



**Mid Year Budget Report**  
**FY 2024-2025**

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## Introduction

The City Council adopted the FY24/25 budget at its June 17th, 2024 meeting. The mid-year financial report provides an analysis of the City's General Fund, Special Revenue Funds and Capital Improvements revenues and expenditures for the first half of FY24/25, for the six months ending December 31<sup>st</sup>, 2024. Recommended adjustments are made to ensure the budget reflects the City's current revenue outlook and is responsive to the 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 FY24/25 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 City of Sonora has made significant strides in implementing the goals outlined in its 2024 strategic plan during the first half of the fiscal year, as summarized in the department updates starting on page 28. Showcasing ongoing progress in improving community infrastructure and services.

The financial results for the first half of Fiscal Year 24/25 are based on the most current financial information and economic assumptions available.

On page 23 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 City of Sonora reaches the midpoint of the fiscal year, it is essential to consider the potential impacts of an economic slowdown driven by persistently high inflation rates and elevated interest rates. These economic conditions pose challenges that could impact the City's revenue streams, particularly sales tax collections, which form a significant portion of the General Fund. Slowing consumer spending and higher borrowing costs by citizens and the federal government may reduce retail sales activity, directly affecting revenues generated through both Measure Y and the Bradley-Burns Local Sales and Use Tax.

Given these uncertainties, the City Council should remain vigilant in monitoring economic trends and be prepared to adjust budget projections as needed. Fiscal prudence will be crucial in ensuring the City can continue delivering essential services while maintaining financial flexibility to respond to changing economic conditions.

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### **Key Accomplishments in the First Half of FY24/25**

Despite the potential economic headwinds, the City of Sonora has made significant progress in the first half of the fiscal year, achieving milestones that reflect the City's dedication to enhancing infrastructure, supporting public safety, and strengthening the workforce.

- **Hospital Road Restoration:** The City successfully completed restoration work on Hospital Road, improving access and safety along this local roadway.
- **Snell Road Reconstruction Progress:** The City's engineering team has made substantial progress in advancing the design phase of the Snell Road (Phase 1) reconstruction, bringing the project closer to implementation. This project remains a top infrastructure priority and is crucial for improving transportation within the City.
- **Rotary Park Pickleball Court:** The addition of a new pickleball court at Rotary Park will provide a valuable recreational amenity, supporting healthy lifestyles and community engagement.
- **Support for Public Safety:** The City allocated resources to support recruitment efforts within the police department, ensuring that all sworn positions are now fully staffed. This achievement not only strengthens public safety but also reflects the City's commitment to maintaining a highly qualified workforce. The City also completed the Police Department facility needs assessment, outlining the need for a replacement Police Department facility.
- **Labor Negotiations and Workforce Investment:** The City has also engaged in productive negotiations with employee unions, including the Sonora Police Officers Association (SPOA), the Sonora Confidential Employees Association (SCEA) and the Sonora Management Employees Association (SMEA). These negotiations are focused on bringing market-competitive wages to City employees, addressing recruitment and retention challenges, and recognizing the essential role of the workforce in delivering quality public services. To support these labor commitments, the City has strategically allocated FY23/24 Measure Y revenues into a dedicated labor reserve fund, ensuring that additional labor costs are fully

covered for the next eight years. City Staff will be challenged to extend this reserve to ten years by allocated additional resources in the upcoming Fiscal Year 25/26 budget. This approach preserves the full amount of future Measure Y revenues, allowing the City to direct these funds toward other community priorities and essential services without compromising its long-term labor obligations. This approach reflects the City's commitment to both fiscal responsibility and competitive employee compensation, both strategic plan objectives. (Council priority #51,56, 60)

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## Challenges and Resource Demands

While the accomplishments of the first half of the year are noteworthy, the City continues to face substantial resource demands that will require careful planning and prioritization. Key unfunded infrastructure needs include:

- **Road Maintenance:** The City of Sonora faces a significant challenge in maintaining its 30 miles of roadway, which are essential for supporting local transportation, public safety, and economic activity. Ongoing investment in road maintenance is critical, as delaying repairs can lead to further deterioration, ultimately resulting in costlier full reconstructions in the future. Proper and timely maintenance not only extends the lifespan of roadways but also reduces long-term costs and minimizes disruptions to the community. However, the financial demands of maintaining and reconstructing the City's road network far exceed available funding. The City currently receives approximately \$290,000 annually from gas tax revenues, and this is projected to decrease over time as electric vehicles become more prevalent, which represents the primary source of dedicated road maintenance funding. While these funds are essential, they are insufficient to meet the scale of the City's road maintenance needs. As a rule, the cost of reconstructing a single mile of roadway is estimated at \$1 million. This cost does not include associated improvements such as drainage, roadway striping, and federally mandated ADA curb ramp upgrades. The total of these construction costs vastly surpasses the City's existing resources. Given the limited annual gas tax revenue, it would take at least 150 years to accumulate enough funding from this source alone to cover full reconstruction needs, without accounting for inflation or further deterioration. To address these challenges, the City of Sonora must explore additional funding options and pursue state and federal grants dedicated to infrastructure improvements. In July 2024, the City of Sonora had a pavement condition assessment completed as part of the setup for the IWorq portal, a software system for the community development department. The pavement condition assessment provided the estimated Remaining Service Life (RSL), in years, for each street or street segment located in the City. Below is a table of the reported RSL's for the streets within the City. However, it should be noted that the engineering team feels that these values may be higher than the actual current conditions.

City of Sonora Pavement Condition Assessment	
Remaining Service Life (RSL) in Years	City Roadways (Miles)
0 Years	1.22
2 Years	0.07
4 Years	5.70
6 Years	16.47
8 Years	3.23
10 Years	3.06
20 Years	0.32
<b>Total Road Miles</b>	<b>30.07</b>

- Sidewalk Repairs:** Sidewalk maintenance and repairs are essential components of the City of Sonora’s infrastructure strategy, playing a vital role in pedestrian safety, accessibility, and community connectivity. Well-maintained sidewalks not only encourage walking as a safe and sustainable mode of transportation but also ensure that all residents, including those of all ages and abilities, can navigate the community safely and independently. However, the City currently faces significant challenges in addressing its sidewalk maintenance needs. Aging infrastructure, tree root intrusions, and general wear and tear have contributed to uneven surfaces, cracks, and other hazards that pose risks to pedestrians. Much of the existing infrastructure within the City is out of compliance with current Americans with Disabilities Act (ADA) standards and have barriers to mobility, such as elevation differences, utilities, garbage and recycle bins in the path of travel. Failure to address these issues could result in increased safety risks, reduced accessibility, and heightened legal exposure for the City.
- Main Drain Restoration:** The City of Sonora’s main drain system, located in the heart of the community, is a vital component of the City’s infrastructure, responsible for managing stormwater runoff and protecting both public and private properties from flooding. However, the system is currently in urgent need of restoration, with repairs estimated at \$10 million. Failure to address these critical needs could lead to infrastructure failure, flooding, and significant environmental impacts, including erosion, water contamination, and damage to downstream ecosystems. To fully understand the scope and complexity of the restoration effort, in 2023 the City commissioned a comprehensive study called the Main Drain Field Inspection and Condition Report, which provided a detailed assessment of the system’s current condition, capacity limitations, and vulnerabilities. The findings from this study confirmed that delayed action could result in costlier emergency repairs, liability issues, and environmental degradation, further underscoring the need for a proactive restoration plan. Several sections were estimated to have two years of life remaining. Given the complexity and cost of restoring the main drain system, the City has developed a phased approach to address the issues in a strategic and financially manageable manner. With the cost of these repairs, it is clear the City cannot complete this project using existing resources alone. The

City Council recognizes the critical need for state and federal grant funding to support this essential infrastructure project.

- **Building Maintenance:** The City of Sonora faces significant challenges related to the maintenance and utilization of its aging infrastructure. Over the years, limited financial resources and competing budget priorities have led to deferred maintenance on many of the thirteen City owned buildings, bathrooms, cemeteries, and parks, resulting in a growing backlog of repairs and upgrades. In addition to the maintenance challenges, the City owns several buildings that are currently vacant or underutilized. These properties, while representing potential assets, currently pose liability risks, incur ongoing maintenance costs, and tie up valuable resources that could be better allocated. As part of a long-term facilities management strategy, the City Council must consider options for these properties, including selling surplus buildings to generate resources that can be reinvested in critical infrastructure projects. Among the most pressing building needs is the City's police department facility, which no longer meets the operational requirements of modern law enforcement. The current building is undersized for the growing needs of the department, lacking in modern security features essential for the safety of both officers and the public, operationally inefficient, with outdated infrastructure that limits the department's ability to effectively serve the community. Given the significant costs associated with constructing a new police department building, the City Council should consider leveraging proceeds from the sale of surplus properties.

Addressing these needs will require a balanced approach that prioritizes critical infrastructure improvements while maintaining fiscal sustainability.

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### **Planning for Financial Stability**

The total budget for FY24/25 is \$18.8 million, which included several budgeted transfers out of the General Fund and into specific reserve funds. A reserve fund is a designated fund where unspent resources are saved to ensure financial stability and flexibility for a city. These funds act as a safeguard, allowing the city to address unforeseen expenses, economic downturns, or specific future needs without disrupting essential services or increasing taxes. By establishing reserves the City is proactively planning for long-term sustainability. The reserves include:

- Economic Uncertainty Reserve: \$2,855,863
- Labor Reserve: \$3,965,000
- CalPERS Prefunding Reserve: \$767,345
- Compensated Absences Reserve: \$264,092
- Capital Improvement Reserve: \$220,040
- Fleet Replacement Reserve: \$289,765
- Risk Management Reserve: \$255,860
- General Plan Reserve: \$307,032



## **Mid-Year Budget**

Salaries and Benefits account for 43%, or \$8.1 million of the \$18.8 million total City budget, and 59% of the total General Fund expenditure of \$13.8 million. General Fund expenditures for the first half are trending slightly lower than our expected range, with salaries and benefits trending around 45%. Staff anticipates higher costs in the second half of the year due to the Police Department reaching full staffing in sworn positions, the implementation of the new memorandums of understanding with three of the labor groups going into effect and planned capital projects beginning in the 3<sup>rd</sup> quarter. City staff continue to focus on controlling operational expenditures with the first half expenditure at about 52% of budget.

Revenue trends are beginning to show signs of weakness, reflecting broader economic challenges. Total sales tax revenues are approximately 3.5% below original estimates and 9% below the prior year, prompting a recommended adjustment of (\$150,000) in Bradley-Burns Sales Tax revenues and (\$125,000) for Measure Y. Transient Occupancy Tax (TOT) and the Public Benefit Fee from cannabis dispensaries are tracking within budget projections, but remain down from the prior fiscal year by 6% and 1%, respectively. These revenue declines highlight a slowing local economy, impacted by several factors. Higher interest rates, implemented to combat inflation, have dampened consumer spending on discretionary goods and services, which are critical drivers of sales tax and transient occupancy tax revenues.

As part of the mid-year budget update, it is important to address the ongoing shift in sales tax distribution from e-commerce transactions in California. Historically, local sales tax revenues were primarily generated from brick-and-mortar businesses within city limits. However, with the rise of online retail, a significant portion of sales tax is now allocated based on the location of fulfillment centers rather than the point of sale. This shift has disproportionately benefited jurisdictions with large distribution hubs while reducing revenues for many cities, including ours. In response, the League of California Cities has proposed a policy solution recommending a 50/50 split of e-commerce sales tax revenue, ensuring that both the jurisdiction where the purchase is made and the jurisdiction where the order is fulfilled receive an equitable share. This approach aims to restore financial stability to cities that rely on sales tax revenue to fund essential services, infrastructure, and programs. The City will continue to monitor legislative efforts and advocate for fairer revenue distribution to support our local economy.

Overall, adjusted revenues and expenditures, for all sources, represent a net projected \$0 change to the General Fund compared to the original budget. See the recommended budget adjustments on page 23.

With the noted budget adjustments and six months of data available, the City is on budget for the second half of the year.

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## **FY24/25 Recommended Budget Adjustments**

The recommended budget adjustments for the mid-year update appear on page 23.

## GENERAL FUND – KEY REVENUE ANALYSIS

The following discussion provides a status of significant General Fund revenue sources as of the first half of FY24/25, ending December 31, 2024. Staff monitors each revenue source closely and may recommend certain revenue adjustments based on revenue actuals or State and Federal budget actions.



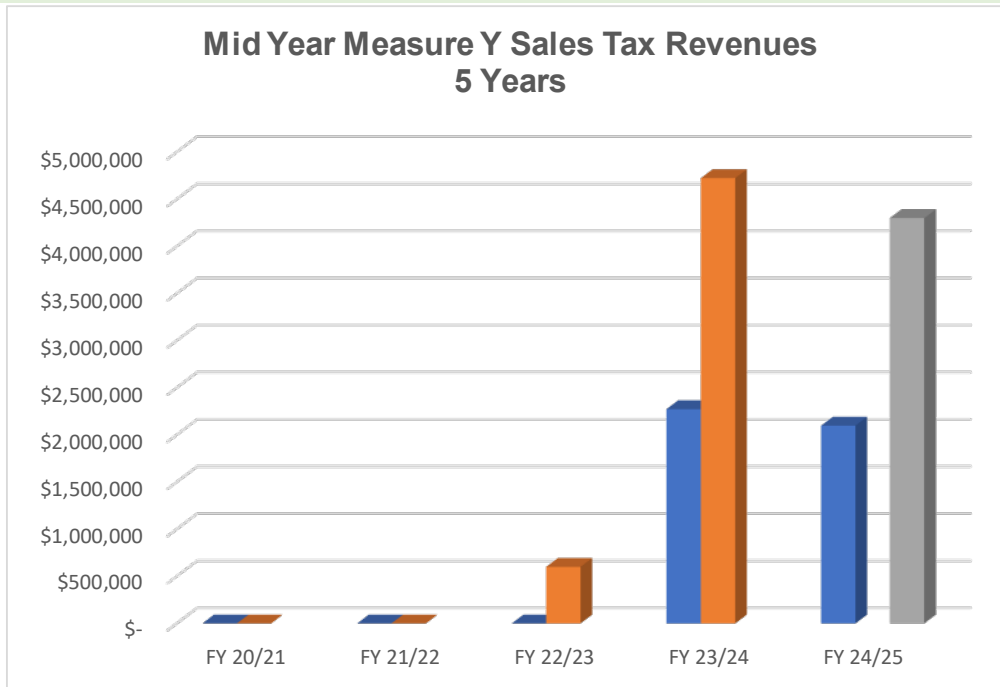
## Measure Y

Fiscal Year 2024/25 marks the second full year of Measure Y revenues for the City, which has emerged as the largest single revenue source for the General Fund. Measure Y is projected to generate \$4,300,000, representing 29% of the City’s budgeted General Fund revenues for the fiscal year. Under Measure Y, the City’s General Fund receives 1% of taxable sales, equating to 1 cent for every \$1 of retail sales occurring within the City limits of Sonora.

**Analysis** – Measure Y sales tax receipts for the first half of FY24/25 are 1.2% lower than budgeted and 9.2% lower compared to the same period last year. This decline is primarily attributed to two factors: Prior year revenues included makeup collections from the initial weeks following the implementation of the tax. Softness in the local economy, reflecting broader economic trends impacting retail sales. City staff will continue to closely monitor sales tax receipts and work collaboratively with the City’s sales tax consultant to analyze emerging trends and ensure accurate forecasting for future periods.

Given the current trends, sales tax estimates for the second half of FY24/25 have been revised downward, requiring a budget adjustment of (\$125,000), or (2%). Staff remain committed to maintaining fiscal flexibility and will provide updated projections as new data becomes available.

### MEASURE Y - 1% Sales Tax



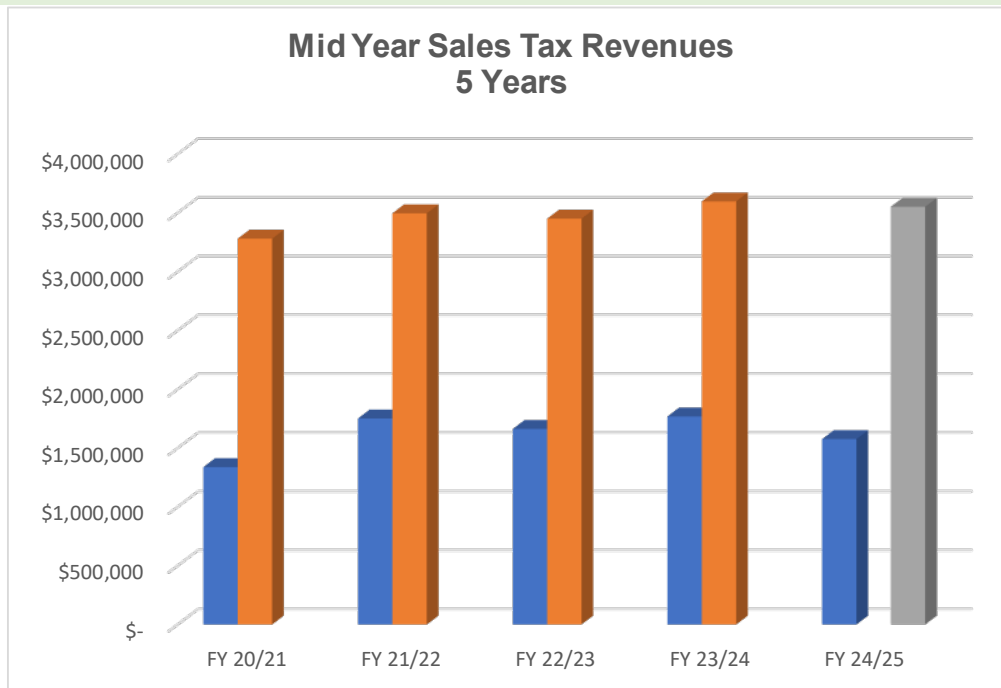
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ -	\$ -	\$ -	\$ 2,273,214	\$ 2,098,915
<b>Fiscal Year Total Actual Revenues</b>	\$ -	\$ -	\$ 600,163	\$ 4,723,683	
<b>Fiscal Year Budgeted Revenues</b>					\$ 4,300,000
<b>% of Total</b>	0.0%	0.0%	0.0%	48.1%	48.8%

## 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 24% of budgeted General Fund revenues for FY24/25, a projected \$3,552,000. 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 lower than the original budget and 10.8% lower than those in the same period last fiscal year. The decline is primarily attributed to two factors, one was the State of California was behind on processing sales tax revenues in the 2<sup>nd</sup> quarter, and second there are clear signs of an economic slowdown, as the combination of historically high Consumer Price Index (CPI) levels and corresponding elevated interest rates begin to impact the economy. These uncertain economic conditions are creating challenges for businesses and consumers alike, signaling a shift in economic activity. 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 FY24/25 sales tax estimates have decreased requiring a budget adjustment in the amount of (\$150,000), or (4%).

### SALES TAX



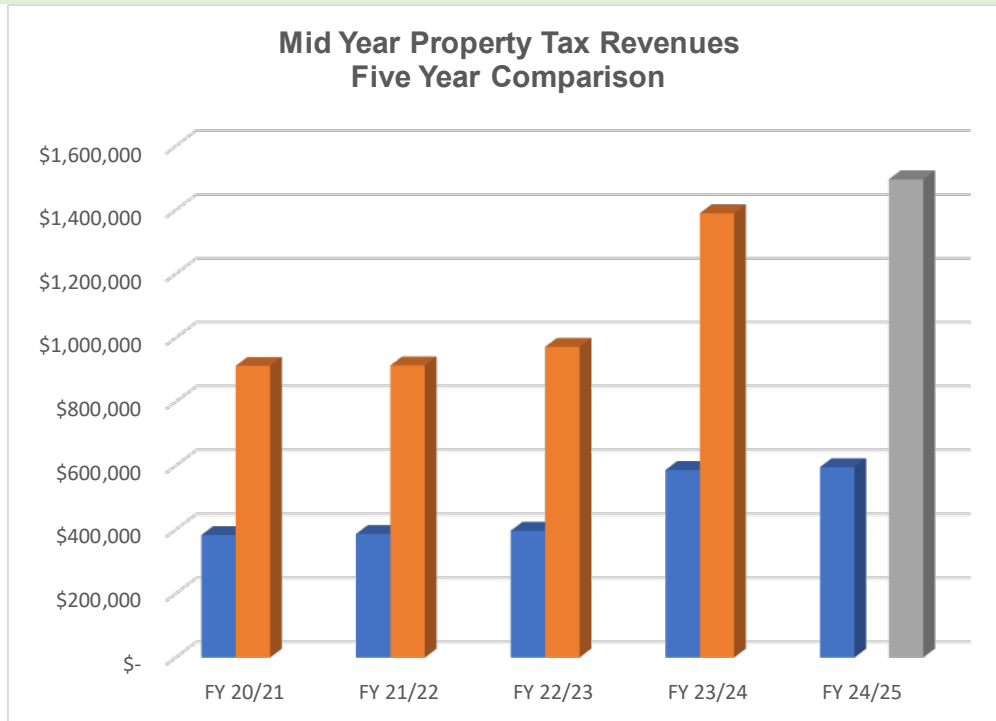
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 1,338,639	\$ 1,752,041	\$ 1,662,290	\$ 1,769,196	\$ 1,576,555
<b>Fiscal Year Total Actual Revenues</b>	\$ 3,280,856	\$ 3,496,261	\$ 3,450,446	\$ 3,597,709	
<b>Fiscal Year Budgeted Revenues</b>					\$ 3,552,000
<b>% of Total</b>	40.8%	50.1%	48.2%	49.2%	44.4%

## Property Tax

Property tax is the third largest revenue source for the City’s General Fund, accounting for 10% of budgeted General Fund revenues in FY24/25. 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 primarily received in the second and fourth quarters; however, the chart below illustrates first-half receipts over the past four years compared to the current fiscal year. Over the last two years, the property tax revenue increase has been due to the dissolution of the Successor Agency, allowing tax revenue previously allocated to the agency to flow directly to the City. Mid-year receipts are trending consistent with prior years. For FY24/25, property tax revenue was budgeted with a projected growth of 2.4% over the prior year’s actuals, reflecting anticipated increases in property values driven by real estate transactions.

### PROPERTY TAX



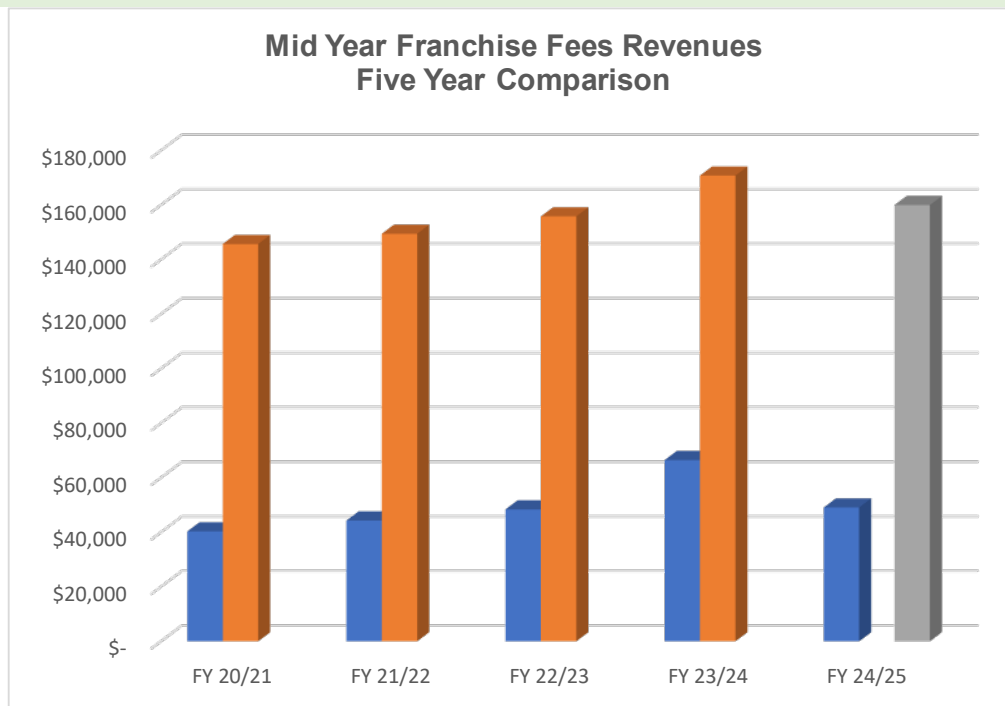
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 383,081	\$ 386,390	\$ 396,616	\$ 586,572	\$ 595,607
<b>Fiscal Year Total Actual Revenues</b>	\$ 912,549	\$ 913,849	\$ 971,890	\$ 1,389,748	
<b>Fiscal Year Budgeted Revenues</b>					\$ 1,495,600
<b>% of Total</b>	42.0%	42.3%	40.8%	42.2%	39.8%

## 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 FY24/25.

**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



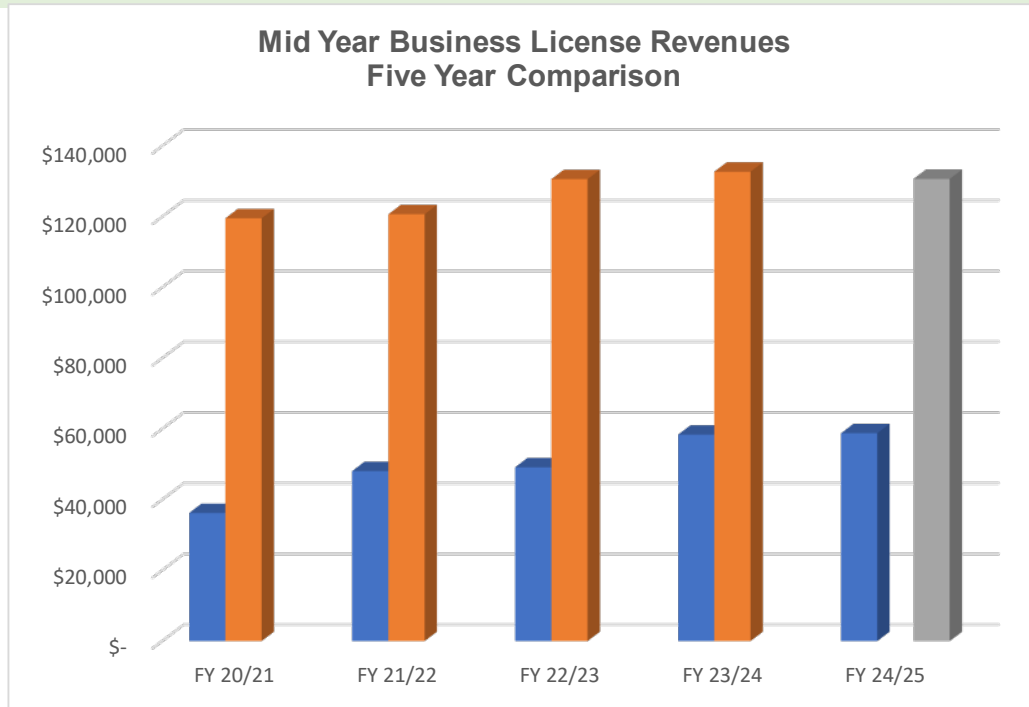
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 40,333	\$ 44,303	\$ 48,393	\$ 66,465	\$ 49,082
<b>Fiscal Year Total Actual Revenues</b>	\$ 145,698	\$ 149,478	\$ 155,854	\$ 170,797	
<b>Fiscal Year Budgeted Revenues</b>					\$ 160,000
<b>% of Total</b>	27.7%	29.6%	31.1%	38.9%	30.7%

## 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



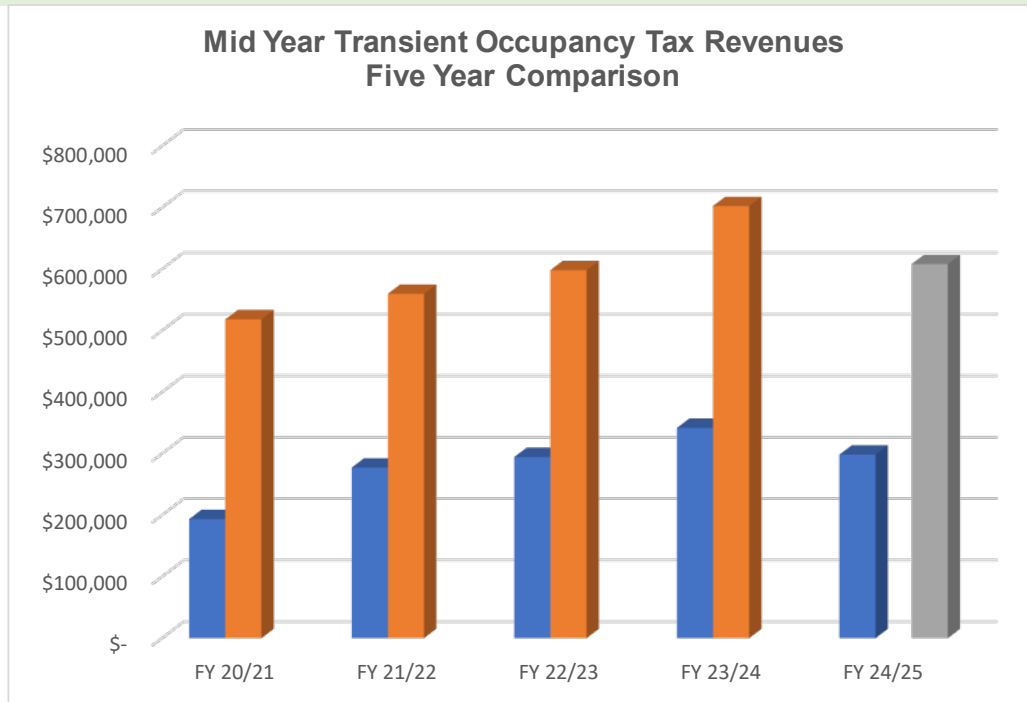
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 36,235	\$ 48,078	\$ 49,146	\$ 58,406	\$ 58,780
<b>Fiscal Year Total Actual Revenues</b>	\$ 119,581	\$ 120,719	\$ 130,638	\$ 132,741	
<b>Fiscal Year Budgeted Revenues</b>					\$ 130,700
<b>% of Total</b>	30.3%	39.8%	37.6%	44.0%	45.0%

## Transient Occupancy Tax

The City levies a 12% Transient Occupancy Tax (TOT) on the seven (7) hotels and motels and the twenty-seven (27) 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 FY24/25 are approximately 4.1% of General Fund revenues.

**Analysis** – Total TOT revenues peaked in FY23/24 and as the economy softens, these revenues have declined. Staff will continue to monitor transient occupancy revenues in the second half of the year.

### Transient Occupancy Tax



	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 193,495	\$ 277,274	\$ 294,437	\$ 341,671	\$ 298,276
<b>Fiscal Year Total Actual Revenues</b>	\$ 518,126	\$ 559,545	\$ 598,065	\$ 702,269	
<b>Fiscal Year Budgeted Revenues</b>					\$ 608,000
<b>% of Total</b>	37.3%	49.6%	49.2%	48.7%	49.1%

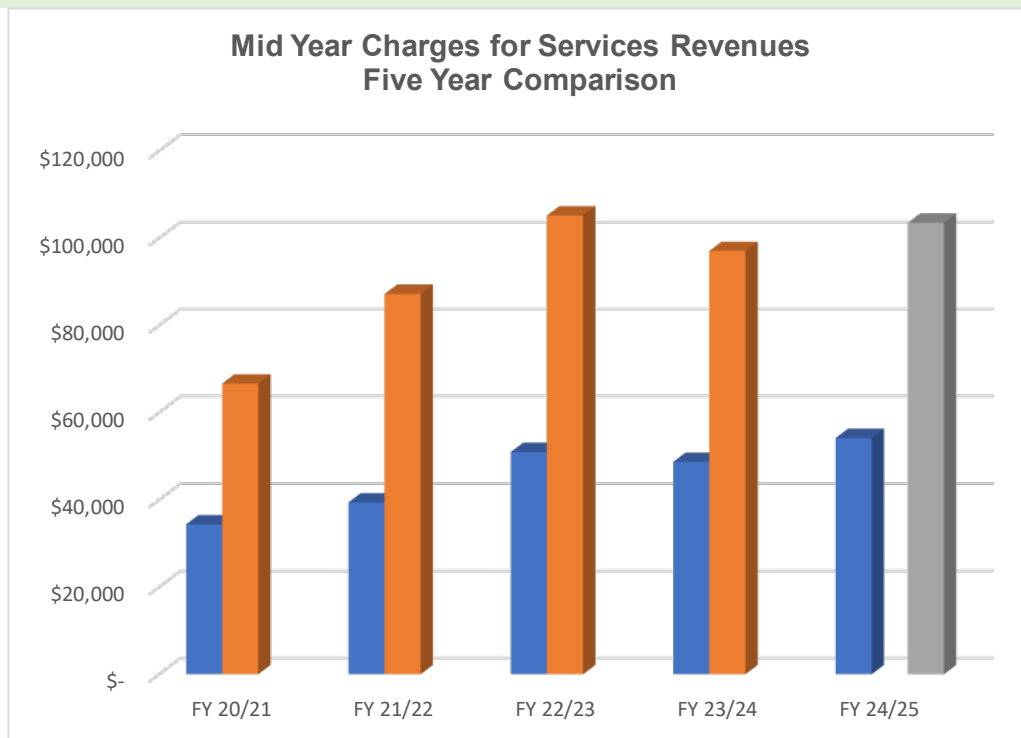


## Charges for Services

City Service revenue consists primarily of services provided by City Departments, including zoning and subdivision fees, Police and Fire Department services, street cleaning, debris removal and banner installation fees. A fee update took effect on November 1<sup>st</sup>, 2024, that realigned user fees to the costs of providing the services.

**Analysis –** Charges for Services were budgeted before the fee increases and there is a recommended adjustment for the second half of the year of \$4,000.

### Charges for Services



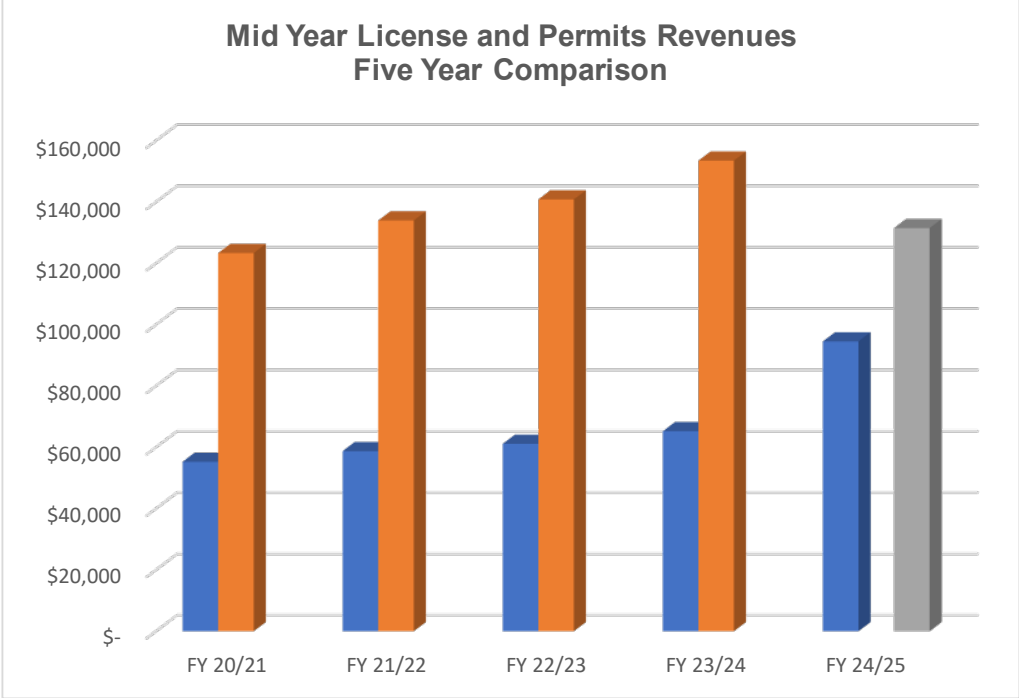
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 34,342	\$ 39,381	\$ 50,969	\$ 48,679	\$ 54,152
<b>Fiscal Year Total Actual Revenues</b>	\$ 66,631	\$ 87,195	\$ 105,166	\$ 97,038	
<b>Fiscal Year Budgeted Revenues</b>					\$ 103,500
<b>% of Total</b>	51.5%	45.2%	48.5%	50.2%	52.3%

## 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% of General Fund revenues.

**Analysis –** First half licenses and permit revenue are higher than anticipated due to higher building department activity and changes to the City’s fee schedules that were implemented in 2024. Staff recommend an increase in budgeted revenues by \$40,000 to reflect the higher revenues going forward.

### License and Permits



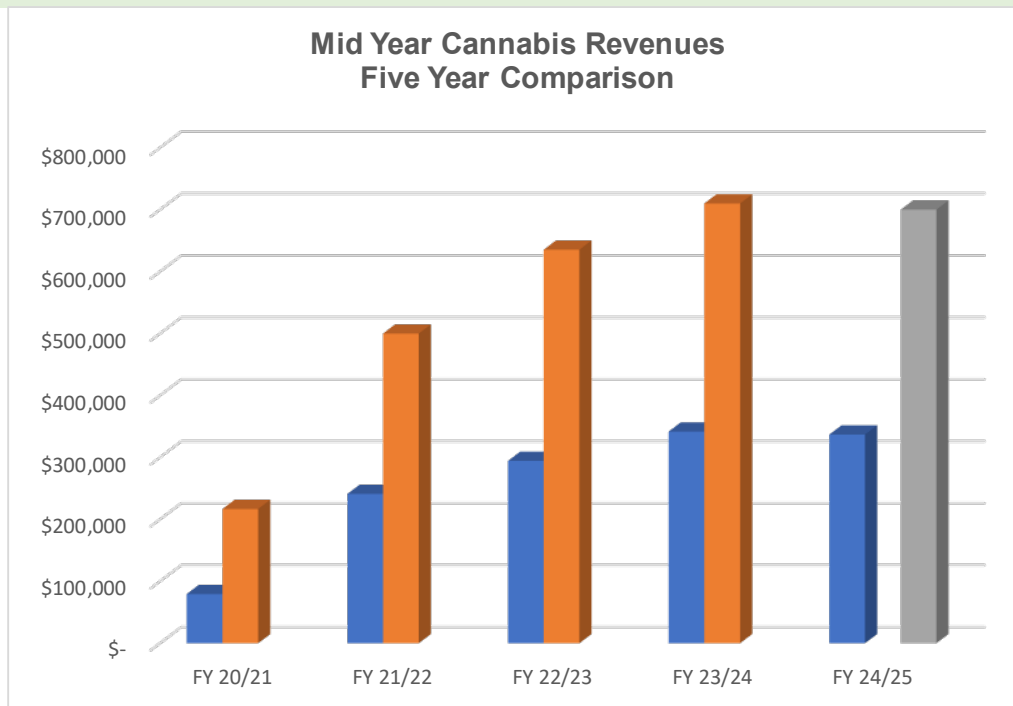
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 55,263	\$ 58,744	\$ 61,101	\$ 65,239	\$ 94,532
<b>Fiscal Year Total Actual Revenues</b>	\$ 123,343	\$ 133,963	\$ 140,850	\$ 153,479	
<b>Fiscal Year Budgeted Revenues</b>					\$ 131,500
<b>% of Total</b>	44.8%	43.9%	43.4%	42.5%	71.9%

## 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. 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 4.7% 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 are slightly lower than the prior year as more competition affects revenues. The city also receives sales tax on recreational cannabis sales. Staff will continue to monitor public benefit fee revenues in the second half of the year.

### Cannabis Revenues



	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Revenues</b>	\$ 79,438	\$ 241,064	\$ 294,437	\$ 341,671	\$ 336,965
<b>Fiscal Year Total Actual Revenues</b>	\$ 216,719	\$ 499,977	\$ 635,347	\$ 710,000	
<b>Fiscal Year Budgeted Revenues</b>					\$ 700,000
<b>% of Total</b>	36.7%	48.2%	46.3%	48.1%	48.1%

## GENERAL FUND – KEY EXPENDITURE ANALYSIS

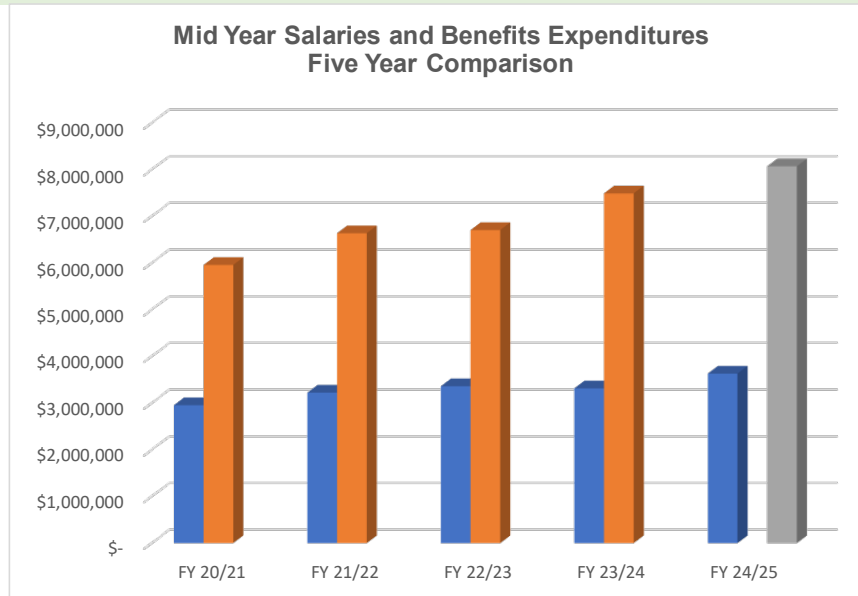
The following discussion provides a status of significant General Fund expenditures for the first half of FY24/25, for the date ending December 31, 2024.

### Salaries and Benefits

Salaries and Benefits are 59% of the General Fund budget, or \$8.1 million. 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 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 45% 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 Sonora Police Officers Association (SPOA). The City is also completing negotiations with the Sonora Confidential Employees Association (SCEA) and the Sonora Management Employees Association (SMEA). These increases have been included in the Fiscal Year 2024/25 budget, but will lead to higher expenditures in the second half of the year.

### Salaries and Benefits



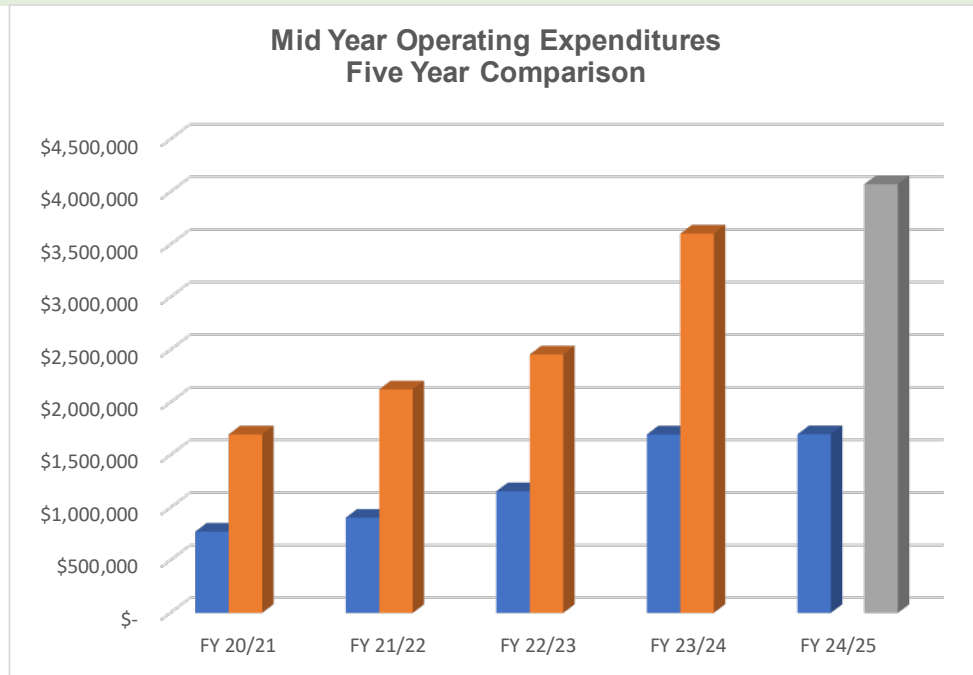
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Expenditures</b>	\$ 2,953,587	\$ 3,223,593	\$ 3,359,836	\$ 3,314,850	\$ 3,631,173
<b>Fiscal Year Total Actual Expenditures</b>	\$ 5,956,343	\$ 6,635,823	\$ 6,704,725	\$ 7,489,225	
<b>Fiscal Year Budgeted Expenditures</b>					\$ 8,069,600
<b>% of Total</b>	49.6%	48.6%	50.1%	44.3%	45.0%

## Operating Expenditures

Operating expenditure's consist of all General Fund costs to provide services, including supplies, materials, utilities, contracted services and are budgeted at \$4.1 million for the fiscal year. The categories of supplies, materials and non-capital equipment, the most controllable expenditure category, is approximately 41% expended, as several projects were anticipated for the second half of the fiscal year. The balance of the operating expenditure is at 42% expended.

**Analysis** – First half results are trending under budget as some projects have been planned in the second half of the year or will be moved to Fiscal Year 25/26. Utilities are trending slightly above expected, at 52% of budget, as water and energy costs have increased more than anticipated. There are miscellaneous adjustments, increases and decreases, as needed, for the balance of the year, as detailed on page 23.

### Operating Expenditures



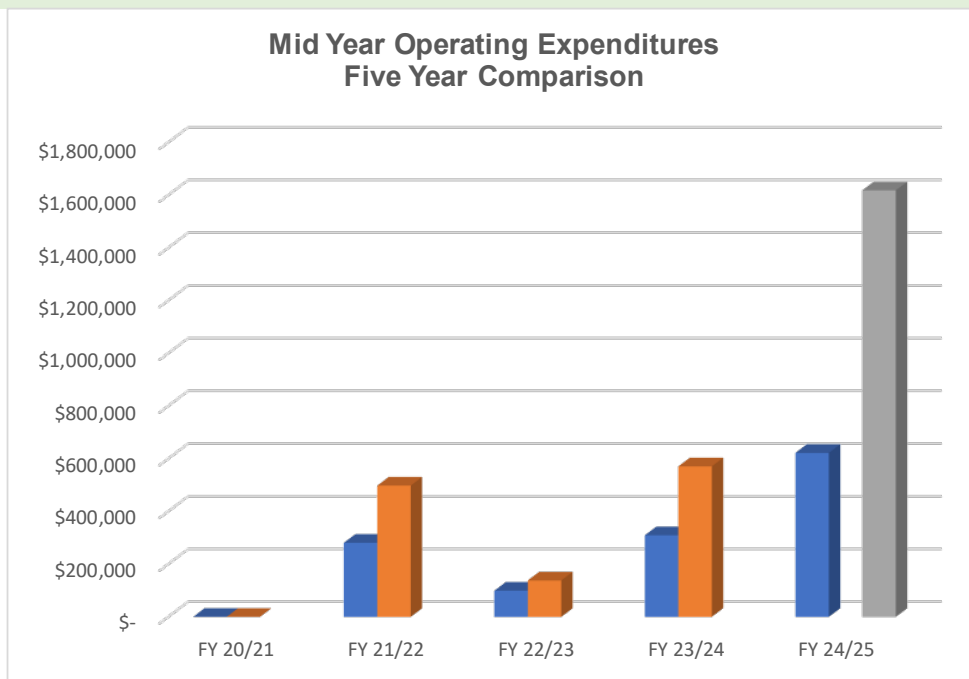
	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Expenditures</b>	\$ 772,072	\$ 904,941	\$ 1,155,468	\$ 1,695,863	\$ 1,697,029
<b>Fiscal Year Total Actual Expenditures</b>	\$ 1,695,688	\$ 2,123,844	\$ 2,455,448	\$ 3,604,583	
<b>Fiscal Year Budgeted Expenditures</b>					\$ 4,073,150
<b>% of Total</b>	45.5%	42.6%	47.1%	47.0%	41.7%

## Capital Improvements

Capital improvements refer to long-term investments in the physical infrastructure and assets of a city. These projects are designed to enhance the quality of life for residents, support economic growth, and ensure the sustainability of essential services. Capital improvements typically include upgrades, repairs, or new construction of facilities such as roads, bridges, parks, public and buildings. These investments are often funded through a combination of local revenues, state and federal grants, and special funding sources.

**Analysis** – First half budgeted capital improvements included several projects, the Hospital Road Improvement Project, Sidewalk Improvements, drainage improvements. The Hospital Road Improvement Project was completed in the first half of the year and was under budget. As a result, there is a recommended transfer of (\$132,000) from this project to general engineering services. There are other projects that will not be completed in the current fiscal year and it is staff recommendation to move these remaining funds to reserves until they can be budgeted in future years, as detail on page 23.

### Capital Improvements



	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
<b>First Half Actual Expenditures</b>	\$ -	\$ 280,894	\$ 99,085	\$ 309,379	\$ 622,183
<b>Fiscal Year Total Actual Expenditures</b>	\$ -	\$ 498,032	\$ 138,163	\$ 570,916	
<b>Fiscal Year Budgeted Expenditures</b>					\$ 1,618,000
<b>% of Total</b>	#DIV/0!	56.4%	71.7%	54.2%	38.5%

## FY24/25 RECOMMENDED FIRST HALF BUDGET ADJUSTMENTS

FUND - DEPARTMENT	ACCOUNT	DESCRIPTION	BUDGET CHANGE
<b>Revenues:</b>			
1. 001 - 4000	Sales Tax - 40215	- Sales Tax Measure Y	(\$125,000)
001 - 4000	Sales Tax - 40210	- Sales Tax Measure Bradley Burns	(\$150,000)
2. 001 - 2000	Community Dev - 41250	- Building Permits	\$40,000
3. 001 - XXX	Various - 4XXX	- Services	\$14,000
<b>TOTAL NET CHANGE TO REVENUES</b>			<b>(\$221,000)</b>
FUND - DEPARTMENT	ACCOUNT	DESCRIPTION	BUDGET CHANGE
<b>Expenditures:</b>			
4. 001 - XXXX	Various - 50XXX	- Salaries and Benefits	(\$215,000)
5. 001 - XXXX	Various - 511XX	- Misc. Operating Expenditures	\$73,700
6. 001 - 1100	Legal - 54010	- Legal Services	\$125,000
7. 001 - XXXX	Various - 55010	- Equipment Maintenance and Repair	\$45,600
8. 001 - XXXX	Various - 53010	- Outside Services	(\$70,000)
9. 001 - 6000	Fire - 55020	- Building Maintenance and Repair	(\$100,000)
10. 001 - 3900	Capital Projects - 55120	- Hospital Road	(\$112,000)
11. 001 - 2200	Engineering - 53050	- General Engineering	\$112,000
12. 001 - 3900	Capital Projects - 55140	- Linoberg Retaining Wall	(\$210,000)
13. 001 - 3900	Capital Projects - 55080	- Main Drain Repairs	(\$260,000)
14. 001 - 3900	Capital Projects - 55080	- Linoberg Pedestrian Project	(\$540,000)
15. 001 - 4900	Transfers Out - 59999	- SS4A Transportation Safety Action Plan	(\$112,500)
16. 001 - 7000	Public Works - 55080	- Hope Lane Storm Drain	(\$22,500)
17. 001 - 7000	Public Works - 55190	- Storm Drain Maintenance	(\$30,000)
18. 001 - 3900	Capital Projects - 55130	- Parking Lot: Stewart/Church	\$52,500
19. 001 - 7000	Public Works - 55190	- Biennial Infrastructure Inspections	(\$30,000)
20. 001 - 7000	Public Works - 55160	- Church Street Slope Stabilization	\$30,000
21. 001 - 7000	Public Works - 55190	- ADA Ramp Coffill Park	\$20,000
22. 001 - 4900	General Services - 59999	- Capital Improvement Reserve	\$562,500
001 - 4900	General Services - 59999	- Risk Management-Legal Reserve	\$150,000
001 - 4900	General Services - 59999	- General Plan Reserve	\$159,700
001 - 4900	General Services - 59999	- CalPERS Prefunding Trust Reserve	\$150,000
<b>TOTAL NET CHANGE TO EXPENDITURES</b>			<b>(\$221,000)</b>
<b>NET CHANGE TO FY24/25 TO BUDGET</b>			<b>\$ -</b>

### Summary of Recommended Budget Adjustments

• **Revenues:**

- **1. Sales Tax (\$275,000):** Revenues have been weaker than anticipated for the first half of the year and has weakened over the preceding months. As the 2<sup>nd</sup> half of the year begins staff will continue to monitor actual revenues.
- **2. Building Permits \$40,000:** Permit activity has exceeded budget with more building activity than originally anticipated.
- **3. Services \$14,000:** The City Council approved a fee update in the first half of FY24/25 and revenues have exceeded expectations.

• **Expenditures:**

- **4. Salaries and Benefits (\$215,000):** There have been savings in several departments based on open positions in the first half of the year. As of this budget report the Police Department has all sworn positions filled.
- **5. Misc. Operating Expenditures \$73,700:** There are several miscellaneous adjustments for budget including some unanticipated increases in Liability Insurance \$31,500, Pre-Employment Costs \$7,000, Water and Sewer \$14,100, Electricity \$3,500, Postage \$600, and General Fuel usage \$15,000. Also, there is a \$2,000 adjustment for utility expenses for the Police Officer Wellness Center.

- **6.** Legal Services \$125,000: Exceeded the original budget established in June 2024, primarily due to unexpected legal reviews required for negotiations with employee unions and changes involving the Tuolumne County LAFCO.
- **7.** Equipment Maintenance and Repair \$45,600: An adjustment for unanticipated repairs to City generators and required repairs to the compressor at the fire department.
- **8.** Outside Services (\$70,000): A few projects that will be moved to future years. These included a study to analyze a paramedic program, a City owned building assessment, and Information Technology upgrades at City Hall.
- **9.** Building Maintenance and Repair (\$100,000): The Fire Station roof repair will be moved to a future year and the funds will be move to reserves.
- **10./11.** The Hospital Road Project was completed under budget by \$112,000. It is recommended that the remaining unused funding be reallocated to general engineering.
- **12.** Linoberg Retaining Wall project (\$210,000): The project will be moved to next fiscal year.
- **13.** Main Drain Repairs (\$260,000): There is funding to apply for grants, but the remaining funding will be moved to next fiscal year.
- **14.** Linoberg Pedestrian Project (\$540,000): The project funding will be moved to reserves.
- **15.** SS4A Transportation Safety Action Plan (\$112,500): The grant match will be moved to next fiscal year.
- **16./17./18.** Hope Lane Storm Drain Project (\$22,500) and Storm Drain Maintenance (\$30,000) will be transferred to fund the Church-Stewart Parking Lot \$52,500.
- **19./20.** Biennial Infrastructure Inspections (\$30,000) will be moved to the Church Street Slope Stabilization Project \$30,000.
- **21.** Add ADA ramp in Coffill Park.
- **22.** Reserves: Any remaining budget will be moved to the City various reserve accounts:
  - Capital Improvement Reserves \$582,500: Funding for projects that had funding moved to future fiscal years will be transferred here.
  - Risk Management-Legal Reserve \$150,000.
  - General Plan Reserve \$159,700.
  - CalPERS Prefunding Trust Reserve \$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 FY24/25, which includes comparison information from the prior year's first half.

	FY23/24 Actual	FY23/24 Mid-Year	FY23/24 % YTD	FY24/25 Adopted Budget	FY24/25 Mid-Year	FY24/25 % YTD
<b>Revenues</b>						
Sales and Use Tax	3,597,709	1,769,196	49.2%	3,552,000	1,576,555	44.4%
Measure Y	4,723,683	2,273,214	0.0%	4,300,000	2,098,915	48.8%
Property Tax	1,389,748	586,572	42.2%	1,495,600	595,607	39.8%
Franchise Fees	170,797	66,465	38.9%	160,000	49,082	30.7%
Business Licenses	132,741	58,406	44.0%	130,700	58,780	45.0%
Transient Occupancy Tax	702,269	341,671	48.7%	608,000	298,276	49.1%
Licenses and Permits	153,479	65,239	42.5%	131,500	94,532	71.9%
Cannabis Public Benefit Fees	710,000	341,671	48.1%	700,000	336,965	48.1%
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	97,038	48,679	50.2%	103,500	54,152	52.3%
Fines and Forfeitures	23,406	14,314	61.2%	31,000	16,283	52.5%
Rental Income	65,057	22,997	35.3%	43,900	31,937	72.8%
Interest	65,949	38,913	59.0%	225,000	87,766	39.0%
Other Sources	350,920	117,948	33.6%	177,700	28,701	16.2%
<b>Total Revenues</b>	<b>12,927,522</b>	<b>6,439,134</b>	<b>49.8%</b>	<b>11,674,900</b>	<b>5,335,057</b>	<b>45.7%</b>
<b>Transfers In</b>						
Transfers In	2,488,450	1,189,300	47.8%	3,007,800	1,631,800	54.3%
<b>Total Transfers</b>	<b>2,488,450</b>	<b>1,189,300</b>	<b>47.8%</b>	<b>3,007,800</b>	<b>1,631,800</b>	<b>54.3%</b>
<b>Total Revenues</b>	<b>15,415,972</b>	<b>7,628,434</b>	<b>49.5%</b>	<b>14,682,700</b>	<b>6,966,857</b>	<b>47.4%</b>
<b>Expenditures</b>						
Salaries and Benefits	7,489,225	3,314,850	44.3%	8,069,600	3,631,173	45.0%
Supplies and Materials	3,235,229	1,504,419	46.5%	3,681,650	1,493,609	40.6%
Utilities	369,354	191,444	51.8%	391,500	203,420	52.0%
Capital Improvements	570,916	309,379	54.2%	1,618,000	622,183	38.5%
<b>Total Expenditures</b>	<b>11,664,724</b>	<b>5,320,092</b>	<b>45.6%</b>	<b>13,760,750</b>	<b>5,950,385</b>	<b>43.2%</b>
<b>Transfers Out</b>						
Transfers Out:						
Self Insured Dental	34,000	13,944	41.0%	32,000	10,629	33.2%
CalPERS Prefunding Trust	300,000	150,000	50.0%	150,000	150,000	100.0%
Fleet Replacement Reserve	-	-	-	75,000	75,000	100.0%
Risk Mitigation Reserve	-	-	-	250,000	250,000	100.0%
Capital Improvement Reserve	-	-	-	215,000	215,000	100.0%
Labor Reserve	-	-	-	4,015,000	4,015,000	100.0%
General Plan Reserve	-	-	-	300,000	300,000	100.0%
<b>Total Transfers</b>	<b>334,000</b>	<b>163,944</b>	<b>49.1%</b>	<b>5,037,000</b>	<b>5,015,629</b>	<b>99.6%</b>
<b>Total Expenditures</b>	<b>11,998,724</b>	<b>5,484,036</b>	<b>45.7%</b>	<b>18,797,750</b>	<b>10,966,014</b>	<b>58.3%</b>

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.

<b>Measure I</b>						
	Police	%	Fire	%	Public Works	%
<b>Beginning Fund Balance @ July 1, 2024</b>	<u>1,051,367</u>		<u>382,396</u>		<u>269,133</u>	
Budgeted Revenues	1,450,300		602,200		360,200	
Actual Revenues - First Half	651,526	44.9%	270,124	44.9%	163,077	45.3%
Budgeted Expenditures	1,480,000		625,000		360,000	
Actual Expenditures - First Half	740,000	50.0%	312,500	50.0%	180,000	50.0%
<b>Ending Fund Balance @ December 31, 2024</b>	<u>962,893</u>		<u>340,020</u>		<u>252,210</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. FY24/25 first half results are trending consistent with the same period in prior years as illustrated in the chart below.

<b>Police Measure I</b>					
<b>Revenues</b>					
	<u>FY20/21</u>	<u>FY21/22</u>	<u>FY22/23</u>	<u>FY23/24</u>	<u>FY24/25</u>
First Half Actual Revenues	487,825	681,859	704,141	675,215	651,526
Fiscal Year Total Actual Revenues	1,295,455	1,411,325	1,410,102	1,321,500	
Fiscal Year Total Budgeted Revenues					1,450,300
First Half - Percent of Total	<u>37.7%</u>	<u>48.3%</u>	<u>49.9%</u>	<u>51.1%</u>	<u>44.9%</u>
<b>Expenditures</b>					
First Half Actual Expenditures	550,000	650,000	650,000	750,000	740,000
Fiscal Year Total Actual Expenditures	1,100,000	1,300,000	1,300,000	1,500,000	
Fiscal Year Total Budgeted Expenditures					1,480,000
First Half - Percent of Total	<u>50.0%</u>	<u>50.0%</u>	<u>50.0%</u>	<u>50.0%</u>	<u>50.0%</u>

### **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. FY24/25 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.

<b>Fire Measure I</b>					
Revenues					
	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
First Half Actual Revenues	202,561	284,007	292,890	281,340	270,124
Fiscal Year Total Actual Revenues	538,841	587,825	586,244	550,625	
Fiscal Year Total Budgeted Revenues					602,200
First Half - Percent of Total	37.6%	48.3%	50.0%	51.1%	44.9%
Expenditures					
First Half Actual Expenditures	175,000	250,000	275,000	300,000	312,500
Fiscal Year Total Actual Expenditures	350,000	500,000	550,000	600,000	
Fiscal Year Total Budgeted Expenditures					625,000
First Half - Percent of Total	50.0%	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. FY24/25 first half revenues are trending consistent with the same period in prior years as illustrated in the chart below.

**Public Works Measure I**

Revenues					
	FY19/20	FY20/21	FY21/22	FY23/24	FY24/25
First Half Actual Revenues	123,105	170,742	178,081	168,804	163,077
Fiscal Year Total Actual Revenues	325,516	353,654	358,320	330,375	
Fiscal Year Total Budgeted Revenues					360,200
First Half - Percent of Total	37.8%	48.3%	49.7%	51.1%	45.3%
Expenditures					
First Half Actual Expenditures	162,500	157,500	162,500	180,000	180,000
Fiscal Year Total Actual Expenditures	325,000	315,000	325,000	669,400	
Fiscal Year Total Budgeted Expenditures					360,000
First Half - Percent of Total	50.0%	50.0%	50.0%	26.9%	50.0%

## **DEPARTMENT UPDATES**

## COMMUNITY DEVELOPMENT

### Mid-Year Goals and Accomplishments

- Provide professional, courteous, and efficient services to the community. (Council priority #42, 43, 44)
  - Day-to-day staff strive to make the City a friendly, convenient resource for residents, contractors, businesses and all others looking for assistance.
  - Implementation of IWORQ (online permitting system): The City launched an online permitting system that allows the building community to pull permits without coming to the office. The system is saving paper, staff time, community member time, increasing convenience, permit issuance timeliness and organization.
  - Full time Building Official hired—Offering a local building official, who is in the office 5 days a week is a huge benefit for the build community.
- Address the Short-Term Rental Use Permit Ordinance. (Council priority #6, 17)
  - Short Term Rental Ordinance update adopted modifications to the previous policy broaden the number of potential short-term rentals that can operate in Sonora.
  - There has been a slight uptick in applications was experienced after the policy passed, with new applicants submitting, however the overall number of permits issued has not seen an increase.
- Grant funded projects: Projects to be delivered include: (Council priority #1, 5, 10, 16, 25)
  - New storage facility at the Public Works yard. Planning to go out to bid by mid-March. This project is expected to be delivered by July 2025.
  - Pickleball court and other improvements to Woods Creek Park. The pickleball court has been fully designed. This project is expected to be out to bid by early April, with a completion date of no later than October 2025.
  - Adopt and implement planning documents, such as Housing/Safety Element and Local Hazard Mitigation Plan.
  - The City received two new Fire Engines through the Community Development Block Grant program. Included in the award was equipment for both vehicles including fire hose, safety equipment, tools, and other items for full functionality of the units.
- Support economic development in Sonora: (Council priority #3, 21, 44, 100, 110, 111)
  - In progress. Consultant hired. Scope of work established. Working on deliverables.
  - Several Task Orders are being developed to explore new ordinances designed to increase economic activity/invest in local businesses including:



- Expanding existing Cannabis ordinance
  - Locals First ordinance
  - Blight, Burn, Vacancy ordinance to address dilapidated buildings, empty storefronts and buildings that have been impacted by fire.
  - Partnership with Tuolumne County Arts Council, Sonora Chamber and Visit Tuolumne County for a downtown Arts project which intends to add local arts work to empty storefronts to increase visual interest and reduce impact of vacancies.
- Code Enforcement: impact adherence to the Sonora Municipal Code through adding another day of staffing per week. With additional resources, the department hopes to help clear out a backlog, support the building department in compliance with permitting for construction activities, tenant improvements and signage. Additionally, more work can be done around nuisance abatement, centering around protecting life and improving safety within the community. (Council priority #6, 12, 15, 45)
  - In progress. Services currently being offered one day a week. Accomplishments include—Notices to property owners regarding fire abatement activities on their property, Abandoned Vehicle Abatement efforts, Various resolutions of SMC violations—trash, signage, permits, etc. A focus on delivering results through education, direct communication and follow up.
  - Current efforts also include implementing the recently adopted shopping cart ordinance. This effort is designed to discourage and penalize the unlawful taking and use of area shopping carts for personal use.

## **POLICE DEPARTMENT**

### **Mid-Year Goals and Accomplishments**

- Continue to enhance the hiring process: Recruitment video and webpage created by EPIC rolled out in August 2024. POST Management Study report indicated “a high sense of job satisfaction” for staff. As of this writing, there are no vacant sworn positions. Off-Highway Vehicle (OHV) was purchased to provide Special Program opportunities to encourage staff retention. (Council priority #32, 51, 60, 75, 77)
- Continue strengthening the employee development program: Despite staffing challenges, we maintained POST compliance for continued professional training standards. We are beginning to expand again on training opportunities above and beyond minimum requirements. We submitted and received approval from POST for an updated Field Training Program. (Council priority #77, 121)
- New police facility project: Met with Congressman Tom McClintock, Abigale Solis, the Governor Newsom’s Central Regional Director of External Affairs, and briefed Marie Alvarado-Gil’s staff on facility needs. VANIR needs assessment is complete and awaiting Council direction. (Council priority #25, 28, 74, 80)
- Complete evidence and property room relocation and upgrade: The SPD Property and Evidence storage has been relocated. Enhanced security measures are pending. Council priority #73, 76, 119)
- Enhance information technology security: A new server rack was purchased; installation has begun; attachment of security panels is pending. Firewall security was upgraded to server and manual backup systems established. Additional upgrades are pending, including the purchase of Network Attached Storage (NAS). (Council priority #73, 76, 119)
- Private video surveillance registration program: We are finalizing an upgrade to Citizen Rims, which began in January 2025. Once complete, we can initiate online registration and incorporate department-specific parameters. A campaign will follow to educate and encourage participation. (Council priority #73, 76)
- Improve radio communications: The final phase of this five-year project was completed in August 2024 with the dispatch console upgrade. The initial phase consisted of an additional repeater site, followed by mobile and portable radio upgrades. (Council priority #73, 76)

## **FIRE DEPARTMENT**

### **Mid-Year Goals and Accomplishments**

- Receive approval of LAFCO application for an out of area contract for services with Chicken Ranch Tribe. Tribe requested to withdraw from the contract. (Council priority #68)
- Continue to Strengthen the Employee Development Program. Encourage personal development and training opportunities. Personnel completed development and training to enhance their knowledge, skills and abilities. (Council priority #51, 60, 67)
- Replace U751 with a new utility response vehicle. Implement the annual fleet replacement program. The replacement of U751 is in process and should be completed before the end of fiscal year. (Council priority #30, 70)
- Develop and implement a digital fire prevention inspection program and implement an on-site inspection process to increase efficiency. Partial completion of the digital format to complete inspections in the field (paperless). (Council priority #45, 62, 108)
- Technology improvements: purchase equipment for Emergency Operations Center (EOC) operations. Research available grants as a potential funding source. EOP is in the process of being updated, waiting until complete to review and order necessary equipment. (Council priority #45, 62, 63, 108, 120)
- Completed Community Development Block Grant (CDBG) Fire Equipment Project: purchased fire trucks and equipment through grant. All purchases of the CDBG grant have been completed. (Council priority #30)
- Additional Programs: research services and programs to enhance capabilities for community. Research on going to provide upgrade EMS services. (Council priority #69)
- Continue succession planning and mentoring for future Fire Department leadership. Ongoing internal training with future leaders of the department has been successful and show prospects for the upcoming Fire Chief recruitment. (Council priority #59)
- Increase staffing levels: apply for Assistance to Fire Fighter Grant (AFG) and Staffing for Adequate Fire and Emergency Response (SAFER) grants to increase staffing level for operations, fire prevention and office/clerical. Increased staffing will assist in suppression and mitigation efforts. Completed grant applications for 6 Firefighters, 3 inspectors and a full-time office staff member. No awards were granted at this time. (Council priority #67, 69)

## **ENGINEERING DEPARTMENT**

### **Mid-Year Goals and Accomplishments**

- Hospital Road Phase 1 reconstructed (cooperative effort with Sierra RR).
- Secured \$54,000 funds from TCTC to help offset construction management costs related to the Transit project.
- Transit Project near completion – Working on final invoice and closeout.
- SS4A Grant Secured - \$450,000 Federal Funds secured to conduct citywide transportation infrastructure safety assessment.
- Started preliminary engineering for the Snell Street Phase 1 reconstruction and storm drainage improvement project.
- Secured \$266,173 in Carbon Reduction Grant funds to construct a portion of the sidewalk for Snell Street Phase 1.
- Secured \$250,000 in RSTP funds to construct a portion of the sidewalk for Snell Street Phase 1.
- Performed grant preapplication work for the Sonora Main Drain and researched grant opportunities.
- Addressed flooding - storm drainage issue at numerous locations throughout the City including:
  - Steet flooding at 416 East Oakwood Drive.
  - Street flooding at Candy Store at Bradford Street and Washington Street.
  - Hope Lane Drainage Pipe between East Oakside Drive and East Jackson Street.
  - Secured loose manhole cover at 10 Calaveras Street (Bract House).
- Worked with Public Works Maintenance staff to eliminate a tripping hazard at the Candy Store at Bradford Street and Washington Street.
- Updated the 2024 Traffic Mitigation Traffic Report.
- Updated the ADA Transition Plan.
- Updated the City of Sonora Quality Assurance Program (QAP).
- Determine the extents of the City of Sonora Right of Way at various locations.
- Assisted with the startup of the IWorq database.
- Prepared GIS shape files for the City of Sonora roadway system for use by IWorq.
- Prepared and advertised the Contractor On-Call Services Request for Qualifications.

- Reviewed the TCTC Draft RTP.
- Worked with TUD to have N Stewart Street repaired at the watermain break.
- Reviewed the TCTC Greenley Road Extension RFP.
- Assisted TCTC with the consultant selection for the Greenly Road Extension project.
- Assisted the City with the preparation of various annual Caltrans documents.
- Provided oversight for the Gold Rush Path Phase 1 project.
- Revised cooperative agreements between the City of Sonora and Caltrans and numerous funding documents for the Gold Rush Path Phase 1 project.

### SONORA CAPITAL IMPROVEMENT PROJECTS

Project Name	Project Phase	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY29/30	Beyond
Shell Road Reconstruction & Drainage Imp. (Between Bonanza Road and County Line)	Design / Env / Permitting	\$204,440.00						
	Right of Way							
Linoberg Road Retaining Wall (Between Bradford Street and Pine Street)	Construction		\$1,132,025.00					
	Design / Env / Permitting		\$210,000.00					
Hospital Road Reconstruction (Between Sierra RR and Mono Way)	Right of Way			\$121,560.00				
	Construction			\$960,324.00	\$960,324.00			
Sonora Main Drain (From Gold Street to Stockton Street)	Design / Env / Permitting	\$90,000.00						
	Right of Way							
Vision Sonora / Blue Zone Ped Projects (Linoberg, Linoberg West, Washington Street, Stewart Street, Green Street)	Construction	\$450,058.75						
	Design / Env / Permitting	\$10,802.00	\$269,198.00		\$275,000.00			\$850,000.00
N Stewart Street Retaining Wall Replacement (Between Elkin Street and Wall Street)	Right of Way			\$180,000.00		\$180,000.00		\$550,000.00
	Construction			\$902,500.00	\$902,500.00	\$877,500.00	\$877,500.00	\$5,465,000.00
Hope Lane Storm Drain Improvements (Between E Oakside Dr and E Jackson St)	Design / Env / Permitting		\$65,000.00					
	Right of Way							
Parking Lot Improvements (Church & Stewart - behind Fountain lot)	Construction			\$435,000.00				
	Design / Env / Permitting	\$67,502.00						
Parking Lot Improvements (Above Stewart St Restroom)	Right of Way							
	Construction	\$100,000.00						
Parking Lot Improvements (Lyons - Bowling Alley Lot)	Design / Env / Permitting		\$10,000.00					
	Right of Way							
Farmers Market Sidewalk Repairs (E Side of Stewart St N of Theal Street)	Construction			\$10,000.00				
	Design / Env / Permitting	\$15,000.00						
Barretta Street Upper Retaining Wall Rep (Near Church Street at Dome Building)	Right of Way							
	Construction	\$70,000.00						
Barretta Street Church Street Intersection Study	Design / Env / Permitting				\$70,000.00			
	Right of Way				\$360,920.00			
City Road Repaving / Reconstruction Program	Construction				\$10,000.00			
	Design / Env / Permitting							
City Road Preservation Program	Right of Way			\$75,000.00		\$75,000.00		
	Construction			\$500,000.00		\$500,000.00		
SS4A Transportation Safety Action Plan Local Match	Design / Env / Permitting		\$75,000.00		\$75,000.00			
	Right of Way							
Totals:	Construction		\$500,000.00		\$500,000.00			
	Design / Env / Permitting	\$112,500.00						
Available General and Measure Y Budget		\$1,007,802.75	\$2,423,723.00	\$3,691,884.00	\$4,098,744.00	\$2,577,500.00		\$6,865,000.00
Additional Funds / Grant Funds Needed		\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00		
		-\$992,197.25	\$423,723.00	\$1,691,884.00	\$2,098,744.00	\$577,500.00		

## **PUBLIC WORKS DEPARTMENT**

### **Mid-Year Goals and Accomplishments**

- Completed seasonal street marking improvements and install thermo-plastic stop bars, crosswalks, etc. (Council priority #26)
- Ongoing process of Street Sign Replacement Project. (Council priority #11, 26, 112)
- Creek clearing has been completed, will continue the Vegetation Removal Project to clear vegetation along additional City streets. (Council priority #1, 4, 10, 14)
- Completed over 100 trip hazard repairs and continuing sidewalk ADA/trip hazard improvement program. (Council priority #26, 108)
- Ongoing pothole repairs, continuing with annual potholing and street repairs. (Council priority #26)
- Completed curb repairs in the downtown area. (Council priority #14, 26, 100)
- Completed the rebuilding of Santas house deck and ramp. (Council Priority #21, 101, 108)
- Completed seasonal pressure washing sidewalks and trash cans, this will start again in the spring. (Council priority #26, 101)
- Replacement trucks have been ordered for the Public Works Fleet and should be delivered in the second half of the year. (Council priority #26, 27, 30)
- Completed for the season and will continue with hot ac patchwork on city streets in the second half of the year. (Council priority #26)
- Completed the replacement of city-owned streetlights with LED bulbs. (Council priority #63)
- Schedule replacement of traffic signal battery backups. This will be an ongoing budget request. (Council priority #63, 64)
- Completed the removal of debris from the Hope Lane storm. (Council priority #64)

## **ADMINISTRATIVE SERVICES DEPARTMENT**

### **Mid-Year Goals and Accomplishments**

- Improved and streamlined recruitment processes. (Council Priorities #32, 51, 60, 75, 77)
- Completed a Fee Study and was approved by the City Council. (Council Priorities #31, 48, 50)
- Completed a audit of the City's Cannabis Dispensaries. (Council Priorities #48, 50)
- Transition fleet to new leased vehicles. In process, with 10 new Police cars and ordered new trucks for Public Works. (Council Priorities #27, 30, 35)
- Negotiated new five year memorandums of understandings (MOU) with three of the five City labor units. (Council Priorities #51, 60, 69, 77)
- Updated Class Descriptions for positions in the new MOU's. (Council Priorities #53, 60)
- Recruitment and onboarding, including filling the sworn positions at the Sonora Police Department, the Engineer at the Sonora Fire Department, the Assistant City Clerk in the Administrative Services Department, and the Buidling Official in the Community Development Department. (Council Priorities #54, 60, 69, 77)
- Continued updating of several outdated City policies. (Council Priority #53)
- Continued implementation of new software solutions to improve service delivery and efficiency. (Council Priority #45)

## CONCLUSION

The financial results for the first half of Fiscal Year 24/25 are based on the most current financial information and economic assumptions available.

On page 23 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 City of Sonora reaches the midpoint of the fiscal year, it is essential to consider the potential impacts of an economic slowdown driven by persistently high inflation rates and elevated interest rates. These economic conditions pose challenges that could impact the City's revenue streams, particularly sales tax collections, which form a significant portion of the General Fund. Slowing consumer spending and higher borrowing costs may reduce retail sales activity, directly affecting revenues generated through both Measure Y and the Bradley-Burns Local Sales and Use Tax.

Given these uncertainties, the City Council should remain vigilant in monitoring economic trends and be prepared to adjust budget projections as needed. Fiscal prudence will be crucial in ensuring the City can continue delivering essential services while maintaining financial flexibility to respond to changing economic conditions.

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### Looking Forward with Optimism

Despite the caution warranted by broader economic conditions, there is reason for optimism as the City enters the second half of the fiscal year. Several community-prioritized projects are expected to begin, including the construction of a new pickleball court at Rotary Park, which will provide residents with a valuable recreational amenity that supports healthy lifestyles and fosters community engagement.

The City Council's leadership will be essential in navigating the balance between addressing pressing infrastructure needs, supporting the workforce through competitive compensation, and delivering on community priorities. With prudent financial management, strategic investments, and continued collaboration with stakeholders, the City of Sonora is well-positioned to sustain its progress and meet the evolving needs of the community.

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### Conclusion

In summary, while the potential for an economic slowdown driven by elevated inflation and interest rates presents challenges, the City of Sonora has demonstrated resilience and strategic foresight through its accomplishments in the first half of the fiscal year. By continuing to focus on sound financial planning, supporting essential services and workforce needs, and prioritizing critical infrastructure investments, the City is well-equipped to maintain its momentum and achieve continued success in the months ahead.