



# Willows City Council Special Meeting Action Minutes May 2, 2023

City Council  
Rick Thomas, Mayor  
David Vodden, Vice Mayor  
Gary Hansen, Council Member  
Jeff Williams, Council Member  
Casey Hofhenke, Council Member

City Manager  
Marti Brown

City Clerk  
Vacant

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

1. **CALL TO ORDER – 5:30 PM**

2. **PLEDGE OF ALLEGIANCE**

3. **ROLL CALL**

Councilmembers Present: Councilmembers Hansen, Hofhenke and Williams, Vice Mayor Vodden and Mayor Thomas

4. **PUBLIC COMMENT**

Tom Brandon, Dan Gupton and Janice Bond-Smith all spoke in support of the library.

5. **WORKSHOP #2: FY 2023-24 BUDGET**

In addition to Staff's recommendations and proposed budget amendments for FY 2023-24, Council directed Staff to include full-time Children's Librarian and Recreation Director positions, and Civic Center and park shed repairs in the draft FY 2023-24 Budget to be presented on May 22, 2023.

6. **ADJOURNMENT – 7:26 PM**

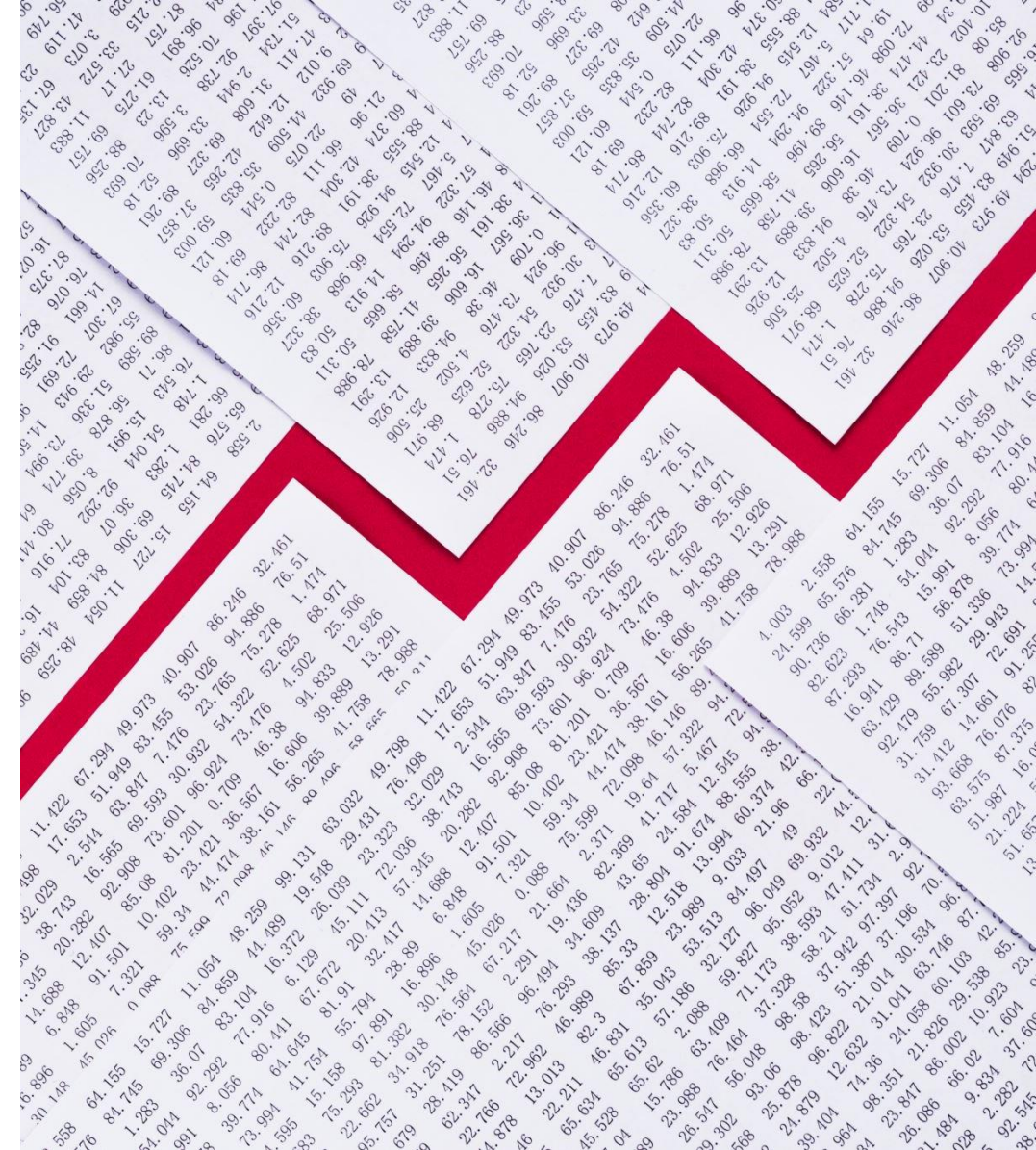
Dated: May 4, 2023

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Marti Brown, City Manager

# FY 2023-24 Budget & Looking Ahead

## Workshop #2: Staff Recommendations



# Agenda

- Departmental Budget Recommendations
- Council Identified Budget Requests (to date)
- Looking Ahead
- Next Budget Meetings
- Feedback and Direction from Council

# CD&S Budget - Needs

- GIS Update - \$20K
- Chemicals - \$10K
- ~~■ Dump Truck - \$120K (Grant may be possible)~~
- ~~■ Side by side - \$15K~~
- ~~■ Civic Center Repairs - \$100K~~
- ~~■ Park Sheds - \$20K~~
- ~~■ Development Permitting Workflow and Process (for the public) - \$10K Per Year~~
- ~~■ Part-Time CD Technician/Administrative Analyst - \$20K~~

**TOTAL = \$30K**

# Fire Budget - Needs

- ~~Contractual Services - \$41,250 (e.g., Dispatch, FD software)~~
- Volunteers CalPERS Retirement - \$2100  
(50-50 reimbursable shared expense with Rural District)
- Keyless Station Door Locks - \$5K
- ~~Security Cameras - \$15K~~
- ~~Scene Lighting - \$3K~~
- Apparatus Bay Cabinets - \$8K

**TOTAL = \$15,100**

# Library Budget - Needs

- ~~▪ Full-Time Children's Librarian - ~\$50K~~
- Equipment Maintenance - \$2K  
(left out of FY 2022-23 Budget)

**TOTAL = \$2K**

# Council Identified Budget Items

- Swimming Pool Repairs - ~ \$200K  
(approved by Council on April 11, 2023)
- Full-Time Recreation Director - ~\$90K\*  
(\*includes \$70K salary, health, dental and vision insurance, and Cal PERS)

**TOTAL = \$290K**

# Conclusion - FY 2023-24 Budget

- Total New Proposed Expenditures = ~~\$733,450.~~ \$337,100.
- The proposed budget will still accelerate the decrease of the General Fund Reserve; however, it would be at approximately half the pace as proposed in the initial April 11 City Council Meeting.
- Unless otherwise directed, the budgetary items in this presentation will be included in the May 22 draft budget presentation by the City's Finance Consultant.

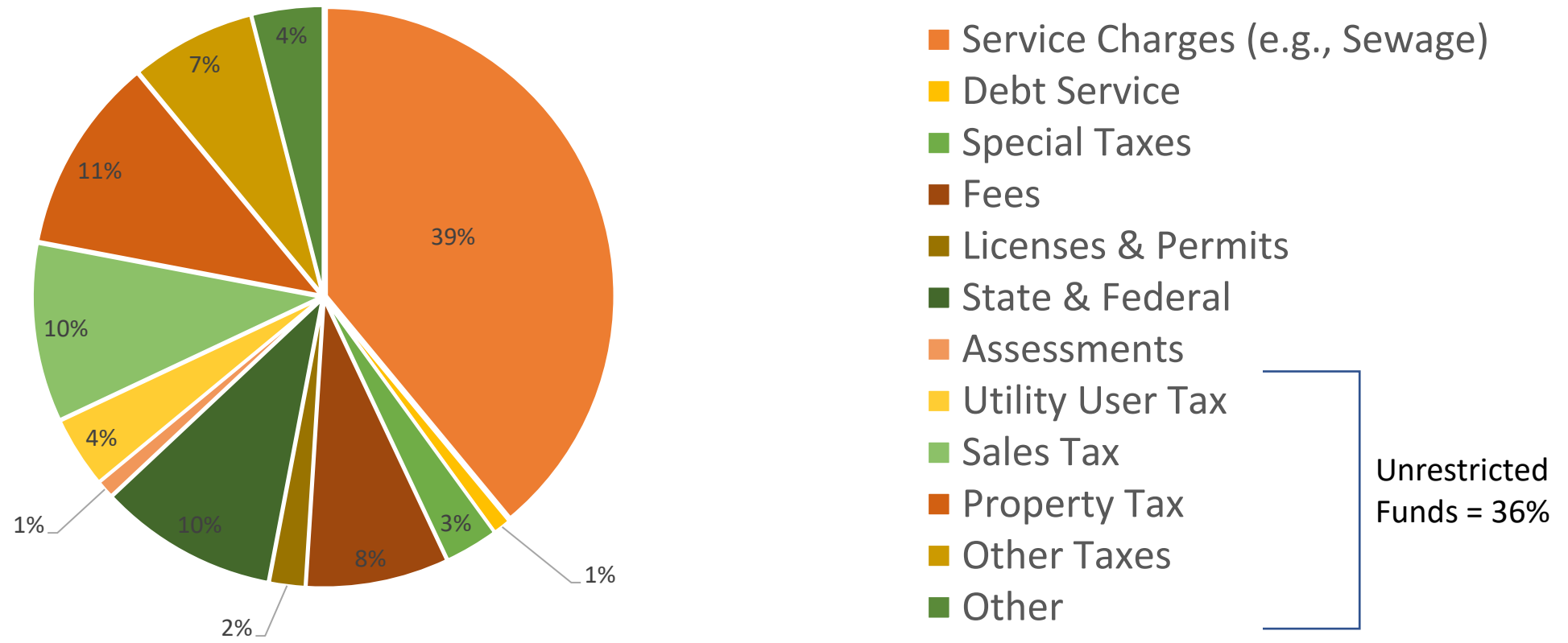


# Looking Ahead

- Source of Revenues Funding City Services
- Potential Cost Savings Measures
- Potential Revenue Generation Opportunities
- Planning for the Future & Financial Forecasting

# Typical California City Revenues

Source of City Revenues Used to Pay for Services



# Cost Saving Measures

- Library Funding – County and City Cost Sharing Agreement
- Rural Fire District – Cost of Contract
- Water Enterprise Fund – Cost to Operate
- Cost allocation of PW Staff Time to Various Funds

# Cost Saving Measures

## FY 2022-23 LIBRARY BUDGET – COUNTY AND CITY SHARE

- Library Budget: ~ \$226K
- County Contributed: \$77K
- City Contributed: \$149K
- Last Fiscal Year, approximately 50% of library cardholders were County or outside the County residents versus 50% were City residents.
- Recommend 50-50 split between County and City = \$114K
- City General Fund Savings: ~\$35K

Note #1: An annual assessment should be conducted to evaluate how many library cardholders/users are County versus City residents.

Note #2: City residents are also County residents. The surrounding five counties adjacent to Glenn County fund their libraries from county general fund monies.

# Cost Saving Measures

## RURAL FIRE DISTRICT – INCREASE CONTRACT

- Rural District Annual Contract with the City: ~\$34K
- City Fire Department Budget: ~ \$580K
- Percentage of 9-1-1 Calls to Rural District: 20-25%
- Annual Cost of Rural Fire District Contract should be:  
\$116K - \$145K/Annually
- Potential Savings to General Fund: \$82-\$111K/Annually

# Cost Saving Measures

## CITY FIRE DEPARTMENT & RURAL FIRE DISTRICT

- The relationship between the City Fire Department and Rural District is complex (e.g., sharing equipment, apparatus). Before pursuing additional revenue, staff recommends further analysis re: structural options (e.g., JPA) for providing financially equitable and sustainable fire and EMS services to both City and Rural District residents.
- Proposition 172 – The Rural District could/should also pursue a distribution from the County of Prop 172 monies. That would relieve some of the financial pressure for the Rural District and, in turn, for the City.
- Fire Recovery USA – City uses Fire Recovery USA in the Rural District for cost recovery purposes and, when successful, the City receives 100% of those funds.

# Cost Saving Measures

## WATER ENTERPRISE FUND – TRANSFER TO CAL WATER

- FY 2021-22 Revenues: **\$6,057**
- FY 2021-22 Operating Budget: **\$19,174**
- Operating Deficit: **\$13,117**
- One-Time Expense to Transfer Water Wells to Cal Water: **~\$550K**
- Future Cost and Savings to the General Fund: **> \$13,117**

Note: Historically, Chromium 6 has been found in city-owned wells at higher levels than Federal standards permit.

# Cost Saving Measures

## ALLOCATION OF PW STAFF TIME\*

- FY 2022-23 Cost Allocation of PW Maintenance Workers
  - General Fund: 75%, \$368,402
  - Sewage Fund: 25%, \$122,203
  - Water Fund: 0% (due to operating deficit)
  - Gas Tax Fund: 0%
- Potential Future Cost Allocation of PW Maintenance Workers
  - General Fund: 25%, \$122,800
  - Sewage Fund: 35%, \$171,921
  - Water Fund: 0%
  - Gas Tax Fund\*\*: 40%, \$196,481

Potential Savings to the General Fund: \$245,602

\*Does not include other staff time from other departments (e.g., Finance, CM).

\*\*Less money for street repairs.



# Revenue Generating Measures

- Update Master Fee Schedule
- Update Impact Fee Schedule
- Cannabis Dispensary Revenue
- Sale of City-Owned Property (one-time monies)
- .5%, .75% or 1% Sales Tax Increase
- Transient Occupancy Tax – 12% (not recommended)

# Revenue Generation Measures

## MASTER FEE SCHEDULE UPDATE

- FY 2022-23 Projected Revenue from Fees\*: **\$172,300**
- Potential Increase of Revenue (Annually): **~ \$86,150**
- New Total Projected Revenue: **~ \$258,450**
- One-Time Cost to Update Master Fee Schedule:  
**~ \$30K** (already approved in FY 2022-23 Budget)

\*Fees include Building, Planning, Engineering, Recreation, and Fire permits, as well as Business Licenses.

# Revenue Generating Measures

## IMPACT FEE SCHEDULE UPDATE

- One-Time Cost to update: ~ \$50K
- Potential Increase of Revenue (Annually): Unknown and cannot be relied upon to balance the budget, because development is inconsistent.

# Revenue Generating Measures

## CANNABIS DISPENSARY REVENUE

- Projected Cannabis Revenue: ~\$300K/Year
- Unknown and Unreliable source of funds to balance the budget; dispensary is not yet open.

# Revenue Generating Measures

## SALE OF CITY-OWNED PROPERTY

- Eight potential properties - mostly vacant land, as well as two residential houses.
- Total Projected One-Time Revenues:  
~ \$1 Million

# Cost Savings & Revenues

- Total Potential Cost Savings & Revenues  
(Not Including Cannabis and Sales Tax):  
~ \$461,869
- Total Projected One-Time Revenues:  
~ \$1 Million

# Revenue Generating Measures

## SALES TAX INCREASE

- Projected .5% Sales Tax Increase:  
~\$1.1 Million/Year
- Projected .75% Sales Tax Increase:  
~\$1.650 Million/Year
- Projected 1% Sales Tax Increase:  
~\$2.2 Million/Year

# Revenue Generating Measures

## SAMPLE SALES TAX INCREASES

Item	Current Cost	.5% Sales Tax	.75% Sales Tax	1% Sales Tax
Starbucks Latte (Grande)	\$3.65	\$3.67	\$3.68	\$3.69
1 Gallon of Gas, Diamond Gas, Willows	\$4.49	\$4.51	\$4.52	\$4.53
Toilet Paper (nine rolls), Walmart	\$6.36	\$6.39	\$6.41	\$6.42
Dozen Donuts, Donut Wheel	\$18.50	\$18.59	\$18.64	\$18.69
Full Reuben (to go), Boards Galore	\$12.00	\$12.06	\$12.09	\$12.12



# Who pays Willows Sales Tax?

- 52% - Willows Residents
- 48% - Non-Willows Residents

Source: HdL Econ Solutions, City of Willows Resident/Non-Resident Sales Tax Analysis, February 2022

# Regional Sales Tax Comparison

(within 1 hour and 15 minutes of Willows)

- Redding (pop. 93.5K) – 7.25%, no additional sales tax
- Anderson (pop. 11.4K) – 7.75%, 0.5% to Anderson
- Red Bluff (pop. 14.6K) – 7.5%, 0.25% to Red Bluff
- Corning (pop. 8.2K) – 7.75%, 0.5% to Corning **(\$1.4 Mil)**
- Orland (pop. 8.3K) – 7.75%, 0.5% to Orland **(\$1.2 Mil)**
- Williams (pop. 5.6K) – 8.25%, 0.5% to Williams **(\$1.1 Mil)**
- Colusa – (pop. 6.4K) - 7.75%, 0.25% to Colusa

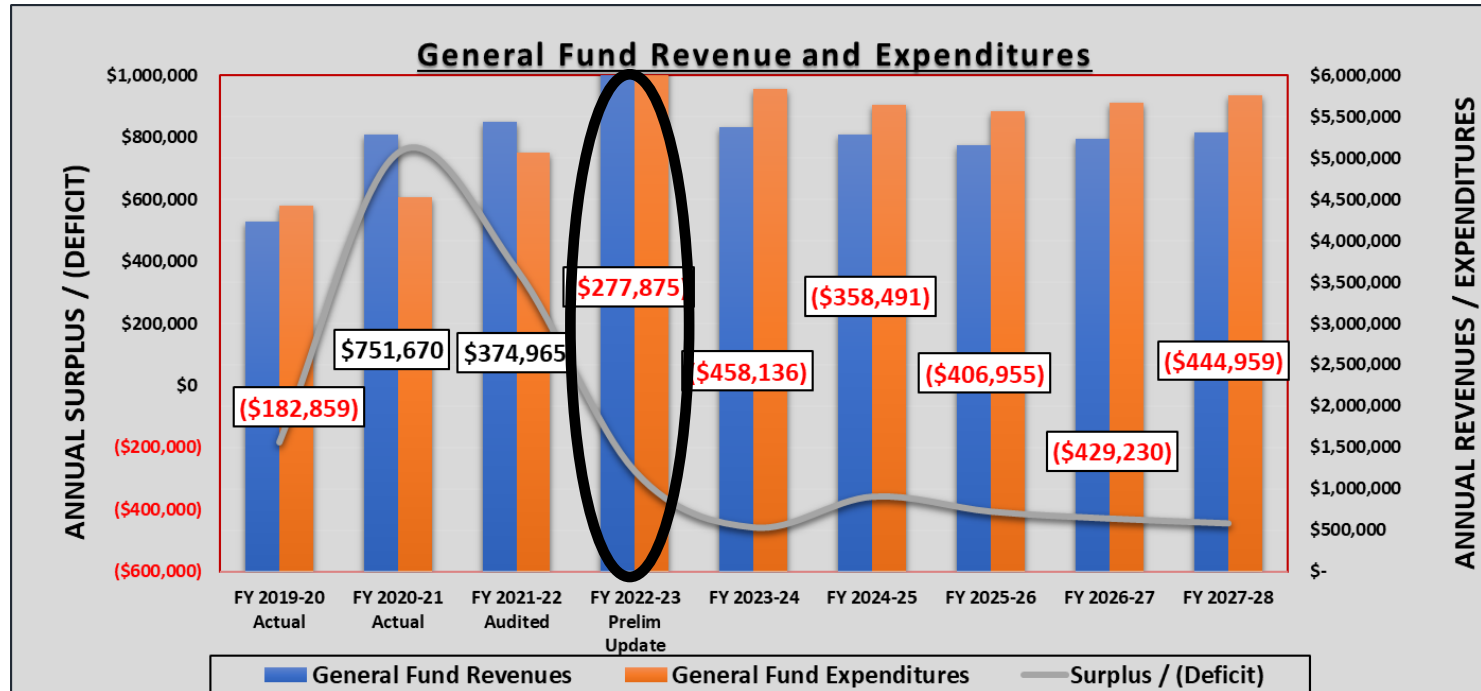
# Regional Sales Tax Comparison (cont.)

(within 1 hour and 15 minutes of Willows)

- Chico (pop. 102K) – 8.25%, 1% to Chico
- Oroville (pop. 19.9K) – 8.25%, 1% to Oroville
- Yuba City (pop. 69.5K) – 7.25%, No additional sales tax
- Marysville (pop. 12.6) – 8.25%, 1% to Marysville
- Paradise (pop. 5.3K) – 7.75%, 0.5% to Paradise
- Woodland (pop. 61.4K) – 8%, 0.75% to Woodland
- Clearlake (pop. 16.8K) – 8.75%, 1.5% to Clearlake

# Mid-Year Budget Forecast

## Financial Status - General Fund Forecast

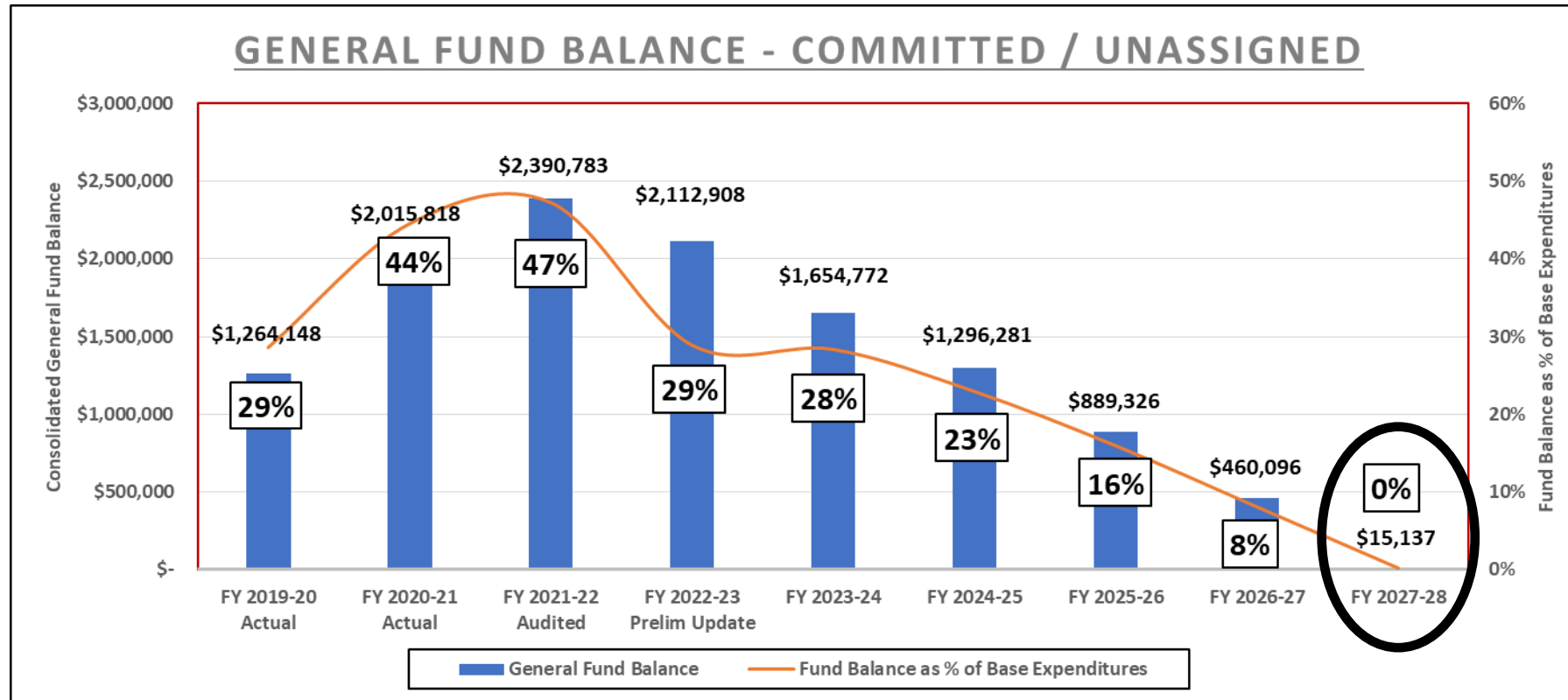


**Notes:**

- Forecast based on "Base Budget" concept
- All positions currently authorized assumed filled as of March 2023 and forward
- Model only includes negotiated salary increases
- Slight deficits due to CalPERS UAL Bond debt service schedule (normalizes in FY 2024-25)
- Systemic issue of revenue base not keeping up with expenditure base

# Mid-Year Budget Forecast

## General Fund Balance:



**City is operating at a structural deficit. Based on the base budget and with no new expenditures, the General Fund Reserve/Starting Fund Balance will be expended by FY 2027-28.**

# Budget Approval Schedule & Other Financial-Related Direction

- **May 22, 2023, Special City Council Meeting - Draft Budget Presentation (Andy Heath)**
- **June 13, 2023, City Council Meeting – Budget Workshop #4 (Tentative - CM)**
  - City Manager to present updates from May 23, 2023, City Council meeting based on Council direction.
  - Seek additional feedback and requests for more information in preparation for the proposed July 11 Council discussion (see below).
- **June 27, 2023, City Council Meeting – Budget Approval (Andy Heath)**
  - Finance Consultant to present final FY 2023-24 Budget to Council for approval.
- **July 11, 2023, City Council Meeting**
  - Respond to June 13 requests for additional information; and revisit this presentation, continue the dialogue and/or direct staff to move forward with any and/or all cost savings and/or revenue generation measures.

**Comments, Feedback,  
Questions and/or Direction?**