the manner prescribed in Elections Code section 10418.

Section 7. That the City recognizes that additional costs will be incurred by the City by reason of this consolidation and pay its share of the costs.

Section 8. That notice of the time and place of holding the election is hereby given, and the Clerk of the Board of Supervisors is authorized, instructed, and directed to give further or additional notice of the election, in time, form, and manner as required by law.

Section 9. That the Registrar of Voters of the County of Glenn is authorized, instructed and directed to procure and furnish any and all official ballots, notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

Section 10. That the Clerk of the City of Willows is hereby directed to file a certified copy of this Resolution with the Registrar of Voters of the County of Glenn.

Section 11. That arguments in favor of and in opposition to the ballot measure and rebuttal arguments shall be permitted, and the City hereby adopts the provisions of Elections Code sections 9167 and 9170, regarding the acceptance of arguments relating to ballot measures. The Clerk of the City Council shall fix the dates for submittal of arguments and rebuttals as provided for in the Elections Code, and in conjunction with the Glenn County Registrar of Voters.

Section 12. That, pursuant to Elections Code section 9160, the Clerk of the City Council is hereby directed to transmit a copy of the measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the Clerk of the City Council within ten (10) days following the adoption of this Resolution.

Section 13. That in all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

Section 14. That the Clerk of the City Council shall certify to the passage and adoption of this Resolution and enter it into the book of original resolutions.

Section 15. That this Resolution shall take effect from and after its adoption by a unanimous vote of the members of the City Council.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council on this 10th day of October 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Richard Thomas, Mayor

ATTESTED:

Amos Hoover, City Clerk

ATTACHMENTS:

- Exhibit A: Ordinance
- Exhibit B: Financial Forecasting Model

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF WILLOWS IMPOSING A TRANSACTIONS AND USE TAX OF ONE PERCENT (1%) TO BE ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Section 1. TITLE. This Ordinance shall be known as the City of Willows Transactions and Use Tax Ordinance. The City of Willows hereinafter shall be called "City." This Ordinance shall be applicable in the incorporated territory of the City.

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Ordinance, the date of such adoption being as set forth below.

Section 3. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail Transactions and Use Tax in accordance with the provisions of Part 1.6 (commencing with section 7251) of Division 2 of the Revenue and Taxation Code, and section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax Ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail Transactions and Use Tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California, insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore, that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the City shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax Ordinance; provided, that if the City shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City, at the rate of one percent (1%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory, on and after the operative date of this Ordinance.

Section 6. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer, unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination, or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use, or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use, or other consumption in said territory, at the rate of one percent (1%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance, and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted, therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California.

2. The result of that substitution would require action to be taken by or against this City, or any agency, officer, or employee thereof, rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use, or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use, or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use, or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that Code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797, or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203, and in the definition of that phrase in Section 6203.

1. "A retailer engaged in business in the District" shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this State or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to section 267(b) of Title 26 of the United States Code and the regulations thereunder.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this Ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax, the amount of any sales tax or use tax imposed by the State of California or by any City, County and City, or County pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax, the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made, and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with section 9840) of the Vehicle Code by registration to an out-of-City address, and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City, and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use, or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience, and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City, or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this Ordinance, may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code, with respect to the sale to the person of the property the storage, use, or other consumption of which is subject to the use tax.

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes, and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate, or other legal or equitable process, shall issue in any suit, action, or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 15. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the City transactions and use taxes, and shall take effect immediately.

Section 16. SALES TAX OVERSIGHT BOARD. The City of Willows will appoint a five-member standing oversight committee to be made up of the Willows residents, not City employees, to serve up to three (3) two-year (2) terms. Each City Council Member will appoint one (1) of the five (5) members to the Oversight Board.

These members will serve as the independent Sales Tax Oversight Board to review the expenditure of funds collected pursuant to the tax imposed by this Ordinance.

Section 17. TERMINATION DATE. The authority to levy the tax imposed by this Ordinance shall continue until this Ordinance is repealed by a majority vote of the voters of the City.

I hereby certify that the City of Willows Supplemental Transactions and Use Tax Ordinance was PASSED, APPROVED, AND ADOPTED by the People of the City of Willows on the 5th day of March, 2024.

Richard Thomas, Mayor of City of Willows

ATTEST:

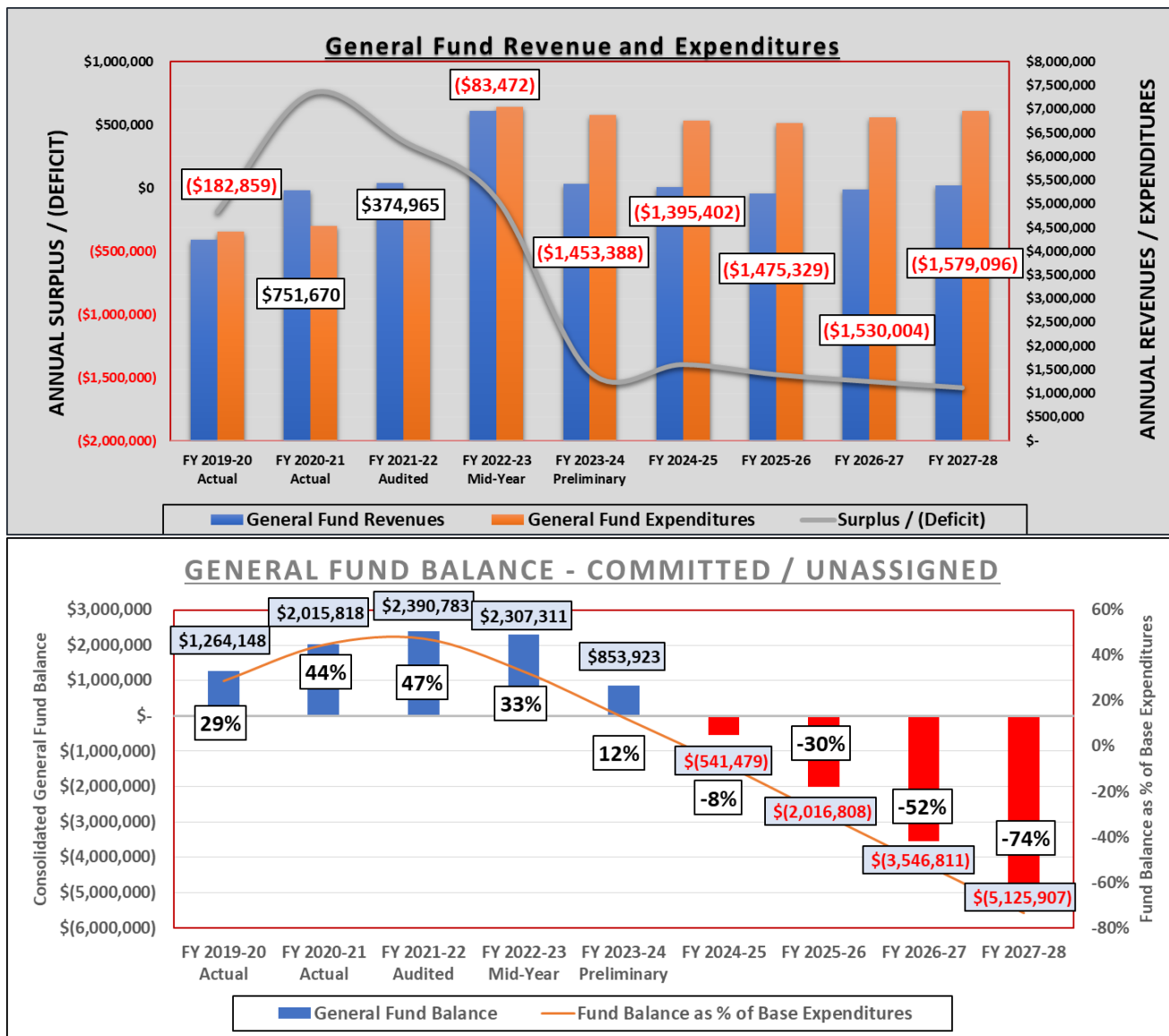
Clerk of the City Council

**City of Willows - Financial Forecasting Model
Proposed Sheriff Contract – Impact on General Fund / Reserves
Updated: October 7, 2023**

Assumptions built into forecast:

- Impacts of FY 2023-24 Adopted and Amended Budget.
- Potential impact of Sheriff contract set at \$2,570,000 beginning in FY 2023-24 – increase of 3% per year thereafter.

Results:



Observations:

- Deficits of approximately \$1.4 - \$1.6 million annually result beginning in FY 2023-24.
- General Fund Reserves (Fund Balance) exhausted in FY 2024-25 (next fiscal year).