



111 E. COMMERCIAL STREET
WILLITS, CALIFORNIA 95490
(707) 459-4601 TEL
(707) 459-1562 FAX

FINANCE COMMITTEE

AGENDA

**COMMITTEE MEMBERS: MAYOR SAPRINA RODRIGUEZ AND VICE MAYOR GRETA KANNE
FEBRUARY 8, 2022 ♦ 9:00 A.M. ♦ VIA TELE/VIDEO CONFERENCING**

Due to the provisions of the Governor's new Executive Order N-15-21 (Assembly Bill 361) which continues to suspend certain requirements of the Brown Act, and the Order of the Health Officer of the County of Mendocino to continue to impose/recommend measures to promote social distancing to minimize the spread of COVID-19, the Committee members will be participating by tele/video conferencing.

1. **CALL TO ORDER**
2. **PUBLIC COMMUNICATIONS**
This item is limited to matters which are not on the posted agenda. No action shall be taken.
3. **OLD BUSINESS**
 - a. Approval of the Minutes for the October 20, 2021 Meeting
4. **NEW BUSINESS**
 - a. Presentation on the State of the Finance Department.
 - b. Status Update on FY 19/20 Audit.
 - c. Status Updates on GANN Appropriation Reports for FY 20/21 and FY 21/22
 - d. Budget Status and Mid-Year Budget Amendment
5. **OTHER MATTERS**
6. **ADJOURNMENT**

Right to Appeal - Persons who are dissatisfied with the decisions of the City Council may have the right to a review of that decision by a court. The City has adopted Section 1094.6 of the Code of Civil Procedure, which generally limits to 90-days the time within which the decisions of the City boards and agencies may be judicially challenged.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Willits City Hall, located at 111 East Commercial Street, Willits, California, not less than 72-hours prior to the meeting set forth on this agenda.

Dated this 3rd day of February, 2022.
Cathy Moorhead, Deputy City Manager/City Clerk

Americans with Disabilities Act (ADA) Compliance

If you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (707) 459-7121 or Fax (707) 459-1562. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting. Our meeting room is wheelchair accessible and ADA parking is available.



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Additional Meeting Information for Interested Parties

Materials related to an item on this Agenda submitted to the Willits City Council, Planning Commission, Finance Committee, or Community Development Agency after distribution of the agenda packet are available for public inspection at City Clerk's office at 111 E. Commercial Street, Willits, during normal business hours, Monday through Thursday 9 AM to 5:30 PM.

ELECONFERENCING ATTENDANCE INSTRUCTIONS

To attend the Finance Committee meeting of Tuesday, February 3, 2022, electronically, please do the following:

Navigate to the GoToMeeting site.

Join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/394658237>

Phone:

- Dial in: [1 \(408\) 650-3123](tel:14086503123)
- Punch in the following [Access Code](#) when prompted: *394-658-237*
- **Please keep your phone on Mute, unless you are addressing the committee.**

Public Comments:

- Members of the public wishing to address the City Council, either during public comment or for a specific agenda item, or both, will be limited to three (3) minutes per person at the time the Mayor opens item for public comments. Or you may email City Clerk Cathy Moorhead at cmoorhead@cityofwillits.org during the meeting.



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**FINANCE COMMITTEE
MINUTES
WEDNESDAY, OCTOBER 20, 2021**

Those present were staff members: Brian Bender, City Manager; Andy Health, Contractual Finance Director; Delores Pedersen Acting City Clerk; Saprina Rodrigues, Councilmember and Madge Strong, Mayor

1. **CALL TO ORDER**
City Manager Bender called the meeting of the Finance Committee to order at 1:00 p.m.
2. **Public Communications**
None presented.
3. **Old Business**
None presented.
4. **New Business**
 - a. **Overview of the Proposed FY 2021-22 Budget**
Contractual Finance Director, Andy Heath gave an overview of the proposed FY 2021-2022 Budget. See the Finance Committee FY 2021-22 Proposed Budget; Notes attached. Mr. Heath wanted to give the Finance Committee an idea of what has gone into the budget and what the changes are.
5. **Other Matters**
None presented
6. **Adjournment**
Meeting Adjourned at 2:01 pm

ATTEST:

DELORES PEDERSEN
Acting City Clerk

City of Willits
Finance Committee - Fiscal Year 2021-22 Proposed Budget Notes
Prepared: October 19, 2021

STAFFING / VACANCIES

- Staffing
 - o Change of Maintenance Worker I (Parks) to Full-Time
 - o Addition of School Resource Officer – Police Officer (Grant position to \$60,000)
 - o Addition of Operator II/III in both Water and Wastewater
 - o Reclassification of positions – Assistant Public Works Director; Engineering Technician; Public Works Maintenance Foreman; Administrative Services Coordinator (Police)
- Vacancies (16.0 FTE)
 - o Finance Director; Associate Engineer; Assistant City Planner; Engineering Technician; Community Development Specialist; Senior Accountant; Office Assistant III (Comm Dvlpmt); Police Officer (SRO); Community Services Officer II; Police Dispatcher; Maintenance Worker (Parks); 2.0 FTE Operator (Wastewater); 3.0 FTE Operator (Water)

GENERAL FUND

FY 2020-21 Preliminary Actuals

	FY 2020-21 Mid-Year	FY 2020-21 Preliminary	Variance
General Fund Revenues	\$ 5,323,625	\$ 6,081,071	\$ 757,446
General Fund Expenditures	\$ 5,634,873	\$ 5,628,381	(\$ 6,492)
Fund Balance Impact – Surplus/(Deficit)	(\$ 311,248)	\$ 452,690	\$ 763,938

Observations:

- Revenues higher by \$757,446
 - o COVID-19 impact on sales tax not as bad as expected (statewide) - \$287,000 higher
 - o Measure K higher by \$138,000 versus initial estimate for one quarter (received \$438,399)
 - o TOT \$126,000 higher than projected
 - o Cannabis Taxes \$160,000 higher than projected
- Expenditures lower by \$6,492
 - o Essentially balanced – some departments higher / some lower
- Expected to add \$452,690 to fund balance for FY 2020-21

FY 2021-22 Proposed Budget vs. FY 2020-21 Estimated Actuals

	FY 2020-21 Preliminary	FY 2021-22 Proposed	Difference
General Fund Revenues	\$ 6,081,071	\$ 6,910,924	\$ 829,853
General Fund Expenditures	\$ 5,628,381	\$ 6,684,108	\$ 1,055,727
Fund Balance Impact – Surplus/(Deficit)	\$ 452,690	\$ 226,816	(\$ 225,874)

Observations:

- Revenues higher by \$829,853
 - o Property taxes grow by 2.7%
 - o Measure K Sales taxes added for full year – to \$1.25 million from \$438,399
 - o All other revenues fairly static
- Expenditures higher by \$1,055,727
 - o Assumes all positions filled for entirety of fiscal year (vacancy savings eliminated)
 - o Includes impacts of adding new positions / reclassifying existing positions for entirety of fiscal year (as applicable to the General Fund)
 - o Incorporates all salary increases for entirety of fiscal year
 - o Insurance costs increase by \$40,000
 - o Legal budget higher by \$23,000
 - o SRO Police position for full year
 - o GIS costs / on-call consulting as needed added to Planning Budget - \$50,000
 - o iWORq platform / Geotech 3rd party review added to Building Budget - \$25,000
 - o Police Chief for full year / RIPA Compliance - \$23,000
 - o AutoCAD / GIS Rover in Engineering - \$32,000
 - o Fountain Repairs / Tree Trimming / Pave ball fields in Parks - \$85,000
 - o CalPERS UAAL cost increases - \$141,000
 - o Transfer out to Capital for new Financial System - \$50,000
- Expected to add \$226,816 to fund balance for FY 2021-22
 - o Note: There may be other necessary position changes recommended to the City Council that could impact total expenditures

	Actual FY 2018-19	Prelim Actual FY 2019-20	Estimated FY 2020-21	Proposed FY 2021-22
General Fund Surplus / (Deficit):	\$ (477,317)	\$ 293,613	\$ 452,690	\$ 226,816
Reserve Amount - End of Year	\$ 2,460,163	\$ 2,747,702	\$ 3,216,799	\$ 3,443,615
% of General Fund Expenditures	46.7%	54.6%	57.2%	51.5%

AIRPORT FUND

Airport Fund:	FY 2018-19 ACTUAL	FY 2019-20 PRELIM ACTUAL	FY 2020-21 MID-YEAR	FY 2020-21 ESTIMATED	FY 2021-22 PROPOSED
Revenues:	\$ 151,332	\$ 109,885	\$ 1,276,448	\$ 1,241,474	\$ 308,600
Expenditures:	93,939	106,985	1,284,857	1,164,459	310,911
Prior Period Adjustment:	-	-			
Change in Fund Balance:	\$ 57,393	\$ 2,900	\$ (8,409)	\$ 77,015	\$ (2,311)
Ending Working Capital:	\$ 58,993	\$ 61,893	\$ 53,484	\$ 138,908	\$ 136,597

Observations:

- Forestry funds related to fire staging received in FY 2020-21 - \$74,500
- Cares Act funding expected to be received in FY 2021-22 - \$30,000
- AIP project expenditures expected @ \$191,065 (most reimbursed from FAA)
- Fund Balance = \$136,597

WASTEWATER FUND

Wastewater Fund:	FY 2018-19 ACTUAL	FY 2019-20 PRELIM ACTUAL	FY 2020-21 MID-YEAR	FY 2020-21 ESTIMATED	FY 2021-22 PROPOSED
Revenues:	\$ 3,538,683	\$ 3,547,599	\$ 3,474,737	\$ 3,430,105	\$ 3,404,500
Expenditures:	3,062,513	3,115,181	3,626,688	2,825,558	4,277,900
Prior Period Adjustment:	-	-			
Change in Fund Balance:	\$ 476,170	\$ 432,418	\$ (151,951)	\$ 604,547	\$ (873,400)
Ending Working Capital:	\$ 3,334,174	\$ 3,766,592	\$ 3,614,641	\$ 4,371,139	\$ 3,497,739

Observations:

- Addition of one Plant Operator for FY 2021-22
- Capital Program = \$964,669
 - o Equipment / Rehabilitation / Infrastructure projects
 - o Aggressive capital plan (some projects may carry over to next year)
 - o Fund Balance = \$3,497,739

WATER FUND

Water Fund:	FY 2018-19	FY 2019-20	FY 2020-21	FY 2020-21	FY 2021-22
	ACTUAL	PRELIM ACTUAL	MID-YEAR	ESTIMATED	PROPOSED
Revenues:	\$ 3,680,892	\$ 3,213,232	\$ 3,070,000	\$ 3,049,180	\$ 3,050,000
Expenditures:	2,248,500	3,276,743	3,048,509	3,178,036	4,596,471
Prior Period Adjustment:	-	-	-	-	-
Change in Fund Balance:	\$ 1,432,392	\$ (63,511)	\$ 21,491	\$ (128,856)	\$ (1,546,471)
Ending Working Capital:	\$ 4,692,502	\$ 4,628,991	\$ 4,650,482	\$ 4,500,135	\$ 2,953,664

Observations:

- Addition of one Plant Operator for FY 2021-22
- Capital Program = \$2,089,669
 - o Equipment / Rehabilitation / Infrastructure Projects
 - o Aggressive capital plan some projects may carry over into next year)
 - o Fund Balance - \$2,953,664

TRANSPORATION SALES TAX FUND

Sales Tax Transportation Fund:	FY 2018-19	FY 2019-20	FY 2020-21	FY 2020-21	FY 2021-22
	ACTUAL	PRELIM ACTUAL	MID-YEAR	ESTIMATED	PROPOSED
Revenues:	\$ 894,934	\$ 947,416	\$ 1,315,000	\$ 1,176,080	\$ 1,734,119
Expenditures:	760,983	1,379,332	1,417,620	860,452	1,874,733
Prior Period Adjustment:	-	-	-	-	-
Change in Fund Balance:	\$ 133,951	\$ (431,916)	\$ (102,620)	\$ 315,628	\$ (140,614)
Ending Working Capital:	\$ 2,805,904	\$ 2,373,988	\$ 2,271,368	\$ 2,689,616	\$ 2,549,002

Observations:

- Fund predominantly used for transportation-related projects
- Funds 2.69 FTE Citywide
- Capital Program = \$1,239,600
 - o All transportation projects and equipment – W Mendocino Avenue; Blosser Rehabilitation

TRANSPORTATION SALES TAX FUND, cont.

Observations, cont.

- This fund may need to be revisited to determine if staff charged to the Gas Tax Fund (streets-related workers) need to be moved.
 - o Gas Tax fund is currently in deficit position.
 - o RMRA (SB-1) funding may not be allowed (anticipated \$97,345)
 - o A total of 2.40 FTE are charged to Gas Tax Fund

CAPITAL PROJECTS FUND

Observations:

- Capital Projects fund houses non-enterprise capital projects funded by specific sources (grants / multiple funds)
 - o PSPS Resiliency - \$149,000
 - o Annual Pavement Program - \$100,000
 - o ATP Rail Project - \$340,000
 - o Urban Forest Management Project - \$238,160
 - o Financial System Upgrade - \$100,000