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Dear Fellow Willits Citizen:

As Mayor of Willits, I wanted to communicate with you about a major fiscal challenge we currently face. I have learned that being honest and forthright about our city finances is the most important thing I can do.

For the last few years, we have been cutting and cutting our budget, but cannot continue to cut without dramatically affecting services. To put things very clearly, despite our best efforts, our city does not have enough revenue to continue to provide police protection and other vital city services your local government provides including park maintenance, local street repair, local pool and community center, planning and more.

You hear a lot in the news about small businesses needing to close given the struggling economy and health crisis. Like these small businesses, our small city is struggling too.

The reality is, without additional revenue, our city is on the verge of closure. We have cut all we can, and based on current projections, our operating reserve will be depleted soon.

What does this mean?

Unless we secure emergency revenue our City would close. This would mean:

- We won't have our own police department. Police services will be provided by an already stretched County Sheriff's department out of Ukiah;
- All neighborhood road and street repair, including the maintenance of Main Street will stop and will be left to the County;
- Community facilities will be closed, including the Willits City Pool and Willits Community Center; parks and playfields will not be maintained;
- Local government services such as Building Inspections and Permits, and Planning Department Applications, will be handled through the county offices in Ukiah over 23 miles away.

To prevent this from happening, our City Council is proposing a temporary emergency sales tax to provide funding for these essential services until our local economy recovers.

I just wanted to let you know our City Council and City Manager are working hard to address this issue. I have enclosed a Q and A to answer some of your questions.

You can reach me at: ggonzalez@cityofwillits.org

Sincerely,


Gerardo Gonzalez
Mayor

Emergency Sales Tax Q and A

How bad are things? Can't the city just cut back expenses?

In a word, things are critical. Willits has had decreasing revenue for a number of years due to a number of factors. People are not shopping locally as much as they used to and there are fewer travelers on HWY 101 who stop in Willits. While revenues decreased, expenses, like fire and property insurance, workers compensation costs, and pension obligations are increasing. City staff has been reduced from 49 to 40 full-time employees. Willits City employees are the lowest paid public employees in the region, with police officers earning only about \$22 an hour as a starting salary. At some point it is impossible to continue cutting and we have reached that point.

The city is proposing an emergency sales tax increase. How much is this going to cost me?

For a purchase of ten dollars it will add seven and a half cents to the cost. Willits already has one of the lowest sales taxes in the County, so this would just bring us more in line with other cities. It is also important to know that food, medicine and rent are not subject to sales tax. In addition, people who live outside the City but who work, recreate and go to school here, and therefore benefit from City services, will pay a major share of this sales tax revenue.

I already pay state and federal taxes! Why should I pay more?

The City does not receive a percentage of your income taxes! The City of Willits derives most of its income through a sales tax of things purchased within City Limits. We also receive a very small portion of property taxes. The County, the State and local schools receive most of the revenue from property taxes. The County and State take most of the current sales taxes. Every penny of the new sales tax, if approved by voters, will stay in our community.

Can't we just use reserves until things get better?

Revenues have trended down for eight years and we have used our reserves for the last 3 years, despite cutting staff and equipment and freezing needed positions. At the current rate we will run out of reserves in a little over 2 years.

What about Cannabis Taxes? Weren't they supposed to help the City?

Cannabis taxes help but they can't close the gap. We anticipate \$350,000 in revenue in the coming year, and still anticipate a shortfall of almost \$700,000.

Has the City Tried Any Other Ways To Address This Issue Besides New Taxes?

The City has tried just about everything! We have sought grants, we have reduced our electrical bills by purchasing solar panels and other efficiency measures, we have refinanced all of our debt to the lowest possible rates and we have cut every expense to the very bone.

If Willits does not have a police force, can't the sheriff's office just take over?

No. Mendocino County Sheriff Kendall has already said that the County Sheriff's office is not equipped to take on Willits. They are already short-staffed, which would leave Willits without public safety.

What about the pool, parks, sports fields, the skate park and the community center?

Without additional revenue, they too, will be unable to be maintained and would close.