



**CITY OF LODI  
COUNCIL COMMUNICATION**

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**AGENDA TITLE:** Discussion and Action Regarding Phase II Budget Adjustments

**MEETING DATE:** February 4, 2004

**PREPARED BY:** Deputy City Manager

**RECOMMENDED ACTION:** That Council discuss and approve the proposed Phase II budget adjustments.

**BACKGROUND INFORMATION:** The City of Lodi depends on certain revenues from the State of California as part of the City's General Fund operating budget. As Council is aware, cities and counties are currently at the mercy of the State regarding the proposed property tax take-away (ERAF shift) and the vehicle license fee gap. Because of the budget uncertainties and the projected State budget turmoil, the City Manager has instituted a progressive budget reduction strategy comprised of three phases.

City Council adopted Phase I budget reduction recommendations during the December 17, 2003 Council meeting. The adopted recommendations included a total of \$224,350 of budget cuts over an 18 month period. As pointed out by the City Manager during the December 17<sup>th</sup> meeting, he would return with additional options as Phases II & III of his budget strategy. The City Manager will review his recommended Phase II adjustments for Council approval during the February 4, 2004 Council meeting. Attached is an updated list describing the General Fund "Challenge" and the list of Phase II recommendations.

Additionally, as we proceed through the budget preparation process the City's recently approved public survey process will dovetail with final recommendations in April and May 2004.

**FUNDING:** Not Applicable

  
Janet S. Keeter  
Deputy City Manager

JK/sl

Attachments

APPROVED: \_\_\_\_\_  
H. Dixon Flynn, City Manager



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H. Dixon Flynn, City Manager

**General Fund -- The Challenge**

	<b>6 mo 2004</b>	<b>2004-05</b>	<b>Grand Total</b>	<b>Value of GF positions</b>
<b>Adjustments to amounts budgeted</b>				
PERS increase	\$ 51,946	\$ 189,940	\$ 241,886	
Medical rate increase	(59,378)	(352,700)	(412,078)	
General Liability	100,000	-	100,000	
Additional VTO	(92,840)		(92,840)	
Golden Handshake	200,000	400,000	600,000	
Budget survey - GF share of \$30,000	6,000		6,000	
Animal shelter part time staff	9,000	18,600	27,600	
VLF backfill loan to State	555,000		555,000	
Unrestricted Capital	(1,116,000)	(1,116,000)	(2,232,000)	
Hire Freeze additional	(506,684)		(506,684)	
Fund Balance Adjustment	894,516	894,516	1,789,032	
sub total	<u>41,560</u>	<u>34,356</u>	<u>75,916</u>	
Placeholder - Possible Impact -(VLF & Prop Tax)		<u>1,000,000</u>	<u>1,000,000</u>	
	\$ <u>41,560</u>	\$ <u>1,034,356</u>	\$ <u>1,075,916</u>	<u>16.6</u>
<b>Adjustments</b>				
Phase I adopted 12/17/03	(134,950)	(89,400)	(224,350)	(3.45)
Phase II to Council 2/04/04	5,973	(632,374)	(626,401)	(9.64)
	<u>(128,977)</u>	<u>(721,774)</u>	<u>(850,751)</u>	<u>(13.09)</u>
Phase III - need at least this amount if impacted by VLF		(225,165)	(225,165)	(3.46)

**General Fund Adjustments Options**

	6 mo 2004	2004-05	Total 18 mo	Value of GF positions
<b>Phase II</b>				
PERS increase	51,946	189,940	241,886	3.72
Medical rate increase	(59,378)	(352,700)	(412,078)	(6.34)
General Liability	100,000	-	100,000	1.54
Additional VTO	(92,840)		(92,840)	(1.43)
Golden Handshake	200,000	400,000	600,000	9.23
Budget survey - GF share of \$30,000	6,000		6,000	0.09
Animal shelter part time staff	9,000	18,600	27,600	0.42
Unrestricted Capital	(1,116,000)	(1,116,000)	(2,232,000)	(34.34)
VLF backfill "loan" to be repaid by State in 2006/07	555,000		555,000	8.54
Hire Freeze additional	(506,684)		(506,684)	(7.80)
Fund Balance Adjustment	894,516	894,516	1,789,032	27.52
Total of Phase II needed budget Adjustments	41,560	34,356	75,916	1

**Additional Budget Adjustment Options**

<b>Administration</b>				
Reduce supplies		(500)	(500)	(0.01)
Reduce business expense		(1,000)	(1,000)	(0.02)
<b>City Clerk</b>				
Reduce business expense		(3,000)	(3,000)	(0.05)
Reduce Conference expense		(2,000)	(2,000)	(0.03)
Professional services reduction	(8,000)		(8,000)	(0.12)
<b>Community Center</b>				
Reduce repairs to buildings		(3,000)	(3,000)	(0.05)
Reduce sublet service contracts		(3,600)	(3,600)	(0.06)
Reduce postage account		(5,500)	(5,500)	(0.08)
Reduce office supplies		(1,000)	(1,000)	(0.02)
Reduce professional services - Performing Art Center		(2,000)	(2,000)	(0.03)
<b>Community Development</b>				
Reduce conference expense	(10,000)	(10,000)	(20,000)	(0.31)
Reduce Training expense	(500)	(500)	(1,000)	(0.02)
<b>Finance</b>				
Suspend Administration function on Parking Citation program		(9,500)	(9,500)	(0.15)
Suspend JDE training		(15,000)	(15,000)	(0.23)
Suspend executive report publication		(5,000)	(5,000)	(0.08)
Use remanufactured toner cartridges rather than new		(500)	(500)	(0.01)

Fire

**General Fund Adjustments Options**

	<b>6 mo 2004</b>	<b>2004-05</b>	<b>Total 18 mo</b>	<b>Value of GF positions</b>
Reduce Overtime		(35,000)	(35,000)	(0.54)
Human Resources				
Suspend assessment centers for promotional exams		(10,000)	(10,000)	(0.15)
Suspend annual health fair/safety awards/float fest		(8,000)	(8,000)	(0.12)
Suspend printing of newsletter		(1,900)	(1,900)	(0.03)
Library				
Internet access		(1,000)	(1,000)	(0.02)
Parks				
Don't build donated indoor soccer project		(143,960)	(143,960)	(2.21)
Take public restrooms out of service if no sporting program (1 yr)		(3,000)	(3,000)	(0.05)
Suspend concession services at Grape Pavilion (1 yr)		(2,000)	(2,000)	(0.03)
Remove pay phone in front of Discovery Center		(600)	(600)	(0.01)
Edge monthly (1 yr)		(500)	(500)	(0.01)
Contract tree services on emergency levels only (1 yr)		(5,000)	(5,000)	(0.08)
Discontinue manual weed control (1 yr)		(2,000)	(2,000)	(0.03)
Operate in house food concessions/vending machines		(5,000)	(5,000)	(0.08)
Defer purchase of any new non-motorized equipment (1 yr)		(2,000)	(2,000)	(0.03)
Defer hiring of equipment mechanic intern (1 Yr)		(4,500)	(4,500)	(0.07)
Recreation				
Reduce supplies		(6,000)	(6,000)	(0.09)
Reduce Commission supplies		(3,000)	(3,000)	(0.05)
Police				
Supplies reduction		(15,000)	(15,000)	(0.23)
Overtime reduction		(21,000)	(21,000)	(0.32)
Public Works				
Reduce frequency of maintenance on medians to monthly (1 yr)		(25,000)	(25,000)	(0.38)
Reduce janitorial service to 3 times per week		(26,000)	(26,000)	(0.40)
Budget supplies Reduction		(151,461)	(151,461)	(2.33)
Travel Reduction	(13,831)	(107,157)	(120,988)	(1.86)
Business expenditure reduction	(3,256)	(25,552)	(28,808)	(0.44)
Audit property tax receipts				
Recycle more				
Centralize Printing				
<b>Total Additional Budget Adjustment Options</b>	<b>(35,587)</b>	<b>(666,730)</b>	<b>(702,317)</b>	<b>(11)</b>
<b>Total Phase II adjustments</b>	<b>5,973</b>	<b>(632,374)</b>	<b>(626,401)</b>	<b>(9.6)</b>