

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, 2014 and Ending June 30, 2015 and Approving the Fiscal Year 2014/15 Appropriation Spending Limit

**MEETING DATE:** June 4, 2014

**PREPARED BY:** Deputy City Manager

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**RECOMMENDED ACTION:** Adopt resolution approving the City of Lodi Financial Plan and Budget for the Fiscal Year (FY) beginning July 1, 2014 and ending June 30, 2015 and approving the Fiscal Year 2014/15 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 2014/15 budget. Staff presented information to Council regarding this budget at Shirtsleeve meetings on May 6, 13 and 20 and on June 3, 2014. Staff published a draft budget document on May 15, 2014.

The General Fund Budget for FY 2014/15 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 \$7.52 million. This level of reserve will fully fund both the Catastrophic Reserve and the Economic Reserve at about \$3.487 million each and leave about \$545,000 in uncommitted reserves. Of this amount, approximately \$300,000 is designated for capital expenditures under the Digital Infrastructure and Video Competition Act (DIVCA), leaving about \$245,000 in uncommitted, undesignated reserves.

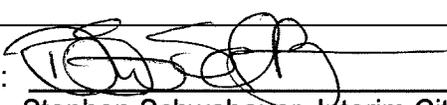
The General Fund budget is \$43,591,060, an increase of \$1,392,240 over the 2013/14 initially adopted budget. The All-Funds budget is \$179,553,990, an increase of \$1.8 million, or about 1 percent over the previous year. The increase is related to increased salary and benefit costs, service and supply costs, and capital project costs offset by reductions in debt service costs resulting from the early payoff of water utility debt.

Most bargaining unit agreements expire during the budget 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.

The budget proposes 382 full-time positions; an increase of four over the prior year. The additions are a Heavy Equipment Mechanic, a Watershed Program Coordinator, a Parks Supervisor and an Electrical Engineer. Additionally, a Management Analyst position that was shared between the Police and Fire

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

  
Stephen Schwabauer, Interim City Manager

departments is now dedicated to the Police Department. The Fire department will staff this function with part-time staff.

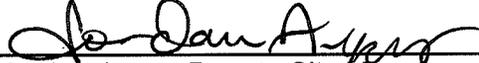
Significant capital projects included in the budget are:

- White Slough Water Pollution Control Facility Improvements (\$6.8 million)
  - Road paving, building improvements, influent screening and UV system upgrades, micro-turbine design and installation
- Street Resurfacing and Enhancement (\$0.9 million)
  - Turner Road overlay design
- Water System Improvements (\$2.5 million)
  - Continuing design and construction of the meter installation program, water well rehabilitation, and three PCE/TCE projects
- Electrical System Maintenance (\$2.4 million)
  - Overhead and underground maintenance and streetlight grounding and fusing
- Financial Systems Replacement (\$0.75 million)
  - Replace existing financial and utility billing systems
- Boat Launch Upgrades (\$0.7 million)
  - Boat launch facilities at Lodi Lake

Two significant capital projects are not included in this budget; the construction of Fire Station 2 and the remodel of the City Hall Annex. Both of these projects are out to bid. Staff will bring both projects forward as budget adjustments at the time of award of construction contracts.

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 2014/15 fiscal year. This limit represents the maximum spending authority for the City based upon population and inflation changes over the last year. The 2014/15 Appropriation Limit is \$86,477,897, an increase of \$368,961 from the prior year. Details of the calculations are attached as Attachment 1 and Exhibits A through G.

**FISCAL IMPACT:** The 2014/15 budget provides an expenditure plan for all funds. The All-Funds budget is \$179,553,990, an increase of \$1.8 million, or about 1 percent over the previous year. As noted earlier, this increase is related to cost increases in a number of categories offset by a reduction in debt service costs. The General Fund Budget is \$43,591,060, an increase of \$1,392,240 over the prior year's budget.

  
Jordan Ayers, Deputy City Manager

Attachments

APPROPRIATIONS SPENDING LIMIT

**2014-15 APPROPRIATIONS SPENDING LIMIT**

|  |              |        |  | AMOUNT            |
|--|--------------|--------|--|-------------------|
| Last Year's Limit                            |              |        |  | 86,108,936        |
| Adjustment Factors                           |              |        |  |                   |
| 1  | Population % | 1.0066 |  |                   |
| 2  | Inflation %  | 0.9977 |  |                   |
| Total Adjustment %                           |              |        |  | 1.00428           |
| Annual Adjustment                            |              |        |  | 368,961           |
| Adjustments                                  |              |        |  | None              |
| Total Adjustments                            |              |        |  | 368,961           |
| <b>2014-15 APPROPRIATIONS SPENDING LIMIT</b> |              |        |  | <b>86,477,897</b> |

**2014-15 APPROPRIATIONS SUBJECT TO LIMITATION**

|                                      |  | AMOUNT              |
|--------------------------------------|--|---------------------|
| PROCEEDS OF TAXES                    |  | 34,129,895          |
| EXCLUSIONS                           |  | -                   |
| APPROPRIATIONS SUBJECT TO LIMITATION |  | 34,129,895          |
| CURRENT YEAR LIMIT                   |  | 86,477,897          |
| <b>OVER(UNDER) LIMIT</b>             |  | <b>(52,348,001)</b> |

City of Lodi  
 Appropriations Spending Limit  
 Fiscal Year 2014-15

|           |                            | Amount     | Source          |
|-----------|----------------------------|------------|-----------------|
| <b>A.</b> | <b>Last Year's Limit</b>   | 86,108,936 |                 |
| <b>B.</b> | <b>Adjustments Factors</b> |            |                 |
|           | 1      Population %        | 1.0066     | (Exhibit B)     |
|           | 2      Inflation %         | 0.9977     | (State Finance) |
|           | <b>Total Adjustment %</b>  | 1.00428    | (B1*B2)         |
| <b>C.</b> | <b>Annual Adjustment</b>   | 368,961    | (B*A)           |
| <b>D.</b> | <b>Other Adjustments</b>   | None       |                 |
| <b>E.</b> | <b>Total Adjustments</b>   | 368,961    | (C+D)           |
| <b>F.</b> | <b>This Year's Limit</b>   | 86,477,897 | (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                        |
| 14-15           | -0.23             | 0.66                      | 1.10                        |

| CALCULATIONS: |   |   |                              |
|---------------|---|---|------------------------------|
| Fiscal Year   | Calculation                                       | = | Appropriation Spending Limit |
| 87-88         | 1.0347 x 1.0572 = 1.0939<br>1.0939 x \$22,654,787 | = | \$24,782,072                 |
| 88-89         | 1.0466x1.0496=1.0985<br>1.0985 x \$24,782,072     | = | \$27,223,106                 |
| 89-90         | 1.0519 x 1.0252 = 1.0784<br>1.0784 x \$27,223,106 | = | \$29,357,398                 |
| 90-91         | 1.0421 x 1.0226 =1.0657<br>1.0657 x \$29,357,398  | = | \$31,286,179                 |

|       |  |   |              |
|-------|--|---|--------------|
| 91-92 | 1.0414 x 1.0264 =1.0689<br>1.0689 x \$31,286,179 | = | \$33,441,797 |
| 92-93 | .9936 x 1.0241 =1.0175<br>1.0175 x 33,441,797    | = | \$34,027,028 |
| 93-94 | 1.0272 x 1.0213 = 1.0491<br>1.0491x 34,027,028   | = | \$35,697,755 |
| 94-95 | 1.0071 x 1.0157 = 1.0229<br>1.0229 x 35,697,755  | = | \$36,515,234 |
| 95-96 | 1.0472 x 1.0131 =1.0609<br>1.0609 x 36,515,234   | = | \$38,739,012 |
| 96-97 | 1.0467x1.0168=1.0643<br>1.0643 x 38739012        | = | \$41,229,332 |
| 97-98 | 1.0467x1.0070=1.0540<br>1.0540x 41,229,332       | = | \$43,456,825 |
| 98-99 | 1.0415x1.01160=1.0536<br>1.0536x 43,456,825      |   | \$45,785,303 |
| 99-00 | 1.0453x1.0194=1.0656<br>1.0656x45,785,303        |   | \$48,787,849 |
| 00-01 | 1.0491x1.0129=1.0626<br>1.0626x48,787,849        |   | \$51,843,597 |
| 01-02 | 1.0782x1.0190=1.0987<br>1.0986858                |   | \$56,959,824 |
| 02-03 | .9873x1.0214=1.00843<br>1.00842822               |   | \$57,439,894 |
| 03-04 | 1.0231x1.0169=1.0404<br>1.04039039               |   | \$59,759,913 |
| 04-05 | 1.0328x1.0075=1.040546<br>1.040546               |   | \$62,182,939 |
| 05-06 | 1.0526x1.0096=1.06270496<br>1.06270496           |   | \$66,082,118 |
| 06-07 | 1.0396x1.0030=1.0427188<br>1.0427188             |   | \$68,905,066 |
| 07-08 | 1.0442x1.0090=1.0535978<br>1.0535978             |   | \$72,598,226 |
| 08-09 | 1.0429x1.0068=1.0499917<br>1.0499917             |   | \$76,227,535 |
| 09-10 | 1.0062x1.0042=1.01042604<br>1.01042604           |   | \$77,022,286 |
| 10-11 | .9746x1.0061=.98054506<br>0.98054506             |   | \$75,523,822 |
| 11-12 | 1.0251x1.0061=1.03135311<br>1.03135311           |   | \$77,891,729 |
| 12-13 | 1.0377x1.0077=1.04569029<br>1.04569029           |   | \$81,450,625 |
| 13-14 | 1.0512*1.0057=1.05719184<br>1.05719184           |   | \$86,108,936 |
| 14-15 | 0.9977x1.0066=1.00428482<br>1.00428482           |   | \$86,477,897 |

14-15 Appropriations Subject to Limit:

|              |   |        |
|--------------|---|--------|
| \$34,129,895 | = | 39.47% |
| \$86,477,897 |   |        |

APPROPRIATIONS SUBJECT TO LIMITATION

City of Lodi  
Fiscal Year 2014-15

|   | AMOUNT       | SOURCE      |
|---|--------------|-------------|
| A. PROCEEDS OF TAXES                    | 34,129,895   | (Exhibit F) |
| B. EXCLUSIONS                           | 0            | (Exhibit D) |
| C. APPROPRIATIONS SUBJECT TO LIMITATION | 34,129,895   | (A-B)       |
| D. CURRENT YEAR LIMIT                   | 86,477,897   | (Exhibit A) |
| E. OVER(UNDER) LIMIT                    | (52,348,001) | (C-D)       |

$$\frac{34,129,895}{86,477,897} = 39.47\%$$

EXCLUDED APPROPRIATIONS

City of Lodi  
Fiscal Year 2014-15

| CATEGORY                         |                 | Amount      |
|----------------------------------|-----------------|-------------|
| <b>COURT ORDERS</b>              |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>FEDERAL MANDATES</b>          |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>QUALIFIED CAPITAL OUTLAYS</b> |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>QUALIFIED DEBT SERVICE</b>    |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>TOTAL EXCLUDABLE</b>          |                 | <b>None</b> |

(Copy to Exhibit C & G)

City of Lodi  
Schedule to Match User Fees to Costs  
Fiscal Year 2014-15

EXHIBIT E

|                             | User Fee<br>Collections | Cost Associated<br>With User Fees | Amount<br>in Excess<br>of User fees |
|-----------------------------|-------------------------|-----------------------------------|-------------------------------------|
| Public Safety Fees          | 368,650                 | 27,372,990                        | 0                                   |
| Parks and Rec/Cultural Fees | 1,860,360               | 5,800,190                         | 0                                   |
| Community Development Fees  | 359,000                 | 1,238,440                         | 0                                   |
| PW Engineering Fees         | 516,610                 | 999,940                           | 0                                   |
| Library Fees                | 40,000                  | 1,389,950                         | 0                                   |
| <b>Total</b>                | <u>3,144,620</u>        | <u>36,801,510</u>                 | <u>0</u>                            |

## Calculation - Proceeds of Taxes

City of Lodi  
Fiscal Year 2014-15

| REVENUE                               | PROCEEDS<br>OF TAXES | NON-PROCEEDS<br>OF TAXES | TOTAL       |
|---------------------------------------|----------------------|--------------------------|-------------|
| <b>TAXES:</b>                         |                      |                          |             |
| Property Taxes                        | 8,502,480            |                          | 8,502,480   |
| Sales & Use Tax                       | 10,190,000           | 330,000                  | 10,520,000  |
| Business License Tax                  | 1,510,000            |                          | 1,510,000   |
| Franchise Tax                         | 1,776,720            |                          | 1,776,720   |
| Transient Occupancy Tax               | 550,000              |                          | 550,000     |
| Real Property -Documentary Tax        | 130,000              |                          | 130,000     |
| In-Lieu Franchise Tax                 | 7,033,360            |                          | 7,033,360   |
| <b>FROM STATE</b>                     |                      |                          |             |
| Motor Vehicle In Lieu                 | 4,410,350            |                          | 4,410,350   |
| State H-way Maintenance               |                      | 11,400                   | 11,400      |
| Gas Tax                               |                      | 1,594,640                | 1,594,640   |
| Cigarette tax                         |                      |                          | 0           |
| Transportation Development Act        |                      | 1,300,000                | 1,300,000   |
| TDA -Pedestrian/Bike Path             |                      | 39,400                   | 39,400      |
| SB 300 Transportation Partnership     |                      | 0                        | 0           |
| Measure K Funds                       |                      | 875,000                  | 875,000     |
| State Reimbursements-POST             |                      | 40,000                   | 40,000      |
| 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                  |                      | 1,356,460                | 1,356,460   |
| Traffic Congestion Relief             |                      | 0                        | 0           |
| State STIP reimbursement              |                      | 0                        | 0           |
| <b>LOCALLY RAISED</b>                 |                      |                          |             |
| Fines, Forfeitures, Penalties         |                      | 1,437,400                | 1,437,400   |
| Licenses and permits                  |                      | 708,840                  | 708,840     |
| Rent of City Property                 |                      | 1,962,500                | 1,962,500   |
| Development Fees                      |                      | 425,280                  | 425,280     |
| <b>USER FEES</b>                      |                      |                          |             |
| (from Exhibit E)                      | 0                    | 3,144,620                | 3,144,620   |
| <b>OTHER MISCELLANEOUS</b>            |                      |                          |             |
| Sale of Property                      |                      | 3,000                    | 3,000       |
| Restitution-Damage to Property        |                      | 500                      | 500         |
| Other revenue                         |                      | 815,910                  | 815,910     |
| <b>Interfund Transfers</b>            |                      |                          |             |
|                                       |                      | 4,000,000                | 4,000,000   |
| <b>SUB-TOTAL</b>                      |                      |                          |             |
| (for Exhibit G)                       | 34,102,910           | 18,406,360               | 52,509,270  |
| <b>INTEREST EARNINGS</b>              |                      |                          |             |
| (from Exhibit G)                      | 26,985               | 14,565                   | 41,550      |
| <b>TOTAL REVENUE</b>                  |                      |                          |             |
| (use for Exhibit C)                   | 34,129,895           | 18,420,925               | 52,550,820  |
| <b>RESERVE WITHDRAWALS</b>            |                      |                          |             |
| (Including appropriated Fund Balance) |                      |                          | 0           |
| <b>TOTAL OF THESE FUNDS</b>           |                      |                          |             |
|                                       |                      |                          | 52,550,820  |
| <b>OTHER FUNDS NOT INCLUDED</b>       |                      |                          |             |
|                                       |                      |                          | 116,483,640 |
| <b>GRAND TOTAL BUDGET</b>             |                      |                          |             |
|                                       |                      |                          | 169,034,460 |

Interest Earnings  
Produced by Taxes

City of Lodi  
Fiscal Year 2014-15

|  | AMOUNT     | SOURCE       |
|--|------------|--------------|
| A. NON-INTEREST TAX PROCEEDS                               | 34,102,910 | ^(Exhibit F) |
| B. MINUS EXCLUSIONS  | 0          | (Exhibit D)  |
| C. NET INVESTED TAXES                                      | 34,102,910 | (A-B)        |
| D. TOTAL NON-INTEREST BUDGET                               | 52,509,270 | ^(Exhibit F) |
| E. TAX PROCEEDS AS PERCENT<br>OF BUDGET                    | 64.95%     | (C/D)        |
| F. INTEREST EARNINGS                                       | 41,550     |              |
| G. AMOUNT OF INTEREST EARNED<br>FROM TAXES                 | 26,985     | (E*F)        |
| H. AMOUNT OF INTEREST EARNED<br>ON NON-TAXES               | 14,565     | (F-G)        |
| I. Take the result of steps #G & H<br>Copy on to Exhibit F |            |              |

RESOLUTION NO. 2014-98

A RESOLUTION OF THE LODI CITY COUNCIL  
ADOPTING THE CITY OF LODI FINANCIAL PLAN AND  
BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1,  
2014 AND ENDING JUNE 30, 2015, AND APPROVING  
THE 2014/15 APPROPRIATIONS SPENDING LIMIT

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WHEREAS, the City Manager submitted the 2014/15 balanced Financial Plan and Budget to the City Council on May 15, 2014; and

WHEREAS, the 2014/15 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 May 6, May 20, June 3, and June 4, 2014, at the Carnegie Forum and on May 13, 2014 at the Lodi Library; and

WHEREAS, the City Council is required to adopt the Appropriations Spending Limit for 2014/15; 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 2014/15 Financial Plan and Budget, as proposed by the City Manager, be approved as follows:

|                           | <b>Budget</b>       |
|---------------------------|---------------------|
| <b>General Fund</b>       |                     |
| Police                    | \$17,405,020        |
| Fire                      | \$9,967,970         |
| Public Works              | \$1,940,520         |
| City Clerk                | \$626,320           |
| City Manager              | \$414,420           |
| City Attorney             | \$490,810           |
| Internal Services         | \$3,367,710         |
| Economic Development      | \$488,280           |
| Non-Departmental          | \$8,890,010         |
| <b>Total General Fund</b> | <b>\$43,591,060</b> |
|                           |                     |
| <b>Other Funds</b>        |                     |
| Electric Utility          | \$70,762,800        |
| Water Utility             | \$12,185,130        |
| Wastewater Utility        | \$19,723,250        |
| Transit                   | \$4,162,210         |
| Streets                   | \$3,951,680         |

|                                |                      |
|--------------------------------|----------------------|
| Community Development          | \$1,238,440          |
| Parks, Rec & Cultural Services | \$5,800,190          |
| Library                        | \$1,389,950          |
| Transportation Development Act | \$39,400             |
| Community Dev Block Grant      | \$852,300            |
| Public Safety Special Revenue  | \$458,620            |
| Capital Outlay                 | \$1,607,700          |
| Equip & Vehicle Replacement    | \$358,000            |
| Debt Service                   | \$847,850            |
| Benefits                       | \$8,364,940          |
| Self Insurance                 | \$2,263,610          |
| Trust and Agency               | \$136,740            |
| Fleet Services                 | \$1,820,120          |
| <b>Total Other Funds</b>       | <b>\$135,962,930</b> |
|                                |                      |
| <b>Total</b>                   | <b>\$179,553,990</b> |

2. That the funds for the 2014/15 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 \$368,961 from the 2013/14 level of \$86,108,936 to the 2014/15 level of \$86,477,897.

Dated: June 4, 2014

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I hereby certify that Resolution No. 2014-98 as passed and adopted by the City Council of the City of Lodi in a regular meeting held June 4, 2014, by the following votes:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Mounce, Nakanishi, and Mayor Katakian

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
 RANDI JOHL-OLSON  
 City Clerk

APPROPRIATIONS SPENDING LIMIT

2014-15 APPROPRIATIONS SPENDING LIMIT

|                                       |              |        |  | AMOUNT     |
|---------------------------------------|--------------|--------|--|------------|
| Last Year's Limit                     |              |        |  | 86,108,936 |
| Adjustment Factors                    |              |        |  |            |
| 1                                     | Population % | 1.0066 |  |            |
| 2                                     | Inflation %  | 0.9977 |  |            |
| Total Adjustment %                    |              |        |  | 1.00428    |
| Annual Adjustment                     |              |        |  | 368,961    |
| Adjustments                           |              |        |  | None       |
| Total Adjustments                     |              |        |  | 368,961    |
| 2014-15 APPROPRIATIONS SPENDING LIMIT |              |        |  | 86,477,897 |

2014-15 APPROPRIATIONS SUBJECT TO LIMITATION

|                                      |  | AMOUNT       |
|--------------------------------------|--|--------------|
| PROCEEDS OF TAXES                    |  | 34,129,895   |
| EXCLUSIONS                           |  | -            |
| APPROPRIATIONS SUBJECT TO LIMITATION |  | 34,129,895   |
| CURRENT YEAR LIMIT                   |  | 86,477,897   |
| OVER(UNDER) LIMIT                    |  | (52,348,001) |

City of Lodi  
 Appropriations Spending Limit  
 Fiscal Year 2014-15

|           |                            | Amount     | Source          |
|-----------|----------------------------|------------|-----------------|
| <b>A.</b> | <b>Last Year's Limit</b>   | 86,108,936 |                 |
| <b>B.</b> | <b>Adjustments Factors</b> |            |                 |
|           | 1 Population %             | 1.0066     | (Exhibit B)     |
|           | 2 Inflation %              | 0.9977     | (State Finance) |
|           | <b>Total Adjustment %</b>  | 1.00428    | (B1*B2)         |
| <b>C.</b> | <b>Annual Adjustment</b>   | 368,961    | (B*A)           |
| <b>D.</b> | <b>Other Adjustments</b>   | None       |                 |
| <b>E.</b> | <b>Total Adjustments</b>   | 368,961    | (C+D)           |
| <b>F.</b> | <b>This Year's Limit</b>   | 86,477,897 | (A+E)           |

City of Lodi  
 Appropriations Spending Limit  
 Growth Factors/Calculations

EXHIBIT B

| GROWTH FACTORS: |                   |                 | %Increase       | %Increase         |
|-----------------|-------------------|-----------------|-----------------|-------------------|
| Fiscal Year     | Per Capita Income | City Population | City Population | 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              |
| 14-15           | -0.23             | 0.66            |                 | 1.10              |

| CALCULATIONS: |   |   |                              |
|---------------|---|---|------------------------------|
| Fiscal Year   | Calculation                                       |   | Appropriation Spending Limit |
| 87-88         | 1.0347 x 1.0572 = 1.0939<br>1.0939 x \$22,654,787 | = | \$24,782,072                 |
| 88-89         | 1.0466x1.0496=1.0985<br>1.0985 x \$24,782,072     | = | \$27,223,106                 |
| 89-90         | 1.0519 x 1.0252 = 1.0784<br>1.0784 x \$27,223,106 | = | \$29,357,398                 |
| 90-91         | 1.0421 x 1.0226 = 1.0657<br>1.0657 x \$29,357,398 | = | \$31,286,179                 |

|       |   |   |              |
|-------|---|---|--------------|
| 91-92 | 1.0414 x 1.0264 = 1.0689<br>1.0689 x \$31,286,179 | = | \$33,441,797 |
| 92-93 | .9936 x 1.0241 = 1.0175<br>1.0175 x 33,441,797    | = | \$34,027,028 |
| 93-94 | 1.0272 x 1.0213 = 1.0491<br>1.0491 x 34,027,028   | = | \$35,697,755 |
| 94-95 | 1.0071 x 1.0157 = 1.0229<br>1.0229 x 35,697,755   | = | \$36,515,234 |
| 95-96 | 1.0472 x 1.0131 = 1.0609<br>1.0609 x 36,515,234   | = | \$38,739,012 |
| 96-97 | 1.0467 x 1.0168 = 1.0643<br>1.0643 x 38,739,012   | = | \$41,229,332 |
| 97-98 | 1.0467 x 1.0070 = 1.0540<br>1.0540 x 41,229,332   | = | \$43,456,825 |
| 98-99 | 1.0415 x 1.01160 = 1.0536<br>1.0536 x 43,456,825  |   | \$45,785,303 |
| 99-00 | 1.0453 x 1.0194 = 1.0656<br>1.0656 x 45,785,303   |   | \$48,787,849 |
| 00-01 | 1.0491 x 1.0129 = 1.0626<br>1.0626 x 48,787,849   |   | \$51,843,597 |
| 01-02 | 1.0782 x 1.0190 = 1.0987<br>1.0986858             |   | \$56,959,824 |
| 02-03 | .9873 x 1.0214 = 1.00843<br>1.00842822            |   | \$57,439,894 |
| 03-04 | 1.0231 x 1.0169 = 1.0404<br>1.04039039            |   | \$59,759,913 |
| 04-05 | 1.0328 x 1.0075 = 1.040546<br>1.040546            |   | \$62,182,939 |
| 05-06 | 1.0526 x 1.0096 = 1.06270496<br>1.06270496        |   | \$66,082,118 |
| 06-07 | 1.0396 x 1.0030 = 1.0427188<br>1.0427188          |   | \$68,905,066 |
| 07-08 | 1.0442 x 1.0090 = 1.0535978<br>1.0535978          |   | \$72,598,226 |
| 08-09 | 1.0429 x 1.0068 = 1.0499917<br>1.0499917          |   | \$76,227,535 |
| 09-10 | 1.0062 x 1.0042 = 1.01042604<br>1.01042604        |   | \$77,022,286 |
| 10-11 | .9746 x 1.0061 = 98054506<br>0.98054506           |   | \$75,523,822 |
| 11-12 | 1.0251 x 1.0061 = 1.03135311<br>1.03135311        |   | \$77,891,729 |
| 12-13 | 1.0377 x 1.0077 = 1.04569029<br>1.04569029        |   | \$81,450,625 |
| 13-14 | 1.0512 x 1.0057 = 1.05719184<br>1.05719184        |   | \$86,108,936 |
| 14-15 | 0.9977 x 1.0066 = 1.00428482<br>1.00428482        |   | \$86,477,897 |

14-15 Appropriations Subject to Limit:

\$34,129,895  
\$86,477,897

=

39.47%

APPROPRIATIONS SUBJECT TO LIMITATION

City of Lodi  
Fiscal Year 2014-15

|   | AMOUNT       | SOURCE      |
|---|--------------|-------------|
| A. PROCEEDS OF TAXES                    | 34,129,895   | (Exhibit F) |
| B. EXCLUSIONS                           | 0            | (Exhibit D) |
| C. APPROPRIATIONS SUBJECT TO LIMITATION | 34,129,895   | (A-B)       |
| D. CURRENT YEAR LIMIT                   | 86,477,897   | (Exhibit A) |
| E. OVER(UNDER) LIMIT                    | (52,348,001) | (C-D)       |

$$\frac{34,129,895}{86,477,897} = 39.47\%$$

EXCLUDED APPROPRIATIONS

City of Lodi  
Fiscal Year 2014-15

| CATEGORY                         |                 | Amount      |
|----------------------------------|-----------------|-------------|
| <b>COURT ORDERS</b>              |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>FEDERAL MANDATES</b>          |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>QUALIFIED CAPITAL OUTLAYS</b> |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>QUALIFIED DEBT SERVICE</b>    |                 |             |
|                                  |                 |             |
|                                  |                 |             |
|                                  | <b>Subtotal</b> | <b>None</b> |
| <b>TOTAL EXCLUDABLE</b>          |                 | <b>None</b> |

(Copy to Exhibit C & G)

City of Lodi  
 Schedule to Match User Fees to Costs  
 Fiscal Year 2014-15

EXHIBIT E

|                             | User Fee<br>Collections | Cost Associated<br>With User Fees | Amount<br>in Excess<br>of User fees |
|-----------------------------|-------------------------|-----------------------------------|-------------------------------------|
| Public Safety Fees          | 368,650                 | 27,372,990                        | 0                                   |
| Parks and Rec/Cultural Fees | 1,860,360               | 5,800,190                         | 0                                   |
| Community Development Fees  | 359,000                 | 1,238,440                         | 0                                   |
| PW Engineering Fees         | 516,610                 | 999,940                           | 0                                   |
| Library Fees                | 40,000                  | 1,389,950                         | 0                                   |
| <b>Total</b>                | <u>3,144,620</u>        | <u>36,801,510</u>                 | <u>0</u>                            |

## EXHIBIT F

## Calculation - Proceeds of Taxes

City of Lodi  
Fiscal Year 2014-15

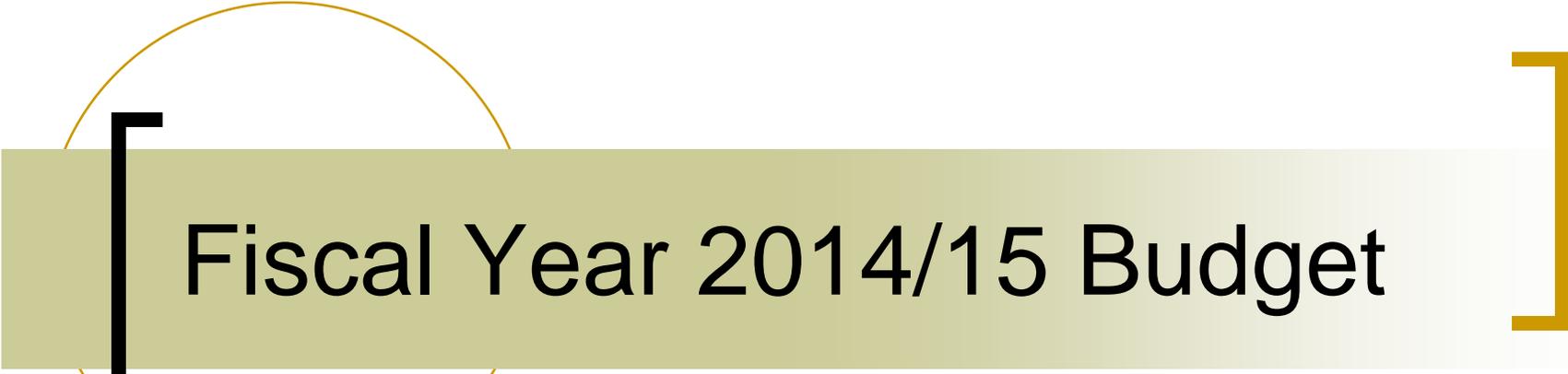
| REVENUE   | PROCEEDS<br>OF TAXES | NON-PROCEEDS<br>OF TAXES | TOTAL       |
|---|----------------------|--------------------------|-------------|
| <b>TAXES:</b>   |                      |                          | 8,502,480   |
| Property Taxes  | 8,502,480            |                          | 8,502,480   |
| Sales & Use Tax   | 10,190,000           | 330,000                  | 10,520,000  |
| Business License Tax  | 1,510,000            |                          | 1,510,000   |
| Franchise Tax   | 1,776,720            |                          | 1,776,720   |
| Transient Occupancy Tax   | 550,000              |                          | 550,000     |
| Real Property -Documentary Tax                                      | 130,000              |                          | 130,000     |
| In-Lieu Franchise Tax   | 7,033,360            |                          | 7,033,360   |
| <b>FROM STATE</b>   | 4,410,350            |                          | 4,410,350   |
| Motor Vehicle In Lieu   |                      | 11,400                   | 11,400      |
| State H-way Maintenance   |                      | 1,594,640                | 1,594,640   |
| Gas Tax   |                      |                          | 0           |
| Cigarette tax   |                      | 1,300,000                | 1,300,000   |
| Transportation Development Act                                      |                      | 39,400                   | 39,400      |
| TDA -Pedestrian/Bike Path   |                      | 0                        | 0           |
| SB 300 Transportation Partnership                                   |                      | 875,000                  | 875,000     |
| Measure K Funds   |                      | 40,000                   | 40,000      |
| State Reimbursements-POST   |                      | 10,000                   | 10,000      |
| Public Library grants   |                      | 0                        | 0           |
| PERS Rebate   |                      | 50,000                   | 50,000      |
| SB90 Reimbursements   |                      | 0                        | 0           |
| Asset Seizure Funds/Auto Theft                                      |                      | 301,410                  | 301,410     |
| Drug Suppression Grant  |                      | 1,356,460                | 1,356,460   |
| State special grants  |                      | 0                        | 0           |
| Traffic Congestion Relief   |                      | 0                        | 0           |
| State STIP reimbursement  |                      | 0                        | 0           |
| <b>LOCALLY RAISED</b>   |                      | 1,437,400                | 1,437,400   |
| Fines, Forfeitures, Penalties                                       |                      | 708,840                  | 708,840     |
| Licenses and permits  |                      | 1,962,500                | 1,962,500   |
| Rent of City Property   |                      | 425,280                  | 425,280     |
| Development Fees  |                      |                          |             |
| <b>USER FEES</b><br>(from Exhibit E)                                | 0                    | 3,144,620                | 3,144,620   |
| <b>OTHER MISCELLANEOUS</b>  |                      | 3,000                    | 3,000       |
| Sale of Property  |                      | 500                      | 500         |
| Restitution-Damage to Property                                      |                      | 815,910                  | 815,910     |
| Other revenue   |                      |                          |             |
| <b>Interfund Transfers</b>  |                      | 4,000,000                | 4,000,000   |
| <b>SUB-TOTAL</b><br>(for Exhibit G)                                 | 34,102,910           | 18,406,360               | 52,509,270  |
| <b>INTEREST EARNINGS</b><br>(from Exhibit G)                        | 26,985               | 14,565                   | 41,550      |
| <b>TOTAL REVENUE</b><br>(use for Exhibit C)                         | 34,129,895           | 18,420,925               | 52,550,820  |
| <b>RESERVE WITHDRAWALS</b><br>(Including appropriated Fund Balance) |                      |                          | 0           |
| <b>TOTAL OF THESE FUNDS</b>   |                      |                          | 52,550,820  |
| <b>OTHER FUNDS NOT INCLUDED</b>                                     |                      |                          | 116,483,640 |
| <b>GRAND TOTAL BUDGET</b>   |                      |                          | 169,034,460 |

EXHIBIT G

Interest Earnings  
Produced by Taxes

City of Lodi  
Fiscal Year 2014-15

|  | AMOUNT     | SOURCE       |
|--|------------|--------------|
| A. NON-INTEREST TAX PROCEEDS                               | 34,102,910 | ^(Exhibit F) |
| B. MINUS EXCLUSIONS  | 0          | (Exhibit D)  |
| C. NET INVESTED TAXES                                      | 34,102,910 | (A-B)        |
| D. TOTAL NON-INTEREST BUDGET                               | 52,509,270 | ^(Exhibit F) |
| E. TAX PROCEEDS AS PERCENT<br>OF BUDGET                    | 64.95%     | (C/D)        |
| F. INTEREST EARNINGS                                       | 41,550     |              |
| G. AMOUNT OF INTEREST EARNED<br>FROM TAXES                 | 26,985     | (E*F)        |
| H. AMOUNT OF INTEREST EARNED<br>ON NON-TAXES               | 14,565     | (F-G)        |
| I. Take the result of steps #G & H<br>Copy on to Exhibit F |            |              |



# Fiscal Year 2014/15 Budget

City Council Meeting  
June 4, 2014

# [ Overview ]

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- General Fund balanced
- Significant issues
- Major capital projects

# [ All Funds ]

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- Total appropriation of \$179,553,990
- Total revenue of \$178,813,670
- Decrease in reserves of \$740,320
  - Enterprise funds (-\$2.8M)
  - Special Revenue (\$0.3M)
  - Others (\$1.8M)

# [ General Fund ]

---

- Balanced without using reserves
- Total revenues and appropriations of \$43,591,060

# General Fund Overview

| General Fund                                | Audited           | Audited           |                   | Estimated         |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2011-12           | 2012-13           | 2013-14           | 2013-14           | 2014-15           |
|   | Actuals           | Actuals           | Budget            | Actuals           | Budget            |
| <b><u>Fund Balance</u></b>                  |                   |                   |                   |                   |                   |
| Beginning Fund Balance Unreserved           | 5,597,678         | 6,164,685         | 7,044,415         | 7,559,467         | 7,520,074         |
| Revenues                                    | 40,520,257        | 41,380,988        | 42,198,820        | 42,781,478        | 43,591,060        |
| Expenditures                                | <u>39,953,250</u> | <u>39,986,206</u> | <u>43,145,555</u> | <u>42,820,871</u> | <u>43,591,060</u> |
| Net Difference (Revenues Less Expenditures) | 567,007           | 1,394,782         | (946,735)         | (39,393)          | -                 |
| <b><u>Fund Balance</u></b>                  |                   |                   |                   |                   |                   |
| Ending Fund Balance Unreserved*             | <u>6,164,685</u>  | <u>7,559,467</u>  | <u>6,097,680</u>  | <u>7,520,074</u>  | <u>7,520,074</u>  |

\*Composed of Catastrophic & Economic reserve (\$3,487,300 each); DIVCA reserve (\$300,000); available reserve (\$245,474)

# [ Labor ]

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- 382 funded positions
  - 4 more than prior year
    - Heavy Equipment Mechanic
    - Watershed Program Coordinator
    - Parks Supervisor
    - Electrical Engineer
- All labor agreements expire in 2014/15 (except IBEW)

# [ PERS Projections ]

|                | 2014/15 | 2015/16* | 2016/17* | 2017/18* | 2018/19* | 2019/20* |
|----------------|---------|----------|----------|----------|----------|----------|
| Miscellaneous  | 18.002% | 19.6%    | 21.2%    | 22.8%    | 24.4%    | 26.1%    |
| Safety         | 38.490% | 40.4%    | 42.3%    | 44.3%    | 46.2%    | 48.1%    |
| Estimated Cost | \$7.8M  | \$8.3M   | \$9.1M   | \$9.9M   | \$10.8M  | \$11.7M  |

\*Projected rates from PERS

Does not account for mortality increases beginning in 2016/17

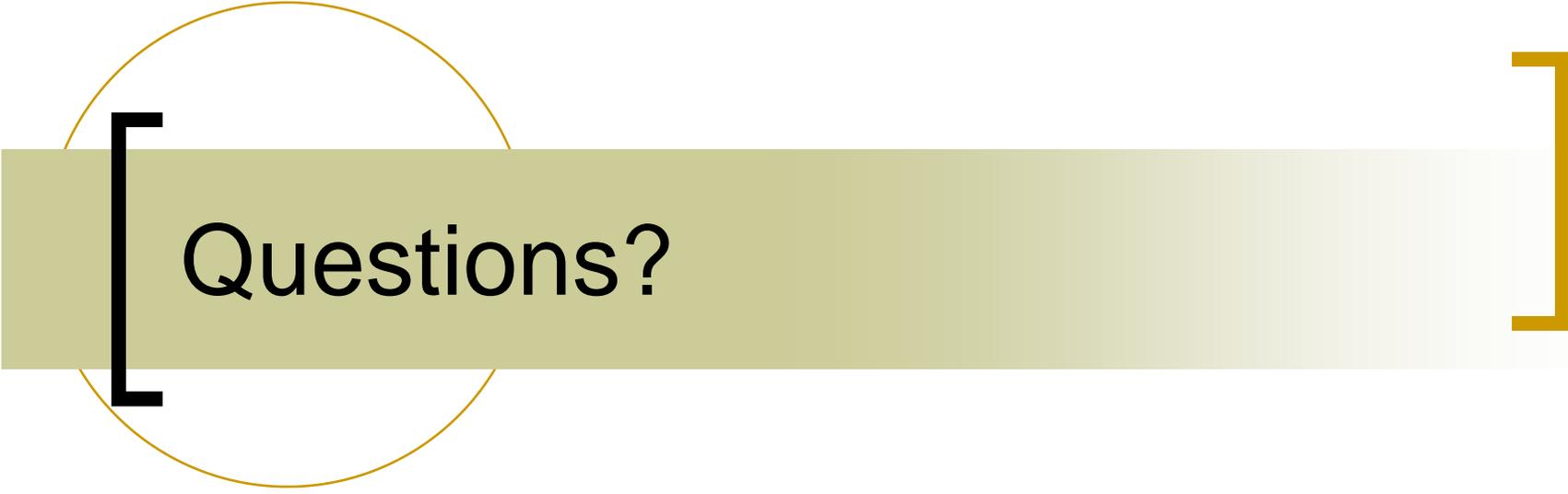
# [ Major Capital Projects ]

- White Slough Pollution Control Facility Improvements (\$6.8M)
- Financial Systems Replacement (\$0.75M)
- Electric System Maintenance (\$2.4M)
- Road Maintenance/Resurfacing (\$0.9M)
- Water System Improvements (\$2.5M)
- Boat Launch Upgrades (\$0.7M)

# [ Action Requested ]

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- Adopt resolution approving the City of Lodi Financial Plan and Budget for FY 2014/15 and approving the FY 2014/15 Appropriation Spending Limit



Questions?