



CITY COUNCIL REGULAR MEETING

Monday, March 04, 2024 at 4:00 PM

94 N. Washington Street, Sonora, CA 95370

(209) 532-4541

AGENDA

NOTICE IS HEREBY GIVEN that the Sonora City Council will have their regular meeting on Tuesday, March 4, 2024, at 5:00 PM in the City of Sonora Council Chambers located at 94 N. Washington Street Sonora, CA 95370.

This meeting is physically open to the Public and citizens who wish to provide public comment during the meeting will be invited to do so by the Mayor.

Written comments can be submitted to be included as part of the administrative record; they will not be read during the meeting. All comments must be received by 3:00 pm on the day of the noticed meeting and can be submitted to the City Clerk at 94 N. Washington Street Sonora, CA 95370, or via email to tskelly@sonoraca.com.

Public Access Audio and Video Live Streaming

The Public will not have access to give public comments via public access audio and video live streaming; they are available for audio and visual only; and can be accessed via our website at www.sonoraca.com.

Remote viewing of the meeting via live streaming is provided to members of the public as a courtesy. If the livestreaming connection malfunctions for any reason and no Council Members are attending via teleconference, the City Council will continue the public meeting in Chambers without remote access.

CLOSED SESSION - 4:00 PM

CALL TO ORDER

ROLL CALL

PUBLIC COMMENTS

ADJOURN INTO CLOSED SESSION

1. Conference with Real Property Negotiators (Gov. Code, § 54956.8) Property Location: Parking lot, located at the intersection of Church Street and Stewart Street; Agency Negotiator: Melissa Eads, City Administrator; Christopher Gorsky, Administrative Services Director.

RECONVENE INTO OPEN SESSION

OPEN SESSION - 5:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL

CITY CLERK'S REPORT ON AGENDA POSTING

APPROVAL OF THE AGENDA

PUBLIC COMMENT (NON-AGENDA ITEMS)

The public may address the Council on any item of public interest not otherwise on the agenda that is within the jurisdiction of the City. No action may be taken. Matters to be addressed may be referred to City Staff or placed on a subsequent meeting Agenda. Speakers are limited to a three (3) minute presentation.

PRESENTATIONS

2. Receive an update from Tuolumne County District 1 Supervisor David Goldemberg.

CONSENT CALENDAR

Items on the Consent Calendar are considered routine and will be voted on in one motion unless a Council member or member of the public has a question or wishes to discuss an item. In that case, the item will be removed from the Consent Calendar and considered separately.

3. Consider approval of disbursements in the amount of \$207,792.84 for payroll, including employee salaries, employer and employee taxes, retirement contributions, miscellaneous voluntary employee deductions, holiday pay, and other adjustments, including retro-pay; Tracy Skelly, Administrative Services Officer.
4. Consider waiving the second reading and adopt Ordinance No. 895 to amend the City's Zoning Map; Tyler Summerset, Community Development Director.

NEW BUSINESS

5. Consider acceptance of the Fiscal Year 23/24 Mid-Year Budget Update with recommended adjustments; Chris Gorsky, Administrative Services Director.

COUNCIL MEMBER REPORTS

ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Administrator at City Hall (209) 532-4541, meads@sonoraca.com. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Administrator's Office at 94 N. Washington Street, Sonora, CA 95370 during normal business hours (8:00 am - 4:00 pm, Monday through Friday, excluding holidays). The agenda and supporting public documents are also available on our City website www.sonoraca.com listed under the agenda/minutes link on the Government page.



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 4, 2024

TO: Honorable Mayor and Members of the City Council

FROM: Melissa Eads, City Administrator

SUBJECT: Supervisor David Goldemberg County Update

RECOMMENDATION

Receive an update from Tuolumne County District 1 Supervisor David Goldemberg.

DISCUSSION

District 1 Supervisor Goldemberg will present an update on County-wide issues to the City Council at the first meeting of each month.

FISCAL IMPACT

No fiscal impact to the General Fund.



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 4, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Tracy Skelly, Administrative Services Officer

SUBJECT: Disbursements in the amount of \$207,792.84 for payroll

RECOMMENDATION

Consider approval of disbursements in the amount of \$207,792.84 for payroll, including employee salaries, employer and employee taxes, retirement contributions, miscellaneous voluntary employee deductions, holiday pay, and other adjustments, including retro-pay.

DISCUSSION

This payroll was the second (2nd) payroll of the month, which was an expected amount.

This is the 17th payroll of 26 for FY23-24, we would have expected to expend 65.38% of the budgeted amount. In total, we have expended 57.74% of the Salaries and Wages for the FY 23-24 budget.

FISCAL IMPACT

Disbursements are part of the approved FY23-24 Budget.



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 4, 2024

TO: City Council Members

FROM: Tyler Summersett, Community Development Director

SUBJECT: Ordinance No. 895

RECOMMENDATION

Waive the second reading and adopt Ordinance No. 895.

DISCUSSION

This is the second reading of Ordinance No. 895, an ordinance which amends the Sonora Municipal Code as follows:

Section 17.10.010 of the Sonora Municipal Code, providing for the zoning map of the City of Sonora, is hereby amended through the rezoning of Assessor's Parcel Number 001-216-011-000, Multi-Family Residential (R-3)/Commercial (C) to Multi-Family Residential (R-3).

FISCAL IMPACT

None

ORDINANCE NO. 895

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SONORA AMENDING THE ZONING MAP OF THE CITY OF SONORA

The City Council of the City of Sonora does hereby ordain as follows:

Section One: Section 17.10.010 of the Sonora Municipal Code, providing for the zoning map of the City of Sonora, is hereby amended through the rezoning of Assessor's Parcel Number 001-216-011-000, Multi-Family Residential (R-3)/Commercial (C) to Multi-Family Residential (R-3).

This Ordinance shall take effect thirty (30) days after its passage and shall be published within (15) days after its final passage as required by law.

Said Ordinance was introduced at a regular meeting of the City Council of the City of Sonora held on February 20, 2024 and passed and adopted as an Ordinance of said City at a regular meeting of said Council held on March 4, 2024 by the following vote:

AYES: _____

NOES: _____

ABSENT OR ABSTAIN: _____

Mark Plummer, Mayor

ATTEST: _____
Tracy Skelly, City Clerk

Approved as to Form:

Douglas L. White, City Attorney

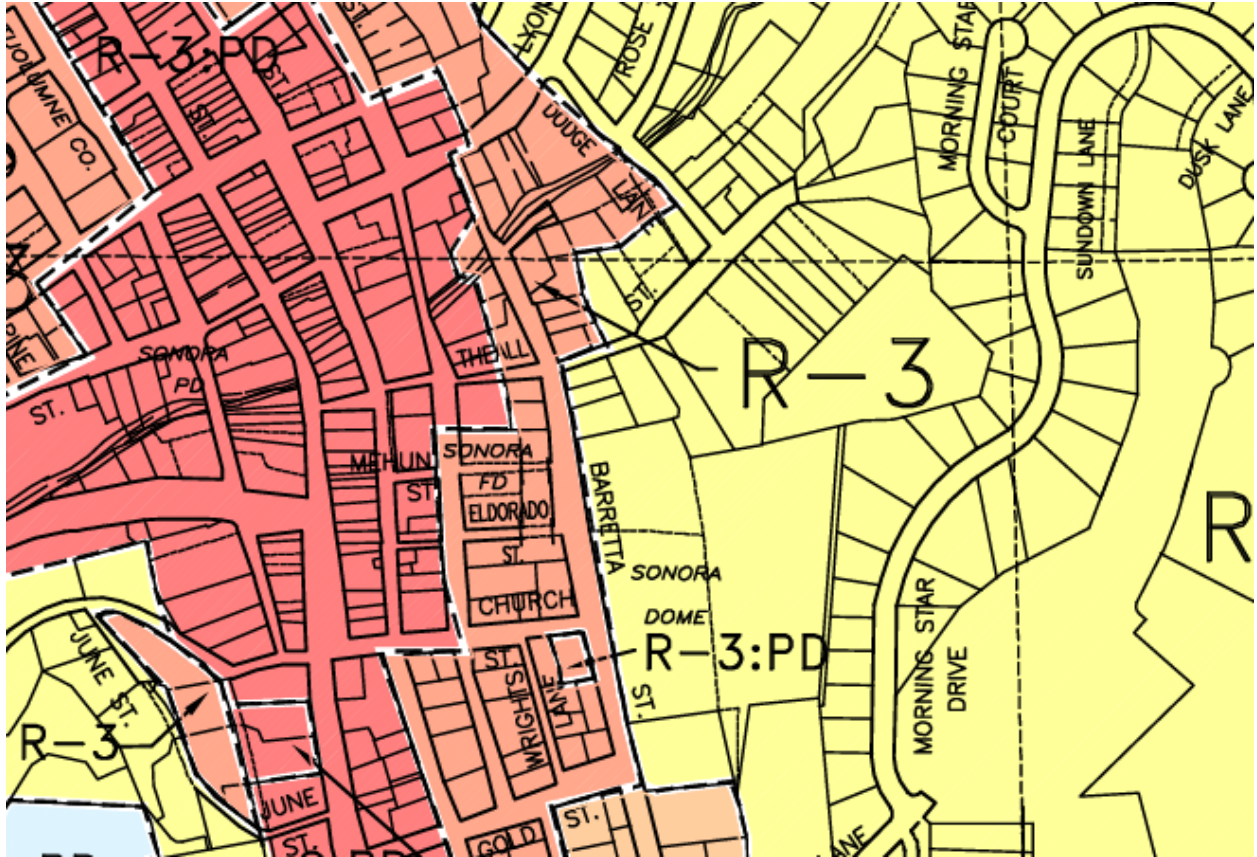
Publish: The Union Democrat, Sonora
_____, 2024

Exhibits:

Exhibit A – Previous Zoning Designation

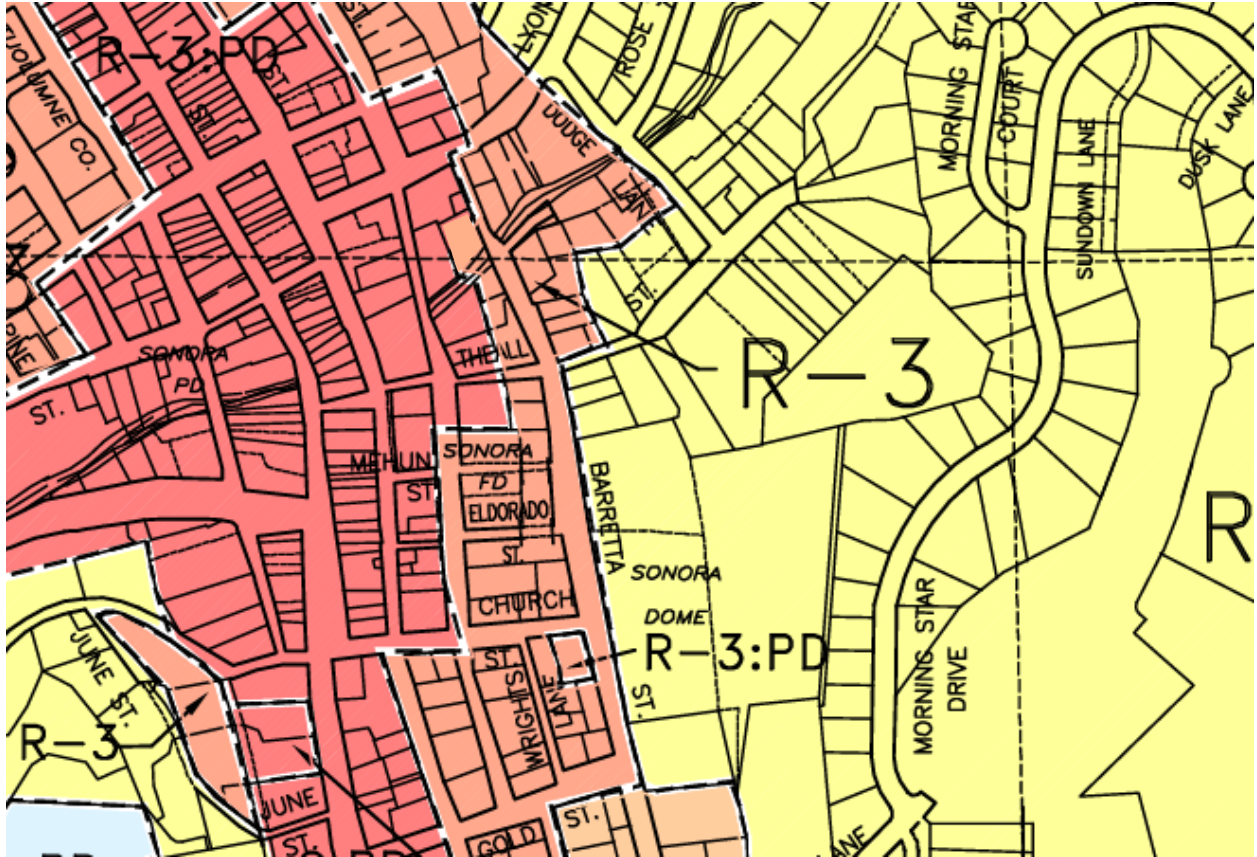
Exhibit B – Zoning Amendment

Exhibit A – Previous Zoning Designation

LEGEND

RE	RESIDENTIAL ESTATES
R-1	SINGLE FAMILY RESIDENTIAL
R-2	LIMITED MULTI FAMILY RESIDENTIAL
R-3	MULTI FAMILY RESIDENTIAL
R-2 : PD	LIMITED MULTI FAMILY RESIDENTIAL COMBINING
R-3 : PD	MULTIFAMILY RESIDENTIAL COMBINING
CO	TOURIST AND ADMINISTRATIVE
C	COMMERCIAL
CG	GENERAL COMMERCIAL
ML	LIMITED MANUFACTURING
AR	AGRICULTURAL / RESIDENTIAL
PD	PLANNED DEVELOPMENT :PD COMBINING ZONE
C : PD	COMMERCIAL COMBINING
OS	OPEN SPACE

Exhibit B – Zoning Amendment

LEGEND

RE	RESIDENTIAL ESTATES
R-1	SINGLE FAMILY RESIDENTIAL
R-2	LIMITED MULTI FAMILY RESIDENTIAL
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R-2 : PD	LIMITED MULTI FAMILY RESIDENTIAL COMBINING
R-3 : PD	MULTIFAMILY RESIDENTIAL COMBINING
CO	TOURIST AND ADMINISTRATIVE
C	COMMERCIAL
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ML	LIMITED MANUFACTURING
AR	AGRICULTURAL / RESIDENTIAL
PD	PLANNED DEVELOPMENT :PD COMBINING ZONE
C : PD	COMMERCIAL COMBINING
OS	OPEN SPACE



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 4, 2024

TO: City Council Members

FROM: Chris Gorsky, Administrative Services Director

SUBJECT: Accept the Mid-Year Budget Update for FY23/24; Consider approving the staff recommended budget adjustments as presented.

RECOMMENDATION

1. Accept the Fiscal Year 23/24 Mid-Year Budget Update with recommended adjustments.

DISCUSSION

The City Council adopted the FY23/24 Budget on June 5, 2023. Revenue trends are in line or higher than anticipated, Sales and Use Tax revenues are up by 2.7% from our conservative budget estimates, while Measure Y, the 1% sales and use tax passed by voters in November 2022, is up by 10% of our earlier estimates. Transient Occupancy Tax (TOT) and the Public Benefit Fee for Cannabis dispensaries are up by 4% and 11%, respectively, for the General Fund. Each of these revenues have been resilient during the uncertain economic times with elevated inflation and a period of higher interest rates. The adjusted revenues for all four sources are a net projected increase of \$430,000 to the General Fund over what was originally budgeted.

When developed, the FY23/24 budget was a status-quo budget with no capital improvements or plans to address the City's deferred maintenance. This demonstrates how important it was for the City to have passed Measure Y to help address this funding shortfall going forward. Measure Y became effective April 1, 2023 and the current fiscal year is the first full year of this new revenue for the City.

Staff have identified a set of mid-year budget adjustments for Council's consideration. The proposed budget changes reflect the revised estimates to revenues and expenditures detailed on page 14 of the FY23/24 Mid-year report.

FISCAL IMPACT

The General Fund started the fiscal year, July 1, 2023, with a fund balance available of approximately \$5 million and at the mid-year update, December 31, 2023, at approximately \$7.1 million. The FY23/24 General Fund budget changes are a net total positive of \$200,300 (p.14).

ATTACHMENTS

- Mid-Year Budget Update



Mid Year Budget Report

FY 2023-2024

Table of Contents

INTRODUCTION	1
Timeframe and Limitations	1
Executive Summary	2
GENERAL FUND – KEY REVENUE ANALYSIS	3
Measure Y	3
Bradley Burns Sales Tax	4
Property Tax	5
Franchise Fees	6
Business License Tax	7
Transient Occupancy Tax	8
Charges for Services	9
Licenses and Permits	10
Cannabis Dispensary Revenues	11
GENERAL FUND – KEY EXPENDITURE ANALYSIS	12
Salaries and Benefits	12
Operating Expenditures	13
FY23/24 RECOMMENDED FIRST HALF BUDGET ADJUSTMENTS	14
Summary of Recommended Budget Adjustments	14
FINANCIAL SUMMARIES, PROJECTIONS AND RECOMMENDATIONS	15
General Fund	15
Special Revenue Fund: Measure I	16
Measure I: Police Department	17
Measure I: Fire Department	18
Measure I: Public Works	19
DEPARTMENT UPDATES	20

COMMUNITY DEVELOPMENT	20
Mid-Year Goals and Accomplishments	20
POLICE DEPARTMENT	21
Mid-Year Goals and Accomplishments	21
FIRE DEPARTMENT	22
Mid-Year Goals and Accomplishments	22
PUBLIC WORKS DEPARTMENT	23
Mid-Year Goals and Accomplishments	23
CONCLUSION	24



Introduction

The City Council adopted the FY23/24 budget at its June 5th, 2023 meeting. The mid-year financial report provides an analysis of the City's General and Special Revenue Funds revenues and expenditures for the first half of FY23/24, for the six months ending December 31st, 2023. Recommended adjustments are made to ensure the budget reflects the City's current revenue outlook and is responsive to changing financial landscape and city priorities.

These budget updates have two purposes. First, to provide regular updates to the City Council regarding revenue and expenditure trends ensuring the City Council has a strong understanding of the current financial condition, this is necessary to proactively respond to unanticipated changes or emerging trends. Second, and equally important, these reports increase the transparency of City finances. The City is ultimately accountable to its residents to use City revenues efficiently and effectively, providing the highest quality services. Ongoing public reporting provides taxpayers with the information they need to hold the City to this standard.

With respect to revenues: The City regularly monitors and adjusts its year-end revenue projections based on actual revenue performance and forecasting models to develop a more accurate picture of the City's anticipated year-end financial position.

With respect to expenditures: The expenditure information in this report is extracted directly from the City's financial management system, and adjustments are made to account for certain known payments, reimbursements, or transfers between City departments and funds that have not yet been processed in the system at the time of publication. It represents a snapshot of City expenditures at a certain point in time and does not reflect final FY23/24 adjustments.

Timeframe and Limitations

The information in this report is the most accurate and up-to-date information available at the time of publication. However, this report is not an audited financial statement and the numbers provided herein are preliminary and subject to change as the year progresses. No data on revenues and expenditures is final until the City has completed its annual financial audit, which is released each year for the prior year.

Executive Summary

The total budget for FY23/24 is \$17.9 million. Salaries and Benefits account for 43% of this total and 69% of the General Fund expenditures or Discretionary City Funds. General Fund expenditures for the first half are trending slightly lower than our expected range, with salaries and benefits trending around 44%, as the City has had difficulty filling open positions and retaining employees. Staff expect higher costs in the second half of the year with the new hiring incentives and more competitive salaries in the Police Department, requiring more City resources, but improving recruitment. City staff continue to do a great job controlling operational expenditures with first half expenditures at about 53% of budget.

In total, revenue trends are in line with or higher than expectations, Sales and Use Tax revenues are up by 2.7% from our conservative budget estimates, while Measure Y, the City's new 1% sales and use tax are higher than budgeted by 10%. Transient Occupancy Tax (TOT) and the Public Benefit Fee for Cannabis dispensaries are up by 4% and 11%, respectively, for the General Fund. Each of these revenues have been resilient during the uncertain economic times with elevated inflation and a period of higher interest rates. The adjusted revenues for all four sources are a net projected increase of \$430,000 to the General Fund over what was originally budgeted. See the recommended budget adjustments on page 14.

With the noted budget adjustments and six months of data available, the City is on budget for the second half of the year, with only the revenue adjustments and the expenditure adjustments, as noted. While projections remain strong the City has several obligations that it has not fully accounted for, such as: infrastructure maintenance, facility maintenance, and pension obligations. It is recommended that the City allow all unallocated funding to flow to unreserved fund balances to begin the process of addressing the items above.

FY23/24 Recommended Budget Adjustments

The recommended budget adjustments for the mid-year update appear on page 14.

GENERAL FUND – KEY REVENUE ANALYSIS

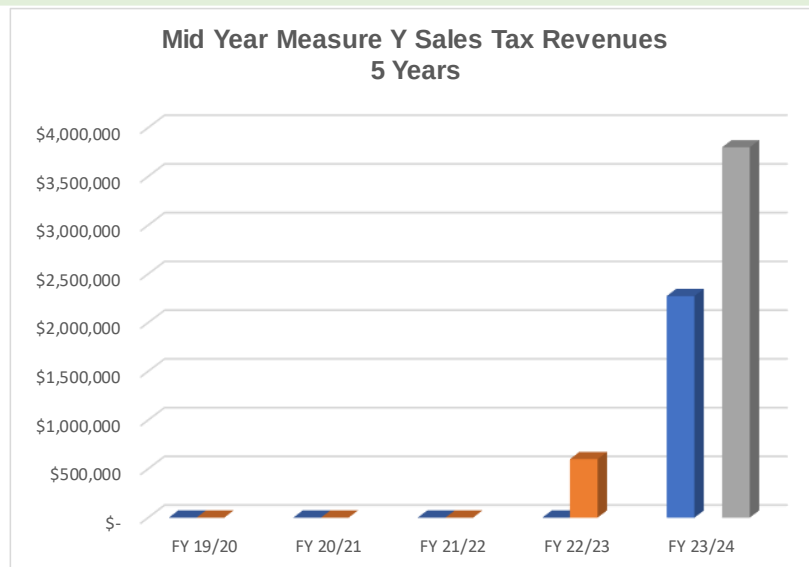
The following discussion provides a status of significant General Fund revenue sources as of the first half of FY23/24, ending December 31, 2023. Staff monitors each revenue source closely and may recommend certain revenue adjustments based on revenue actuals or State and Federal budget actions.

Measure Y

FY23/24 is the first full year of Measure Y revenues for the City. Measure Y has become the largest individual revenue source for the City's General Fund, accounting for 29% of budgeted General Fund revenues for FY23/24, a projected \$4,100,000, after the mid-year adjustment. From Measure Y, the City's General Fund receives 1%, or 1 penny for every 8.75 cents of sales tax paid per dollar on retail sales and taxable services transacted within Sonora.

Analysis – First half Measure Y sales tax receipts are trending 10% higher than the FY23/24 budget. Staff will continue to monitor sales tax receipts and meet with the City's sales tax consultant to analyze trends. For the second half of FY23/24 sales tax estimates have increased for Measure Y requiring a budget adjustment in the amount of \$300,000, or 8%.

MEASURE Y - 1% Sales Tax



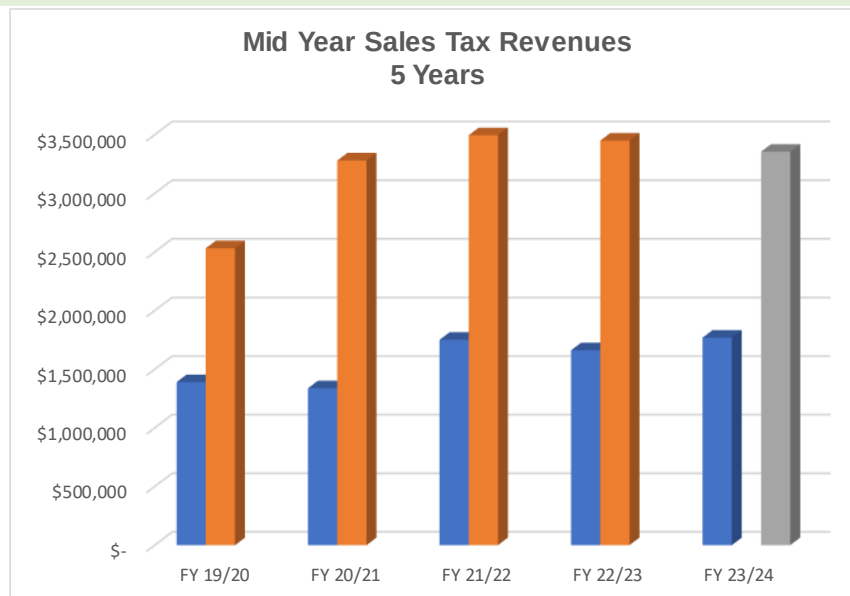
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ -	\$ -	\$ -	\$ -	\$ 2,273,214
Fiscal Year Total Actual Revenues	\$ -	\$ -	\$ -	\$ 600,163	
Fiscal Year Budgeted Revenues					\$ 3,800,000
% of Total	0.0%	0.0%	0.0%	0.0%	59.8%

Bradley Burns Sales Tax

Bradley Burns Local Sales and Use tax is the second largest revenue source for the City's General Fund, accounting for 25% of budgeted General Fund revenues for FY23/24, a projected \$3,355,600. From the local 1% tax the City's General Fund receives .87 cents for every 8.75 cents of sales tax paid per dollar on retail sales and taxable services transacted within Sonora, while the County receives 13% or .13 cents.

Analysis – First half sales tax receipts are trending 6% higher than those in the same period last fiscal year and 2% higher than the FY23/24 budget. The uncertain economic times and historically high Consumer Price Index (CPI) along with the associated increases in interest rates are starting to affect the economy. Staff will continue to monitor sales tax receipts and meet with the City's sales tax consultant to analyze trends. For the second half of FY23/24 sales tax estimates are unchanged.

SALES TAX



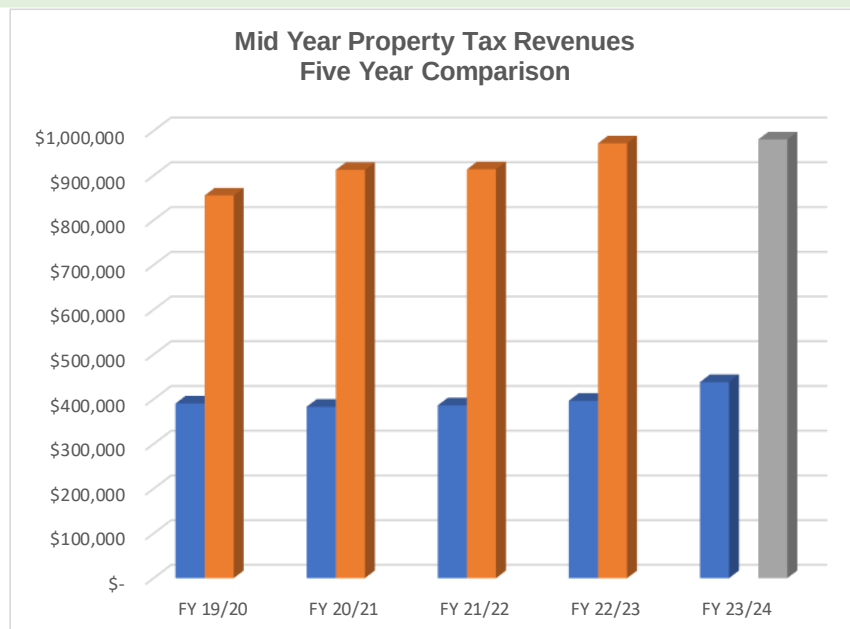
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 1,389,665	\$ 1,338,639	\$ 1,752,041	\$ 1,662,290	\$ 1,769,196
Fiscal Year Total Actual Revenues	\$ 2,532,000	\$ 3,280,856	\$ 3,496,261	\$ 3,450,446	
Fiscal Year Budgeted Revenues					\$ 3,355,600
% of Total	54.9%	40.8%	50.1%	48.2%	52.7%

Property Tax

Property tax is the third largest revenue source for the City's General Fund, accounting for 7% of budgeted General Fund revenues in FY23/24. Property tax is levied by the Tuolumne County Assessor's Office at 1% of a property's assessed value, of which the City receives approximately 12.6 cents per dollar paid on property located within the municipal limits of Sonora.

Analysis – Property Tax distributions are largely received in the second and fourth quarters, however the chart below depicts the first half receipts for the past four years as compared to the current fiscal year. Mid-year receipts are trending consistent with prior years. Property tax revenue for FY23/24 was budgeted for 4% growth over the previous year's actuals projecting increasing property values on real estate transactions.

PROPERTY TAX



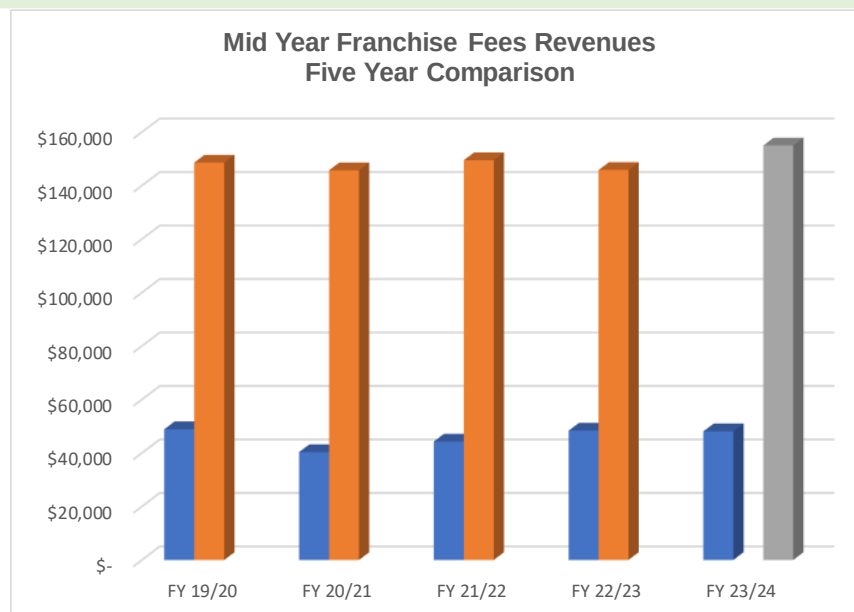
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 390,512	\$ 383,081	\$ 386,390	\$ 396,616	\$ 438,163
Fiscal Year Total Actual Revenues	\$ 855,411	\$ 912,549	\$ 913,849	\$ 971,890	
Fiscal Year Budgeted Revenues					\$ 980,600
% of Total	45.7%	42.0%	42.3%	40.8%	44.7%

Franchise Fees

Franchise fees are collected by the City for the privilege of operating a utility service within Sonora, and as a fee in lieu of a business license tax. Franchise fees are currently received from Comcast for cable television, PG&E for electric services, and Waste Management for solid waste collection services. Franchise fees represent 1.1% of budgeted General Fund revenues in FY23/24.

Analysis – Historically, franchise payments are not remitted equally throughout the fiscal year; therefore, second quarter receipts are not necessarily predictive. Total franchise fee revenues to date are 31% of budgeted total receipts, and similar to past years.

FRANCHISE FEES



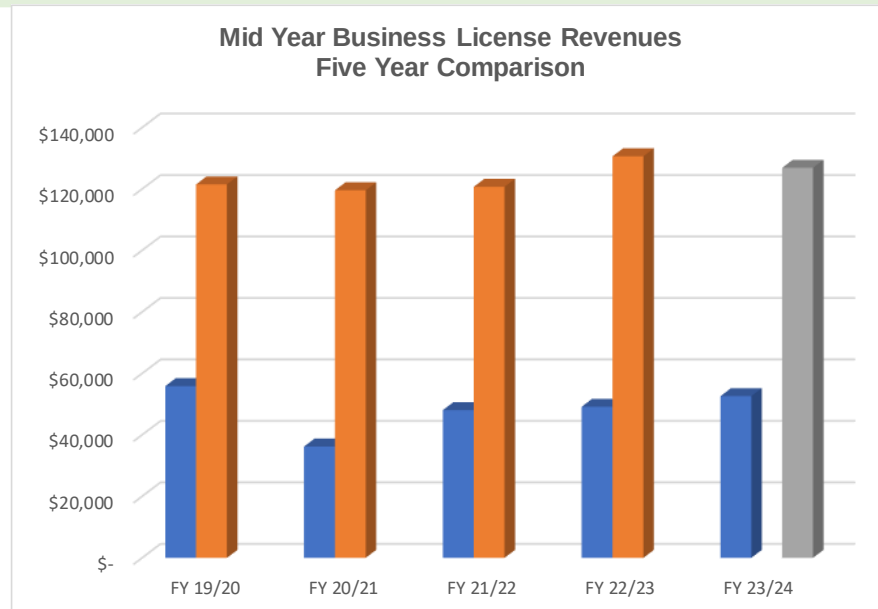
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 48,925	\$ 40,333	\$ 44,303	\$ 48,393	\$ 48,126
Fiscal Year Total Actual Revenues	\$ 148,600	\$ 145,698	\$ 149,478	\$ 145,854	
Fiscal Year Budgeted Revenues					\$ 155,000
% of Total	32.9%	27.7%	29.6%	33.2%	31.0%

Business License Tax

The city requires all businesses located within Sonora, or those that operate within Sonora, to obtain a business license. The amount of business license tax paid by each business is based on the type of business and designated zone the business is in, or operating in, and the number of business employees. These activities account for approximately 1% of annual General Fund operating revenues. Approximately 1,100 annual renewals and associated payments are processed each year and are due in January.

Analysis – Business license tax revenue has rebounded from the pandemic affected levels. Staff will continue to monitor businesses license revenues.

Business License Revenues



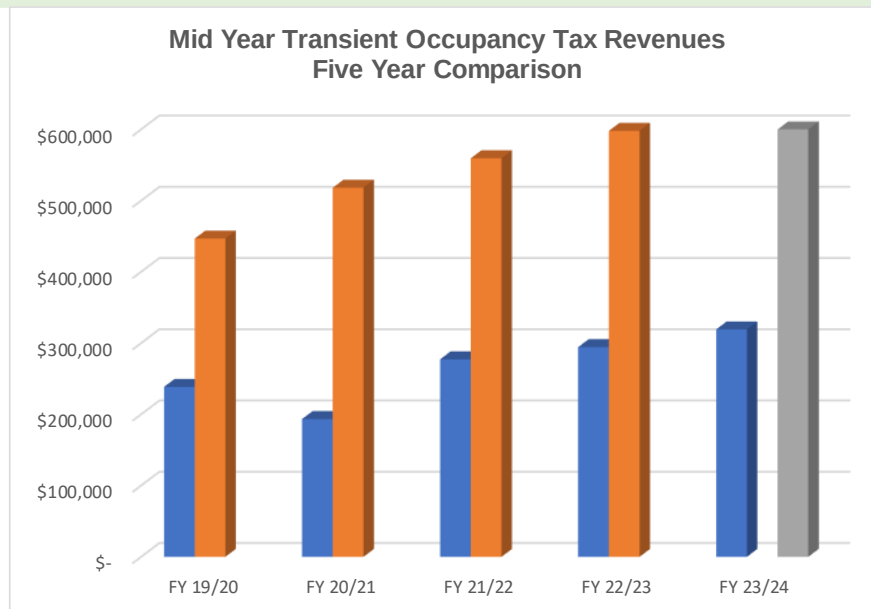
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 55,849	\$ 36,235	\$ 48,078	\$ 49,146	\$ 52,594
Fiscal Year Total Actual Revenues	\$ 121,482	\$ 119,581	\$ 120,719	\$ 130,638	
Fiscal Year Budgeted Revenues					\$ 126,900
% of Total	46.0%	30.3%	39.8%	37.6%	41.4%

Transient Occupancy Tax

The City levies a 12% Transient Occupancy Tax (TOT) on all hotel and motel rooms and other transient rentals within the municipal limits of Sonora. This tax helps to fund City services provided to transitory visitors to Sonora and is shared with Visit Tuolumne County, the official Tuolumne County tourism bureau. Of these funds the Visitors Bureau will receive approximately \$150,000 annually. TOT revenues for FY23/24 are approximately 4.4% of General Fund revenues.

Analysis – Total TOT revenues had been resilient during COVID-19 and as the pandemic resolved a continued rebound has been seen. FY23/24 is the first time TOT revenues have exceeded pre-pandemic levels and the first half revenues are higher than the prior year, and higher than originally budgeted. For the second half of FY23/24 TOT estimates have increased requiring a budget adjustment in the amount of \$25,000, or 4%.

Transient Occupancy Tax



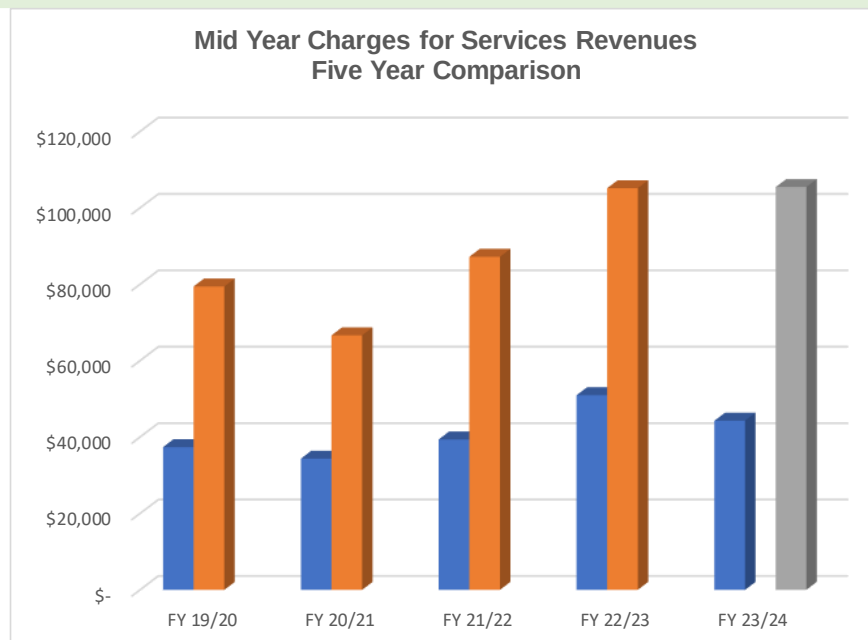
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 238,563	\$ 193,495	\$ 277,274	\$ 294,437	\$ 319,314
Fiscal Year Total Actual Revenues	\$ 446,865	\$ 518,126	\$ 559,545	\$ 598,065	
Fiscal Year Budgeted Revenues					\$ 600,000
% of Total	53.4%	37.3%	49.6%	49.2%	53.2%

Charges for Services

City Service revenue consists primarily of Zoning and Subdivision fees, police and fire department services, street cleaning, debris removal and banner installation fees. Many of these fees and charges are assessed based on outdated recovery formulas, which should reflect approximate costs of providing these regulatory services. A fee update is needed to realign these user fees to the costs of providing the services. Charges for Services were budgeted to be less than 1% of General Fund revenues for FY23/24.

Analysis – First half receipts are trending similar to last year and within range of expectations. No budget changes are needed at this time.

Charges for Services



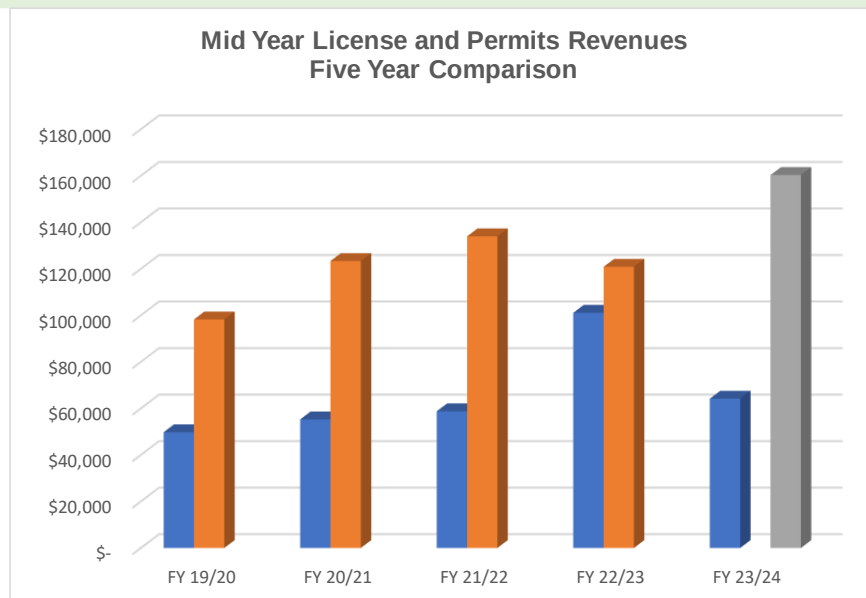
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 37,356	\$ 34,342	\$ 39,381	\$ 50,969	\$ 44,296
Fiscal Year Total Actual Revenues	\$ 79,427	\$ 66,631	\$ 87,195	\$ 105,166	
Fiscal Year Budgeted Revenues					\$ 105,450
% of Total	47.0%	51.5%	45.2%	48.5%	42.0%

Licenses and Permits

Licenses and permits consist mainly of Building permits and encroachment permits which are collected by the City to offset administrative costs associated with overseeing the proper permitting aspects of development and City activities. These revenues were budgeted to be approximately 1.2% of General Fund revenues.

Analysis – First half licenses and permit revenue are lower than the previous year as changes to the solar industry in California increased building permit activity in FY22/23. The changes made by the California Public Utilities Commission on solar electricity decreased new installation activity and have made an impact to permit revenues in FY23/24. Staff recommends a decrease in budgeted revenues by \$30,000 to reflect the lower first half result.

License and Permits



	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 49,743	\$ 55,263	\$ 58,744	\$ 101,101	\$ 64,190
Fiscal Year Total Actual Revenues	\$ 98,242	\$ 123,343	\$ 133,963	\$ 120,850	
Fiscal Year Budgeted Revenues					\$ 160,300
% of Total	50.6%	44.8%	43.9%	83.7%	40.0%

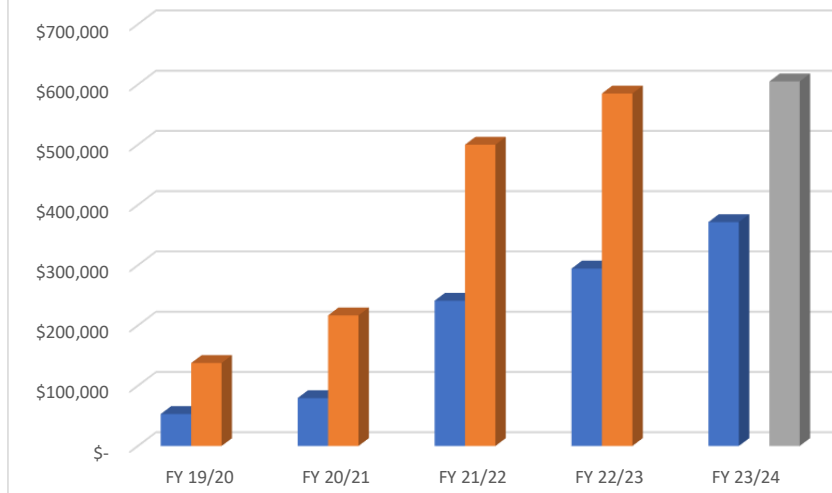
Cannabis Dispensary Revenues

This program was created after voters approved Proposition 64, entitled the 'Control, Regulate and Tax Adult Use Marijuana Act' (AUMA), legalizing the adult use and possession of cannabis by persons 21 years of age and older. On January 16, 2018, the Sonora City Council adopted Ordinance No. 18-848 to regulate the operation of commercial cannabis business' within the City of Sonora. Currently the city has two operating dispensaries, with the current ordinance allowing up to three dispensaries. This revenue source was budgeted to be approximately 4.5% of General Fund revenues and is now the fourth largest revenue source for the City, with only Measure Y, Bradley Burns Local Sales Tax and Property Tax contributing more.

Analysis – First half revenues have exceeded expectations. Revenues for the first half of FY23/24 are 11% above the original budget. The city also receives sales tax on recreational cannabis sales. There is a staff recommended budget increase of \$105,000 to reflect higher public benefit revenues than anticipated for the six months ending December 31, 2023.

Cannabis Revenues

Mid Year Cannabis Revenues
Five Year Comparison



	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Revenues	\$ 53,079	\$ 79,438	\$ 241,064	\$ 294,437	\$ 371,583
Fiscal Year Total Actual Revenues	\$ 137,687	\$ 216,719	\$ 499,977	\$ 585,000	
Fiscal Year Budgeted Revenues					\$ 605,000
% of Total	38.6%	36.7%	48.2%	50.3%	61.4%

GENERAL FUND – KEY EXPENDITURE ANALYSIS

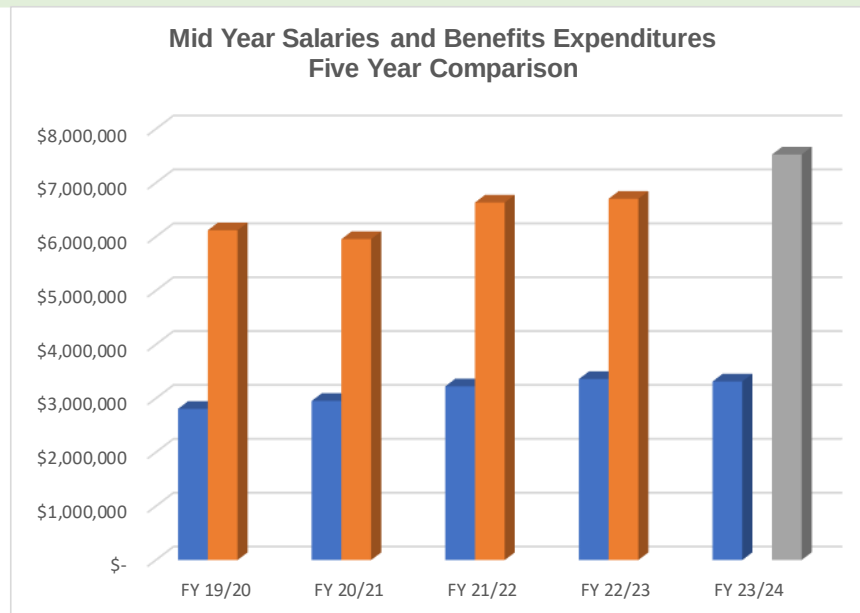
The following discussion provides a status of significant General Fund expenditures for the first half of FY23/24, for the date ending December 31, 2023. Staff monitors each expenditure source closely and may recommend certain expenditure adjustments based on actual expenditures or state budget actions.

Salaries and Benefits

Salaries and Benefits are 69% of the General Fund budget. Salaries and Benefits include full-time employee salaries, elected official and volunteer stipends, temporary/relief employees, overtime, all tax related expenses and benefits, including health and CalPERS retirement. Under typical circumstances, it would be expected that Salaries and Benefits would be just under 50% of total budget at the end of the second quarter as costs slowly increase over the course of a fiscal year.

Analysis – First half results for salaries and benefits are trending lower with those in similar periods in prior years, at approximately 44% of budgeted totals. Further analysis of these expenditure details indicates that benefits are trending at approximately 43% of budgeted totals in line with total personnel costs. The Council approved increased pay rates, recruitment bonuses and retention pay for its Police Department. These have been budgeted, but will lead to higher expenditures in the second half of the year.

Salaries and Benefits



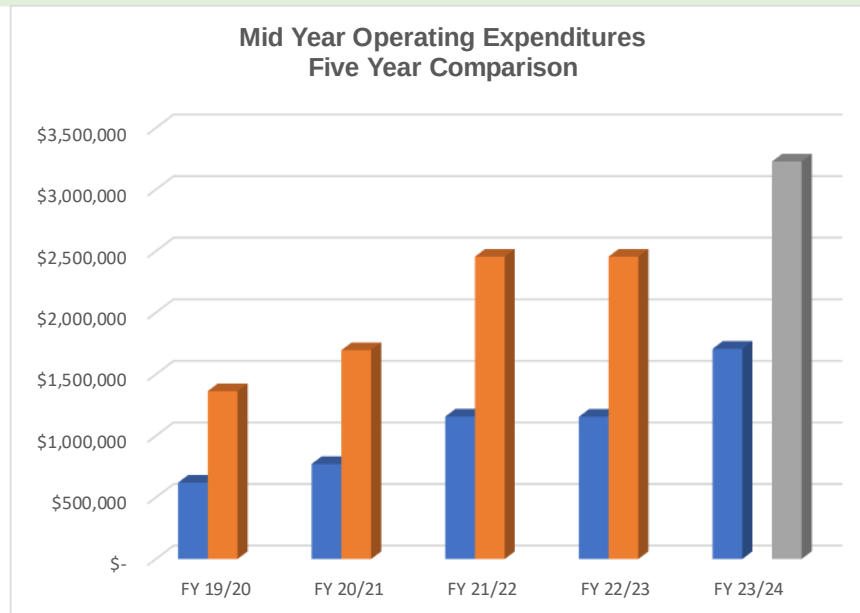
	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Expenditures	\$ 2,805,573	\$ 2,953,587	\$ 3,223,593	\$ 3,359,836	\$ 3,314,105
Fiscal Year Total Actual Expenditures	\$ 6,120,010	\$ 5,956,343	\$ 6,635,823	\$ 6,704,725	
Fiscal Year Budgeted Expenditures					\$ 7,526,600
% of Total	45.8%	49.6%	48.6%	50.1%	44.0%

Operating Expenditures

Operating expenditure's consist of all General Fund costs to provide services, including supplies, materials, utilities, contracted services and are budgeted at \$2.7 million for the fiscal year. The categories of supplies, materials and non-capital equipment, the most controllable expenditure category, is 53% expended as many annual contracts renewed in the first half of the year. The balance of the operating expenditure is on budget at 50% expended.

Analysis – First half results are trending similar to the same period in prior years, at approximately 53% of budgeted totals. Utilities are trending within range at 51%. There are a few miscellaneous adjustments needed for the balance of the year, as detailed on page 14.

Operating Expenditures



	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
First Half Actual Expenditures	\$ 620,191	\$ 772,072	\$ 1,156,839	\$ 1,155,468	\$ 1,706,904
Fiscal Year Total Actual Expenditures	\$ 1,363,273	\$ 1,695,688	\$ 2,455,448	\$ 2,455,448	
Fiscal Year Budgeted Expenditures					\$ 3,227,425
% of Total	45.5%	45.5%	47.1%	47.1%	52.9%

FY23/24 RECOMMENDED FIRST HALF BUDGET ADJUSTMENTS

FUND	DEPARTMENT	ACCOUNT	DESCRIPTION	BUDGET CHANGE
Revenues:				
001	-	4000	- 40215 - Sales Tax Measure Y	\$ 300,000
001	-	4000	- 40220 - Transient Occupancy Tax	\$ 25,000
001	-	4000	- 41040 - Public Benefit Fee Cannabis	\$ 105,000
001	-	2000	- 41250 - Building Permits	\$ (30,000)
001	-	4900	- 47010 - Interest	\$ 152,000
TOTAL NET CHANGE TO REVENUES				\$ 552,000
Expenditures:				
001	-	1100	- 50510 - Travel and Training	\$ 1,500
001	-	3000	- 50510 - Travel and Training	\$ 2,500
001	-	7000	- 50510 - Travel and Training	\$ 4,500
001	-	4600	- 50360 - Unemployment Insurance	\$ 22,000
001	-	2000	- 53010 - Outside Services	\$ 67,200
001	-	2000	- 53010 - Outside Services	\$ 75,000
001	-	4900	- 53010 - Outside Svs - Encroachment Permit Round Up	\$ 1,800
001	-	7000	- 53010 - Outside Services	\$ 5,200
001	-	5000	- 55010 - Building Equipment Maint and Repair	\$ 6,500
001	-	7100	- 55010 - Building Equipment Maint and Repair	\$ 5,000
001	-	7000	- 55030 - Equipment Maintenance	\$ 8,500
001	-	7600	- 55060 - Facility Enhancement	\$ 2,000
001	-	4900	- 59999 - Transfer Out CEPPT	\$ 150,000
TOTAL NET CHANGE TO EXPENDITURES				\$ 351,700
NET CHANGE TO FY23/24 General Fund Budget				\$ 200,300

Summary of Recommended Budget Adjustments

- **Revenues:**

- FY23/24 is the first full year the City is collecting the 1% Measure Y Sales Tax (+\$300,000).
- Increase in TOT revenues. First year revenues will exceed pre-covid revenues (+\$25,000).
- Increase in Public Benefit Fees for Cannabis, two dispensaries are operating for the full year (+\$105,000).
- Building permit revenues are lower than anticipated. The changes made by the California Public Utilities Commission on solar electricity decreased demand for new installations (-\$30,000).
- Interest yields up 400% since start of Fiscal Year as interest rates increased and the change in banks have increased the yield on City funds (+\$152,000).

- **Expenditures:**

- A general increase in travel and training as more opportunities for training (\$8,500).
- A need for an additional unemployment allocation associated with the closure of our fleet department (\$22,000).
- An increase in Outside Services Account to start the transition to online services (\$35,000 one-time setup + \$32,200 annual cost):
 - Includes a Pavement Assessment
 - Community Development Package
 - Public Works Package
- Additional Contracted coverage for Community Development (\$75,000).
- An increase for the Round-Up Parade Encroachment Permit (\$1,800).
- Additional Funding for Emergency Tree Removals (\$5,200).
- An increase in Building Maintenance:
 - Switch Replacement for the Generator at the Police Station (\$6,500).
 - Unexpected repairs on City dump truck (\$8,500).
 - Unexpected HVAC repairs at the Education Center (\$5,000).
- An increase to Facility Enhancement for Cemetery Headstone repairs (\$2,000).
- Continued investment in the CalPERS pension prefunding trust (\$150,000).

FINANCIAL SUMMARIES, PROJECTIONS AND RECOMMENDATIONS

General Fund

The following table is the *Schedule of General Fund Operating Revenues. Vs. Operating Expenditures* for the first half of FY23/24, which includes comparison information from the prior year's first half.

	FY22/23 Actual	FY22/23 Mid-Year	FY22/23 % YTD	FY23/24 Adopted Budget	FY23/24 Mid-Year	FY23/24 % YTD
Revenues						
Measure Y	600,163	-	0.0%	3,800,000	2,273,214	59.8%
Sales and Use Tax 1% Local	3,450,446	1,662,290	48.2%	3,355,600	1,769,196	52.7%
Property Tax	971,890	396,616	40.8%	980,600	438,163	44.7%
VLF Backfill Property Tax	473,292	236,646	50.0%	478,000	246,714	51.6%
Franchise Fees	145,854	48,393	33.2%	155,000	48,126	31.0%
Business Licenses	130,638	49,146	37.6%	126,900	52,594	41.4%
Transient Occupancy Tax	598,065	294,437	49.2%	600,000	319,314	53.2%
Licenses and Permits	120,850	101,101	83.7%	160,300	64,190	40.0%
Cannabis Public Benefit Fees	585,000	294,437	50.3%	605,000	371,583	61.4%
Intergovernmental	162,940	112,063	68.8%	16,000	7,506	0.0%
American Rescue Plan (SLEFRP)	581,786	581,786	100.0%	-	-	0.0%
Charges for Services	105,166	50,969	48.5%	105,450	44,296	42.0%
Fines and Forfeitures	52,489	26,577	50.6%	54,500	27,700	50.8%
Rental Income	67,959	34,825	51.2%	68,500	32,880	48.0%
Interest	65,949	38,913	59.0%	50,000	88,486	177.0%
Other Sources	350,920	117,948	33.6%	99,200	43,841	44.2%
Total Revenues	8,463,407	4,046,147	47.8%	10,655,050	5,827,803	54.7%
Transfers In						
Tranfers In	2,488,450	1,189,300	47.8%	2,914,400	1,379,500	47.3%
Total Transfers	2,488,450	1,189,300	47.8%	2,914,400	1,379,500	47.3%
Total Revenues	10,951,857	5,235,447	47.8%	13,569,450	7,207,303	53.1%
Expenditures						
Salaries and Benefits	6,704,725	3,359,836	50.1%	7,526,600	3,314,105	44.0%
Supplies and Materials	2,142,482	1,007,016	47.0%	2,886,625	1,532,470	53.1%
Utilities	312,966	148,452	47.4%	340,800	174,434	51.2%
Total Expenditures	9,160,173	4,515,304	49.3%	10,754,025	5,021,009	46.7%
Transfers Out						
Transfers Out	449,987	282,362	62.7%	185,000	163,944	88.6%
Total Transfers	449,987	282,362	62.7%	185,000	163,944	88.6%
Total Expenditures	9,610,160	4,797,666	49.9%	10,939,025	5,184,953	47.4%

The groups of financial summaries on the following pages present data by governmental fund type: For purposes of this first half report, we have focused on the Measure I Special Revenue Fund. The fund information starts with a beginning fund balance, adds current year revenues, and subtracts current year expenditures, resulting in an ending fund balance. Adopted budget amounts are provided as a basis for comparison of actuals to date.

Special Revenue Fund: Measure I

Special Revenue Funds account for the proceeds derived from specific revenue sources that are legally restricted or assigned to special purposes. The City's Special Revenue Funds include the Measure I fund which is the focus of the information provided in this first half report. The Measure I fund was established as a result of a 2004 voter approved ½% increase to sales tax within the City limits. With approval of the ballot measure, the sales tax increase took effect January 1, 2005. The purpose of the initiative was to improve city services for residents, businesses, and visitors to the City of Sonora. Measure I revenues for the first half are trending at approximately 50% of total budgeted revenues and across the three Departments expenditures are programmed to be at 50% of budget. Nearly all Measure I funds collected are now fully expended on ongoing fixed costs.

Measure I						
	Police	%	Fire	%	Public Works	%
Beginning Fund Balance @ July 1, 2023	<u>1,130,862</u>		<u>393,195</u>		<u>574,649</u>	
Budgeted Revenues	1,402,980		584,325		356,000	
Actual Revenues - First Half	695,257	49.6%	288,385	49.4%	179,126	50.3%
Budgeted Expenditures	1,500,000		600,000		515,400	
Actual Expenditures - First Half	750,000	50.0%	300,000	50.0%	180,000	34.9%
Ending Fund Balance @ December 31, 2023	<u>1,076,119</u>		<u>381,580</u>		<u>573,775</u>	

Measure I: Police Department

The Police Department receives 60% of Measure I revenue for the support of the Sonora Police Department for personnel, updating safety equipment and supplies, providing educational funding, replacing expired vehicles, and expanding facilities. FY23/24 first half results are trending consistent with the same period in prior years as illustrated in the chart below.

Police Measure I					
Revenues					
	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
First Half Actual Revenues	497,037	487,825	681,859	704,141	695,257
Fiscal Year Total Actual Revenues	1,164,639	1,295,455	1,411,325	1,410,102	
Fiscal Year Total Budgeted Revenues					1,402,980
First Half - Percent of Total	42.7%	37.7%	48.3%	49.9%	49.6%
Expenditures					
First Half Actual Expenditures	515,516	550,000	650,000	650,000	750,000
Fiscal Year Total Actual Expenditures	1,041,437	1,100,000	1,300,000	1,300,000	
Fiscal Year Total Budgeted Expenditures					1,500,000
First Half - Percent of Total	49.5%	50.0%	50.0%	50.0%	50.0%

Measure I: Fire Department

The Fire Department receives 25% of the Measure I revenue for the support of the Sonora Fire Department for personnel, updating equipment and supplies, and providing educational funding. FY23/24 first half revenues are trending consistent with the same period in prior years as illustrated in the chart below. There are no budget recommendations at this time.

Fire Measure I					
Revenues					
	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
First Half Actual Revenues	199,604	202,561	284,007	292,890	288,385
Fiscal Year Total Actual Revenues	469,959	538,841	587,825	586,244	
Fiscal Year Total Budgeted Revenues					584,325
First Half - Percent of Total	42.5%	37.6%	48.3%	50.0%	49.4%
Expenditures					
First Half Actual Expenditures	270,547	175,000	250,000	275,000	300,000
Fiscal Year Total Actual Expenditures	512,469	350,000	500,000	550,000	
Fiscal Year Total Budgeted Expenditures					600,000
First Half - Percent of Total	52.8%	50.0%	50.0%	50.0%	50.0%

Measure I: Public Works

The Public Works Department receives 15% of the Measure I generated revenue for the purpose of personnel, equipment and facility enhancements and infrastructure improvements. FY23/24 first half revenues are trending consistent with the same period in prior years as illustrated in the chart below. The City Council approved the purchase of a replacement street sweeper in FY23/24 and the City expects delivery in the third quarter.

Public Works Measure I					
Revenues					
	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
First Half Actual Revenues	124,390	123,105	170,742	178,081	179,126
Fiscal Year Total Actual Revenues	290,275	325,516	353,654	358,320	
Fiscal Year Total Budgeted Revenues					356,000
First Half - Percent of Total	42.9%	37.8%	48.3%	49.7%	50.3%
Expenditures					
First Half Actual Expenditures	130,299	162,500	157,500	162,500	180,000
Fiscal Year Total Actual Expenditures	239,023	325,000	315,000	325,000	
Fiscal Year Total Budgeted Expenditures					515,400
First Half - Percent of Total	54.5%	50.0%	50.0%	50.0%	34.9%

DEPARTMENT UPDATES

COMMUNITY DEVELOPMENT

Mid-Year Goals and Accomplishments

- **Woods Creek Park Per Capita Grant Project**
 - Community Development Director will begin in March.
- **The Stockton-Washington Transit Project**
 - Project completed in first half of fiscal year.
- **State Department of Housing and Community Development (HCD)**
 - Purchased 2 fire apparatus' and associated equipment.
- **Sign Ordinance**
 - Ordinance was adopted.
- **General Plan Update**
 - Staff is currently reviewing for mandated state updates related to the Housing Element and is working on various amendments to the Zoning Ordinance.
- **Community Development Director Transition.**
 - Long time Director, Rachelle Kellogg, retired in December of 2023 and Tyler Summersett was hired as the new director.

Community Development Department			
	Current Year		% Budget
	Actual	Total Budget	Remaining
Revenues			
License and Permits	\$60,157	\$150,000	40.1%
Miscellaneous	\$1,177	\$2,150	54.7%
Total Revenues	\$61,334	\$152,150	40.3%
Expenditures			
Salaries and Benefits	\$149,782	\$356,400	42.0%
Supplies and Materials	\$221,031	\$315,200	70.1%
Utilities	\$4,843	\$9,900	48.9%
Total Expenditures	\$375,656	\$681,500	55.1%
Net Gain (Cost) to General Fund	(\$314,322)	(\$529,350)	

POLICE DEPARTMENT

Mid-Year Goals and Accomplishments

- **Continue to Collaborate with City Administration to Enhance Recruitment and Retention**
 - The City Administration and the Police Department have implemented significant measures to be more competitive. This includes best-in-region wages and hiring bonuses. A contract for recruiting and marketing to help define branding and target ideal applicant pools.
- **Complete Public Safety Surveillance System**
 - One of the two live cameras has been placed and system monitors installed. IT has completed training for a full rollout once the second/final live camera is installed.
- **Fill Vacant Dispatcher Positions**
 - Two applicants are in the pre-employment screening phase for the respective full time Dispatcher vacancies and one candidate for the part-time vacancy.
- **Building Improvements and Security**
 - We are contracting with Vanir Project and Construction Management Firm to identify facility needs and long-term solutions.
- **Technology Improvements**
 - The Mobile Data Computer (MDC) upgrade is nearly complete. Getac Mobile Audio Video (MAV) units are being installed with new vehicle builds. This provides officers and evidence staff with higher quality car video, more manageable platforms, and cloud-based storage. Auto-Tagging has been added to body-worn cameras and new MAV units. Both projects reduce staff time spent on categorizing, downloading, and filing video data.
- **Improve Radio Communications**
 - We have completed our radio repeater upgrade by adding a secondary repeater for our primary channel, extending communication to previously challenging locations around the east portion of our operational area.
- **Homeless Outreach Support Team**
 - The Homeless Outreach Coordinator position has been filled and the Homeless Outreach Support Team has been formalized through MOU with various local service providers.

Police Department			
	Current Year		% Budget
Revenues	Actual	Total Budget	Remaining
Prop. 172 Public Safety	\$16,082	\$34,500	46.6%
Fees and Fines	\$13,190	\$21,200	62.2%
Department Services	\$13,454	\$34,000	39.6%
Grant Revenues	\$0	\$145,000	0.0%
Miscellaneous	\$7,506	\$16,000	46.9%
Transfer In	\$838,500	\$1,677,000	50.0%
Total Revenues	\$888,732	\$1,927,700	46.1%
Expenditures			
Salaries and Benefits	\$1,696,569	\$3,950,450	42.9%
Supplies and Materials	\$283,141	\$612,100	46.3%
Utilities	\$47,199	\$90,600	52.1%
Total Expenditures	\$2,026,909	\$4,653,150	43.6%
Net Gain (Cost) to General Fund	(\$1,138,177)	(\$2,725,450)	

FIRE DEPARTMENT

Mid-Year Goals and Accomplishments

- **Collaborate with local agencies to support growth and increase efficiencies in fire services.** - Discussions with County Fire Chiefs.
- **Tuolumne County Fire Advisory Committee member.** - Advised on committee.
- **Collaborate with PD on Homeless task force project.** - Participating member
- **Recruit and hire third engineer position.** - Hired Full Time Engineer.
- **Procure CDBG funding.** – Ordered and placed in service Type 6 engine, new SCBA's and exhaust removal system (in process).
- **Dialog with Chicken Ranch Rancheria.** – Cooperative fire protection agreement.
- **Host 163rd Annual Firefighter Ball.** – Completed on November 4th, 2023.

Fire Department			
	Current Year Actual	Total Budget	% Budget Remaining
Revenues			
Department Services	\$16,573	\$31,000	53.5%
Miscellaneous	\$55	\$1,200	4.6%
Transfer In	\$300,000	\$600,000	50.0%
Total Revenues	\$316,628	\$632,200	50.1%
Expenditures			
Salaries and Benefits	\$768,710	\$1,519,700	50.6%
Supplies and Materials	\$126,261	\$178,600	70.7%
Utilities	\$18,999	\$39,500	48.1%
Total Expenditures	\$913,970	\$1,737,800	52.6%
Net Gain (Cost) to General Fund	(\$597,342)	(\$1,105,600)	

PUBLIC WORKS DEPARTMENT

Mid-Year Goals and Accomplishments

- **Roadside vegetation removal**
 - Completed a major roadside vegetation removal project on Lyons Street.
- **Continuing with Citywide sign replacement project.**
 - Staff continued with replacing street signs in various locations. Additional locations will be completed as the year progresses.
- **Continue with curb/sidewalk trip hazards.**
 - Continued ADA trip hazard evaluation and repairs are ongoing.
- **Fleet Replacement**
 - A replacement street sweeper has been ordered with an anticipated delivery date in the fourth quarter of the fiscal year.
- **Street Repairs:**
 - Pave patched numerous sections of Streets and Roadsides.
- **Pressure Wash Sidewalks.**
 - Completed the first round of pressure washing sidewalks, and trash cans downtown.

Public Works Development Department			
	Current Year		% Budget
Revenues	Actual	Total Budget	Remaining
Department Services	\$7,238	\$13,000	55.7%
Transfer In	\$235,000	\$625,400	37.6%
Total Revenues	\$242,238	\$638,400	37.9%
Expenditures			
Salaries and Benefits	\$364,837	\$741,400	49.2%
Supplies and Materials	\$150,911	\$531,150	28.4%
Utilities	\$72,284	\$130,000	55.6%
Total Expenditures	\$588,032	\$1,402,550	41.9%
Net Gain (Cost) to General Fund	(\$345,794)	(\$764,150)	

CONCLUSION

The financial results for the first half of Fiscal Year 23/24 are based on the most current financial information and economic assumptions available. As this report shows, revenues have been better than anticipated, as the original budget was developed as the spike in the consumer price index (CPI) was just beginning to affect the economy.

This is the first full year the City has received Measure Y revenues, the local 1% sales tax the voters passed in 2022. It provides the City with approximately \$4.1 million in new revenues.

This budget was a status-quo budget with no capital improvements, or resources allocated to address deferred maintenance.

The City Council allocated additional resources to help the recruitment efforts of the Sonora Police Department. Without Measure Y this would not have been possible, and it demonstrates the importance of Measure Y.

The bulk of the Measure Y revenues have not been allocated in the first half of the year as the City prepares to deploy these new resources going forward.

On page 14 are the budget adjustments that are recommended by city staff to complete the fiscal year and to continue to navigate the economic uncertainty ahead.

As the fiscal year progresses, staff will continue to closely monitor revenue and expenditure activity and work to identify opportunities for enhancing revenues to support current and future operating capital needs. This information will be used to develop the upcoming Fiscal Year 2024/25 budget.