



# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Public Hearing to Adopt by Resolution the 2003-05 Financial Plan and Budget and the 2003-04 Appropriation Spending Limit

**MEETING DATE:** June 18, 2003

**PREPARED BY:** Deputy City Manager and Finance Director

### RECOMMENDED ACTION

That the Council conduct a *Public* hearing to adopt by Resolution the 2003-05 Financial Plan and Budget and the 2003-04 Appropriation Spending Limit with noted exceptions below that will be voted upon separately.

### BACKGROUND INFORMATION:

The City Council Members received, reviewed, and discussed the proposed 2003-05 Financial Plan and Budget and recently (June 4, 2003 Council meeting) provided direction to staff on how to proceed to ensure adoption of said document. As such, Council will be requested to adopt by Resolution the 2003-05 Financial Plan and Budget and to set the 2003-04 Appropriation Spending Limit with a number of items pulled from the document for separate vote. The specified items are as follows:

#### New Positions:

- 1 High Crime Investigator (04/05)
- 3 Firefighters (03/04)
- 1 Firefighter (04/05)
- 6 Paramedics (04/05)
- 1 Electrical Technician (03/04)

#### Other:

- \$50,000 to Salvation Army for the New Facility Capital Campaign
- \$130,000 Lodi Conference and Visitors Bureau

Additionally, Mayor Hitchcock requested that staff prepare an addendum to the Budget describing the composition of the Other Sources and Uses noted in the Fund Balances. Attached for Council's consideration is the requested information which will be inserted in the Budget document as page #H-14a.

Council Member Hansen requested that a timeline be presented to Council regarding future Capital Projects (i.e. Aquatics Center, Indoor Sports Facility, Animal Shelter, DeBenedetti Park . . .). As reviewed with Council, due to funding constraints, the City Manager is recommending that these projects be placed on hold. Staff will return to Council at a future Shirtsleeve Session to discuss funding challenges and opportunities as they are further defined. Council may consider developing a public survey to ascertain the potential support for a ballot measure in which voters would agree to a tax increase for the construction of the Aquatics Center, Indoor Sports Facility, Animal Shelter, and DeBenedetti Park.

APPROVED: \_\_\_\_\_

  
H. Dixon Flynn -- City Manager



# CITY OF LODI

## COUNCIL COMMUNICATION

A copy of the proposed 2003-05 Financial Plan and Budget is available for public review at the following locations:

- city Clerk's Office
- Library
- Carnegie Forum

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Janet S. Keeter".

Janet S. Keeter  
Deputy City **Manager**

A handwritten signature in cursive script, appearing to read "Vicky McAthie".

Vicky McAthie  
Finance Director

Attachment: H-14a

APPROVED: \_\_\_\_\_

H. Dixon Flynn -- City Manager

### Other Sources and Uses

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In addition to revenues and expenditures, the operating statements of governmental funds also report "Other Sources and Uses". This category is used to report sources and uses of current financial resources for items that are confidential in nature or "soft" numbers which would distort revenue and expenditure patterns if reported as revenue or expenditures in the operating statement. For example:

- Carry over of unexpended, unencumbered funds
  - The use of a two-year budget provides the opportunity to commit operating funds to services over a two-year time frame rather than the traditional one-year period. Under the one-year budget, appropriations lapse at the end of the fiscal year, and favorable balances are no longer available for operating expenditures except when encumbered under contractual agreements. The two year budget allows for the unexpended operating budget balances to be carried forward to the second year of the Financial Plan. (see Carryover Policy in Section B). Based on historical carryover amounts a conservative average is included in the Other Sources/Uses budgetary line item to ensure disclosure of more realistic projected ending fund balances.
- Value of E step vs. actual
  - The Human Resource Management budget policy requires regular authorized staffing be fully budgeted and funded. The City utilizes a "five-step" salary range. For budgetary purposes, filled positions are calculated at the "E step" or highest salary range and vacant positions are calculated at the "A step" or lowest salary range. These calculations are reflected in the appropriate operating program expenditures to allow flexibility for such things as temporary out-of-class pay, filling a vacant position at a higher range etc. Based on a calculation of the value of "E step" vs. actual a conservative amount is included in the Other Sources/Uses budgetary line item to ensure disclosure of more realistic projected ending fund balances.
- Unanticipated additional Revenues
  - The preparation of the revenue projections is predicated on the fact that the City wants to project known revenue sources realistically but conservatively. Based on an historical review of revenues actually received a conservative amount for unanticipated additional revenues is included in the Other/Sources budgetary line item. Examples of unanticipated additional revenues: additional one time sales tax adjustment, unanticipated grants, new revenue sources unknown at time of budget preparation etc.
- Labor Relations
  - The City currently has nine union groups with labor contracts that terminate at various times during the budget cycle. A confidential, conservative figure is included in the Other Sources/Uses budgetary line item for any potential adjustment for contracts that will terminate during the two-year budget cycle. Disclosure of the amount budgeted could affect the labor negotiation process.
- Other items
  - At times other items will be included in the Other Sources/Uses budgetary line item. For example during tight budgets a conservative amount could be added for anticipated savings from early retirement options, voluntary leave without pay programs etc.

RESOLUTION NO. 2003-107

A RESOLUTION OF THE LODI CITY COUNCIL ADOPTING  
THE 2003-05 OPERATING AND CAPITAL IMPROVEMENT  
BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2003  
AND ENDING JUNE 30, 2005, AND FURTHER APPROVING  
THE 2003-04 APPROPRIATION SPENDING LIMIT

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WHEREAS, the City Manager submitted the 2003-05 balanced Operating and Capital Improvement Budget to the City Council on June 18, 2003; and

WHEREAS, the 2003-05 Operating and Capital Improvement Budget was prepared in accordance with the City Council's goals, budget assumptions, and policies; and

WHEREAS, the City Council conducted public budget meetings on November 19 and November 26, 2002; and January 2, January 5, January 21, January 28, February 5, February 19, April 2, April 12, April 30, May 7, June 4, and June 18, 2003, at the Carnegie Forum; and

WHEREAS, the City Council is required to adopt the Appropriations Spending Limit for 2003-04; and

WHEREAS, the Appropriations Spending Limit and the annual adjustment factors selected to calculate the Limit are part of the Financial Plan and Budget.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

1. That the 2003-05 Operating and Capital Improvement Budget (including the Appropriations Spending Limit for 2003-04) as proposed by the City Manager is hereby presented as a balanced budget and is hereby adopted by the City Council; and
2. That the funds for the 2003-05 Operating Budget are appropriated as summarized in the document on file in the City Clerk's Office.
3. That the funds for the 2003-05 Capital Improvement Budget are appropriated to a Capital Control Account for further allocation by the City Council on a project-by-project and purchase-by-purchase action.

Dated: June 18, 2003

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I hereby certify that Resolution No. 2003-107 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 18, 2003, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, and Land  
NOES: COUNCIL MEMBERS – Mayor Hitchcock  
ABSENT: COUNCIL MEMBERS – None  
ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTORN  
City Clerk

**NOTE:**

*Refer to the minutes of June 18, 2003,  
for separate motions that were made  
regarding the adoption of the budget*



**CITY OF LODI**  
**Carnegie Forum**  
**305 West Pine Street, Lodi**

**NOTICE OF PUBLIC HEARING**

Date: June 18, 2003

Time: 7:00 p.m.

For information regarding this notice please contact:

**Susan J. Blackston**  
 City Clerk  
 Telephone: (209) 333-6702

**EXHIBIT A**

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, June 18, 2003** at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a Public Hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) adopt by resolution the 2003-05 Financial Plan and Budget and the 2003-05 Appropriation Spending Limit (CM)

Information regarding this item may be obtained in the office of the City Manager, 221 West Pine Street, Lodi, California. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the Public Hearing.

By Order of Me Lodi City Council:

Susan J. Blackston  
 City Clerk

Dated: June 4, 2003

Approved as to form:

Randall A. Hays  
 City Attorney



## DECLARATION OF POSTING

### **TO SET A PUBLIC HEARING TO ADOPT BY RESOLUTION THE 2003-05 FINANCIAL PLAN AND BUDGET AND THE 2003-05 APPROPRIATION SPENDING LIMIT**

On Thursday, June 5, 2003, in the City of Lodi, San Joaquin County, California, a copy of the notice to set public hearing for June 18, 2003, to adopt by resolution the 2003-05 Financial Plan and Budget and the 2003-05 Appropriation Spending Limit (attached hereto, marked Exhibit "A") was posted at the following four locations:

Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

i declare under penalty of perjury that the foregoing is true and correct

Executed on June 5, 2003. at Lodi, California

ORDERED BY

**SUSAN J. BLACKSTON**  
CITY CLERK

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**Jacqueline L. Taylor**  
Deputy City Clerk

A handwritten signature in cursive script that reads "Patricia Ochoa".

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Patricia Ochoa  
Administrative Clerk

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**Jennifer M. Perrin**  
Deputy City Clerk



*Please immediately confirm receipt of this fax by calling 333-6702*

CITY OF LODI  
P. O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT: TO SET PUBLIC HEARING FOR JUNE 18, 2003, TO ADOPT BY RESOLUTION THE 2003-05 FINANCIAL PLAN AND BUDGET AND THE 2003-05 APPROPRIATION SPENDING LIMIT**

**LEGAL AD**

**PUBLISH DATE SATURDAY JUNE 7, 2003**

**TEAR SHEETS WANTED Three (3) please**

**SEND AFFIDAVIT AND BILL TO:** SUSAN BLACKSTON, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED:** THURSDAY, JUNE 5, 2003

**ORDERED BY:**

*Patricia Ochoa*  
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PATRICIA OCHOA  
ADMINISTRATIVE CLERK

\_\_\_\_\_  
JACQUELINE L TAYLOR  
DEPUTY CITY CLERK

\_\_\_\_\_  
JENNIFER M. PERRIN  
DEPUTY CITY CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

Faxed to the Sentinel at 369-1084 at 11:47 (time) on 6/5/03 (date) 2 (pages)  
, N , DKA Phoned to confirm receipt of all pages at 11:40 (time) Jac Tricia Jen (initials)

filed 6-18-03  
S. Hitchcock  
Item G-2

2003-05 Financial Plan  
General Plan

	<u>2003-04</u>	<u>2004-05</u>
Revenue	\$ 30,383,656	\$ 31,606,806
Expenditures	<u>\$ 34,236,947</u>	<u>\$ 36,853,759</u>
Net Shortfall	(\$ 3,853,291)	(\$ 5,246,953)
Transfer In/Enterprise	\$ 6,375,492	\$ 6,380,867
Transfer Out/Enterprise	<u>\$ 4,490,867</u>	<u>\$ 4,490,867</u>
Net Gain	\$ 1,884,625	\$ 1,889,360
Total Shortfall	(\$ 1,968,666)	(\$ 3,357,593)
Other Sources & Uses	\$ 2,530,001	\$ 2,701,404
Net Revenue		
Net Increase/Decrease In Reserve Funds	\$ 561,335	(\$ 656,189)