

I-1



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving the City of Lodi Financial Plan and Budget for the Fiscal Year Beginning July 1, 2013 and Ending June 30, 2014 and Approving the Fiscal Year 2013/14 Appropriation Spending Limit

MEETING DATE: June 5, 2013

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution approving the City of Lodi Financial Plan and Budget for the Fiscal Year (FY) beginning July 1, 2013 and ending June 30, 2014 and approving the Fiscal Year 2013/14 appropriation spending limit.

BACKGROUND INFORMATION: The City Council will continue to receive the budget presentation and the public is invited to comment on the FY 2013/14 budget. Council has previously received information on this budget at Shirtsleeve meetings on April 30, May 7, 14 and 21. A draft budget document was released on May 16.

The General Fund Budget for FY 2013/14 is balanced without the use of reserves. Council approved a General Fund Reserve Policy in June 2010 that sets aside 8 percent of General Fund revenues for a Catastrophic Reserve and 8 percent of General Fund revenues for an Economic Reserve. Total General Fund reserves are projected to be \$7.742 million. This level of reserve will fully fund both the Catastrophic Reserve and the Economic Reserve at about \$3.376 million each and leave just under \$1 million in uncommitted reserves.

The General Fund budget is \$42,198,820, an increase of \$288,880 over the 2012/13 initially adopted budget. The All-Funds budget is \$177,781,720, an increase of \$1.6 million, or about 1 percent over the previous year. The increase is related to capital projects.

All bargaining group agreements expire during the budget year. We look to continue the key terms of the contracts negotiated over the past year. Further, we look to bring consistent terms to the one labor agreement that did not expire in the last year. The budget has been built on the basis of the existing labor agreements. Any changes to agreements will generate mid-year adjustments to the budget.

Total funded positions are four lower than prior year. Three positions are the result of retirements and the fourth is a net decrease from operational changes in a number of departments.

APPROVED:

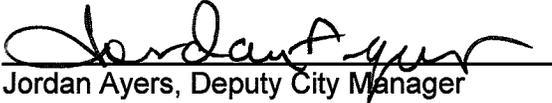
Konradt Bartlam, City Manager

Significant capital projects included in the budget are:

- Fire Station 2 (\$1.1 million)
 - Design and partial construction costs for the replacement for Fire Station 2
- Street Resurfacing and Enhancement (\$2.2 million)
 - Resurface portion of Ham Lane and enhance Sacramento Street
- Water Meter Installation (\$0.7 million)
 - Continuing design and construction of the meter installation program
- Transit Equipment (\$1.85 million)
 - Purchase 12 replacement buses
- Financial Systems Replacement (\$1.0 million)
 - Replace existing financial and utility billing systems

A resolution adopting the Financial Plan and Budget is attached. Included in the budget resolution is the adoption of the Appropriation Spending Limit for the 2013/14 fiscal year. This limit represents the maximum spending authority for the City based upon population and inflation changes over the last year. The 2013/14 Appropriation Limit is \$86,108,936, an increase of \$4,658,311 from the prior year. Details of the calculations are attached as Attachment 1 and Exhibits A through G.

FISCAL IMPACT: The 2013/14 budget provides an expenditure plan for all funds. The All-Funds budget is \$177,781,720, an increase of \$1.6 million, or about 1 percent over the previous year. The bulk of this increase is related to capital projects. The General Fund Budget is \$42,198,820, an increase of \$288,880 over the prior year's budget.


Jordan Ayers, Deputy City Manager

Attachments

APPROPRIATIONS SPENDING LIMIT

2013-14 APPROPRIATIONS SPENDING LIMIT

				AMOUNT
Last Year's Limit				81,450,625
Adjustment Factors				
1	Population %	1.0057		
2	Inflation %	1.0512		
Total Adjustment %				1.05719
Annual Adjustment				4,658,311
Adjustments				None
Total Adjustments				4,658,311
2013-14 APPROPRIATIONS SPENDING LIMIT				86,108,936

2013-14 APPROPRIATIONS SUBJECT TO LIMITATION

		AMOUNT
PROCEEDS OF TAXES		32,857,542
EXCLUSIONS		-
APPROPRIATIONS SUBJECT TO LIMITATION		32,857,542
CURRENT YEAR LIMIT		86,108,936
OVER(UNDER) LIMIT		(53,251,393)

City of Lodi
 Appropriations Spending Limit
 Fiscal Year 2013-14

			Amount	Source
A. Last Year's Limit			81,450,625	
B. Adjustments Factors				
	1	Population %	1.0057	(Exhibit B)
	2	Inflation %	1.0512	(State Finance)
Total Adjustment %			1.05719	(B1*B2)
C. Annual Adjustment			4,658,311	(B*A)
D. Other Adjustments			None	
E. Total Adjustments			4,658,311	(C+D)
F. This Year's Limit			86,108,936	(A+E)

City of Lodi
 Appropriations Spending Limit
 Growth Factors/Calculations

EXHIBIT B

GROWTH FACTORS:			
Fiscal Year	Per Capita Income	%Increase City Population	%Increase County Population
87-88	3.47	5.72	3.33
88-89	4.66	4.96	3.32
89-90	5.19	2.52	2.20
90-91	4.21	2.26	2.23
91-92	4.14	1.19	2.64
92-93	-0.64	0.97	2.41
93-94	2.72	0.73	2.13
94-95	0.71	0.51	1.57
95-96	4.72	1.31	1.59
96-97	4.67	1.68	1.85
97-98	4.67	0.70	1.21
98-99	4.15	1.16	1.47
99-00	4.53	1.94	1.44
00-01	4.91	1.29	1.78
01-02	7.82	1.90	2.71
02-03	-1.27	2.14	3.07
03-04	2.31	1.69	2.86
04-05	3.28	0.75	2.54
05-06	5.26	0.96	2.65
06-07	3.96	0.30	2.00
07-08	4.42	0.90	1.73
08-09	4.29	0.68	1.59
09-10	0.62	0.42	1.07
10-11	-2.54	0.61	0.97
11-12	2.51	0.61	0.97
12-13	3.77	0.77	1.05
13-14	5.12	0.57	0.95

CALCULATIONS:

Fiscal Year	Calculation	Appropriation Spending Limit
87-88	$1.0347 \times 1.0572 = 1.0939$ $1.0939 \times \$22,654,787$	= \$24,782,072
88-89	$1.0466 \times 1.0496 = 1.0985$ $1.0985 \times \$24,782,072$	= \$27,223,106
89-90	$1.0519 \times 1.0252 = 1.0784$ $1.0784 \times \$27,223,106$	= \$29,357,398
90-91	$1.0421 \times 1.0226 = 1.0657$	

	1.0657 x \$29,357,398	=	\$31,286,179
91-92	1.0414 x 1.0264 =1.0689 1.0689 x \$31,286,179	=	\$33,441,797
92-93	.9936 x 1.0241 =1.0175 1.0175 x 33,441,797	=	\$34,027,028
93-94	1.0272 x 1.0213 = 1.0491 1.0491x 34,027,028	=	\$35,697,755
94-95	1.0071 x 1.0157 = 1.0229 1.0229 x 35,697,755	=	\$36,515,234
95-96	1.0472 x 1.0131 =1.0609 1.0609 x 36,515,234	=	\$38,739,012
96-97	1.0467x1.0168=1.0643 1.0643 x 38739012	=	\$41,229,332
97-98	1.0467x1.0070=1.0540 1.0540x 41,229,332	=	\$43,456,825
98-99	1.0415x1.01160=1.0536 1.0536x 43,456,825		\$45,785,303
99-00	1.0453x1.0194=1.0656 1.0656x45,785,303		\$48,787,849
00-01	1.0491x1.0129=1.0626 1.0626x48,787,849		\$51,843,597
01-02	1.0782x1.0190=1.0987 1.0986858		\$56,959,824
02-03	.9873x1.0214=1.00843 1.00842822		\$57,439,894
03-04	1.0231x1.0169=1.0404 1.04039039		\$59,759,913
04-05	1.0328x1.0075=1.040546 1.040546		\$62,182,939
05-06	1.0526x1.0096=1.06270496 1.06270496		\$66,082,118
06-07	1.0396x1.0030=1.0427188 1.0427188		\$68,905,066
07-08	1.0442x1.0090=1.0535978 1.0535978		\$72,598,226
08-09	1.0429x1.0068=1.0499917 1.0499917		\$76,227,535
09-10	1.0062x1.0042=1.01042604 1.01042604		\$77,022,286
10-11	.9746x1.0061=.98054506 0.98054506		\$75,523,822
11-12	1.0251x1.0061=1.03135311 1.03135311		\$77,891,729
12-13	1.0377x1.0077=1.04569029 1.04569029		\$81,450,625
13-14	1.0512*1.0057=1.05719184 1.05719184		\$86,108,936

13-14 Appropriations Subject to Limit:

<u>\$32,857,542</u>	=	38.16%
\$86,108,936		

APPROPRIATIONS SUBJECT TO LIMITATION

City of Lodi
Fiscal Year 2013-14

	AMOUNT	SOURCE
A. PROCEEDS OF TAXES	32,857,542	(Exhibit F)
B. EXCLUSIONS	0	(Exhibit D)
C. APPROPRIATIONS SUBJECT TO LIMITATION	32,857,542	(A-B)
D. CURRENT YEAR LIMIT	86,108,936	(Exhibit A)
E. OVER(UNDER) LIMIT	(53,251,393)	(C-D)

$$\frac{32,857,542}{86,108,936} = 38.16\%$$

EXCLUDED APPROPRIATIONS

City of Lodi
Fiscal Year 2013-14

CATEGORY		Amount
COURT ORDERS		
	Subtotal	None
FEDERAL MANDATES		
	Subtotal	None
QUALIFIED CAPITAL OUTLAYS		
	Subtotal	None
QUALIFIED DEBT SERVICE		
	Subtotal	None
TOTAL EXCLUDABLE		None

(Copy to Exhibit C & G)

City of Lodi
 Schedule to Match User Fees to Costs
 Fiscal Year 2013-14

EXHIBIT E

	User Fee Collections	Cost Associated With User Fees	Amount in Excess of User fees
Public Safety Fees	348,150	26,426,860	0
Parks and Rec/Cultural Fees	1,648,420	5,654,090	0
Community Development Fees	370,220	1,173,170	0
PW Engineering Fees	514,270	974,040	0
Library Fees	40,000	1,383,090	0
Total	2,921,060	35,611,250	0

Calculation - Proceeds of Taxes

City of Lodi
Fiscal Year 2013-14

REVENUE	PROCEEDS OF TAXES	NON-PROCEEDS OF TAXES	TOTAL
TAXES:			
Property Taxes	8,156,500		8,156,500
Sales & Use Tax	9,657,000	308,500	9,965,500
Business License Tax	1,452,000		1,452,000
Franchise Tax	1,746,800		1,746,800
Transient Occupancy Tax	510,000		510,000
Real Property -Documentary Tax	104,130		104,130
In-Lieu Franchise Tax	6,976,670		6,976,670
FROM STATE			
Motor Vehicle In Lieu	4,226,000		4,226,000
State H-way Maintenance		11,400	11,400
Gas Tax		1,407,500	1,407,500
Cigarette tax			0
Transportation Development Act		1,876,300	1,876,300
TDA -Pedestrian/Bike Path		39,400	39,400
SB 300 Transportation Partnership		0	0
Measure K Funds		825,000	825,000
State Reimbursements-POST		50,000	50,000
Public Library grants		10,000	10,000
PERS Rebate		0	0
SB90 Reimbursements		50,000	50,000
Asset Seizure Funds/Auto Theft		0	0
Drug Suppression Grant		301,410	301,410
State special grants		788,500	788,500
Traffic Congestion Relief		0	0
State STIP reimbursement		0	0
LOCALLY RAISED			
Fines, Forfeitures, Penalties		1,213,370	1,213,370
Licenses and permits		671,100	671,100
Rent of City Property		1,838,330	1,838,330
Development Fees		482,420	482,420
USER FEES			
(from Exhibit E)	0	2,921,060	2,921,060
OTHER MISCELLANEOUS			
Sale of Property		3,500	3,500
Restitution-Damage to Property		500	500
Other revenue		940,010	940,010
Interfund Transfers			
		4,000,000	4,000,000
SUB-TOTAL			
(for Exhibit G)	32,829,100	17,738,300	50,567,400
INTEREST EARNINGS			
(from Exhibit G)	28,442	15,368	43,810
TOTAL REVENUE			
(use for Exhibit C)	32,857,542	17,753,668	50,611,210
RESERVE WITHDRAWALS			
(Including appropriated Fund Balance)			0
TOTAL OF THESE FUNDS			
			50,611,210
OTHER FUNDS NOT INCLUDED			
			119,322,780
GRAND TOTAL BUDGET			
			169,933,990

**Interest Earnings
Produced by Taxes**

City of Lodi
Fiscal Year 2013-14

	AMOUNT	SOURCE
A. NON-INTEREST TAX PROCEEDS	32,829,100	^(Exhibit F)
B. MINUS EXCLUSIONS	0	(Exhibit D)
C. NET INVESTED TAXES	32,829,100	(A-B)
D. TOTAL NON-INTEREST BUDGET	50,567,400	^(Exhibit F)
E. TAX PROCEEDS AS PERCENT OF BUDGET	64.92%	(C/D)
F. INTEREST EARNINGS	43,810	
G. AMOUNT OF INTEREST EARNED FROM TAXES	28,442	(E*F)
H. AMOUNT OF INTEREST EARNED ON NON-TAXES	15,368	(F-G)
I. Take the result of steps #G & H Copy on to Exhibit F		

RESOLUTION NO. 2013-102

A RESOLUTION OF THE LODI CITY COUNCIL ADOPTING THE CITY OF
LODI FINANCIAL PLAN AND BUDGET FOR THE FISCAL YEAR BEGINNING
JULY 1, 2013 AND ENDING JUNE 30, 2014, AND APPROVING THE 2013/14
APPROPRIATIONS SPENDING LIMIT

WHEREAS, the City Manager submitted the 2013/14 balanced Financial Plan and Budget to the City Council on May 16, 2013; and

WHEREAS, the 2013/14 Financial Plan and 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 April 30, May 7, May 14, May 21, and June 5, 2013, at the Carnegie Forum; and

WHEREAS, the City Council is required to adopt the Appropriations Spending Limit for 2013/14; and

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

WHEREAS, the City has an unfunded liability related to Other Post-Employment Benefits (OPEB) in the amount of \$3,621,593 at June 30, 2012; and

WHEREAS, Council has expressed its desire to begin funding the OPEB liability; and

WHEREAS, staff recommends using one-time money derived from a refund of overpayments to San Joaquin County for property tax administration fees to fund the General Fund portion of the OPEB liability; and

WHEREAS, staff recommends that funds outside the General Fund contribute a proportionate share of costs toward funding the OPEB liability; and

WHEREAS, partial funding of the OPEB liability represents fiscal prudence and is expected to have a positive impact on actuarial report calculations and rating agency perceptions.

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

1. That the 2013/14 Financial Plan and Budget, as proposed by the City Manager, be approved as follows:

	Budget
General Fund	
Police	\$16,789,830
Fire	\$9,637,030
Public Works	\$1,894,290
City Clerk	\$513,060
City Manager	\$403,100
City Attorney	\$472,200
Internal Services	\$3,237,480
Economic Development	\$481,880
Non-Departmental	\$8,769,950
Total General Fund	\$42,198,820
Other Funds	
Electric Utility	\$70,941,010
Water Utility	\$11,051,080
Wastewater Utility	\$15,525,370
Transit	\$5,651,650
Streets	\$6,357,920

Community Development	\$1,173,170
Parks, Rec & Cultural Services	\$5,654,090
Library	\$1,383,090
Transportation Development Act	\$39,000
Community Dev Block Grant	\$723,850
Public Safety Special Revenue	\$565,600
Capital Outlay	\$3,032,700
Equip & Vehicle Replacement	\$333,500
Debt Service	\$847,680
Benefits	\$8,017,450
Self Insurance	\$2,310,470
Trust and Agency	\$236,520
Fleet Services	\$1,738,750
Total Other Funds	\$135,582,900
Total	\$177,781,720

2. That the funds for the 2013/14 Financial Plan and Budget are appropriated as summarized in the document on file in the City Clerk's Office; and
3. That the Appropriations Spending Limit be increased by \$4,658,311 from the 2012/13 level of \$81,450,625 to the 2013/14 level of \$86,108,936; and
4. That the City Council of the City of Lodi does hereby approve partial funding of the OPEB liability in the following amounts:

Fund	Amount
General Fund	\$698,000
Electric	\$105,000
Water/Wastewater	\$135,000
Streets	\$16,000
Transit	\$8,000
Community Development	\$21,000
PRCS	\$16,000
Total	\$999,000

and;

5. That funds in the amount of \$698,000 be appropriated in the General Fund from the 2012/2013 budget for this purpose, and that the remainder be absorbed within the existing 2012/13 appropriation for the applicable fund.

Dated: June 5, 2013

I hereby certify that Resolution No. 2013-102 as passed and adopted by the City Council of the City of Lodi in a regular meeting held June 5, 2013, by the following votes:

AYES: COUNCIL MEMBERS – Hansen, Johnson, and Mounce
 NOES: COUNCIL MEMBERS – Katakian and Mayor Nakanishi
 ABSENT: COUNCIL MEMBERS – None
 ABSTAIN: COUNCIL MEMBERS – None


 RANDI JOHL
 City Clerk

1. AA# _____
 2. JV# _____

**CITY OF LODI
 APPROPRIATION ADJUSTMENT REQUEST**

TO: Internal Services Dept. - Budget Division
 3. FROM: Jordan Ayers 5. DATE: 6/5/13
 4. DEPARTMENT/DIVISION: City Manager

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

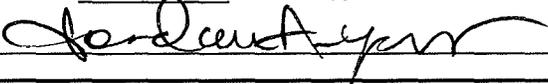
	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	100	1001	5394	Revenue-Other	\$698,000.00
	270		4210	Operating Transfers In	\$698,000.00
B. USE OF FINANCING	100		4220	Operating Transfers Out	\$698,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

To recognize refund from San Joaquin County related to overpayment of Property Tax Administration Fees for years 2006/07 thru 2011/12 and appropriate same, transferring funds to the Benefits fund to partially fund the OPEB liability.

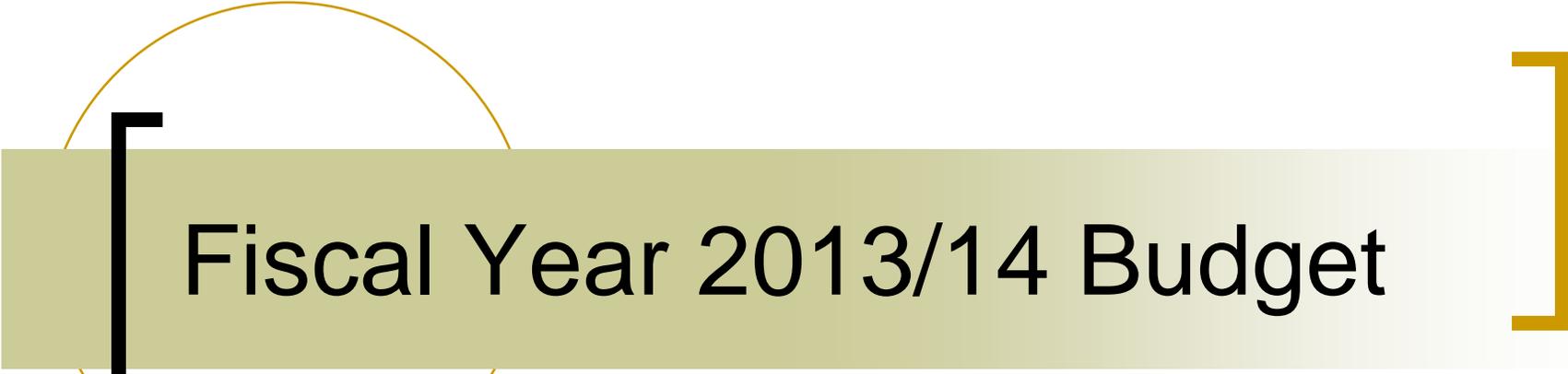
If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: 6/5/13 Res No: _____ Attach copy of resolution to this form.
 Department Head Signature: 

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager _____ Date _____

Submit completed form to the Budget Division with any required documentation.
 Final approval will be provided in electronic copy format.



Fiscal Year 2013/14 Budget

City Council Meeting
June 5, 2013

[Overview]

- General Fund balanced
- Significant issues
- Major capital projects

[All Funds]

- Total appropriation of \$177,781,720
- Total revenue of \$179,909,160
- Increase in reserves of \$2.1M
 - Enterprise funds (\$3.9M)
 - Special Revenue (-\$1.4M)
 - Others (-\$0.4M)

[General Fund]

- Balanced without using reserves
- Total revenues and appropriations of \$42,198,820

General Fund Overview

	Audited 2010-11 Actuals	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	2013-14 Budget
General Fund					
<u>Fund Balance</u>					
Beginning Fund Balance Unreserved	3,896,576	5,597,678	3,968,897	6,164,685	7,742,415
Revenues	41,889,230	40,520,257	42,071,274	42,968,590	42,198,820
Expenditures	<u>40,188,128</u>	<u>39,953,250</u>	<u>42,071,274</u>	<u>41,390,860</u>	<u>42,198,820</u>
Net Difference (Revenues Less Expenditures)	1,701,102	567,007	-	1,577,730	-
<u>Fund Balance</u>					
Ending Fund Balance Unreserved	<u>5,597,678</u>	<u>6,164,685</u>	<u>3,968,897</u>	<u>7,742,415</u>	<u>7,742,415</u>

[Labor]

- 377 funded positions
 - 4 less than prior year
- All labor agreements expire in 2013/14

[Major Capital Projects]

- Fire Station 2 (\$1.1M)
- Financial Systems Replacement (\$1.0M)
- Transit System (\$2.5M)
- Electric System Maintenance (\$2.0M)
- Road Maintenance/Resurfacing (\$4.0M)
- Water System Improvements (\$1.2M)
- Wastewater Collection/Treatment System Maintenance (\$0.99M)

[Action Requested]

- Adopt resolution approving the City of Lodi Financial Plan and Budget for FY 2013/14 and approving the FY 2013/14 Appropriation Spending Limit



Questions?