

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JANUARY 11, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, January 11, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson

Absent: Council Member Katzakian

Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Fiscal Year 2010/11 Mid-Year Budget Report on Revenues (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the 2010/11 mid-year budget review. Specific topics of discussion included the economic climate, stability of City revenues, General Fund budgeted and mid-year estimates, General Fund bright spots, General Fund detractors, Community Development budgeted and mid-year estimates, Community Development bright spots and detractors, Recreation budgeted and mid-year estimates, Recreation bright spots and detractors, Community Center budgeted and mid-year estimates, Community Center bright spots and detractors, Library budgeted and mid-year estimates, Library bright spots and detractors, Streets budgeted and mid-year estimates, Streets bright spots and detractors, Electric Utility budgeted and mid-year estimates, Electric Utility bright spots and detractors, Water and Wastewater budgeted and mid-year estimates, and Water and Wastewater bright spots and detractors.

In response to Mayor Johnson, Mr. Ayers stated the Dish type of packages are exempt from the franchise fee.

In response to Council Member Hansen, Mr. Ayers stated the franchise fee includes both Comcast and AT&T and U-verse is the smaller number compared to cable.

In response to Council Member Hansen, Mr. Ayers stated the cable franchise is a state operated function and the City no longer has the ability to change the amount.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated staff is trying to get a better handle on what the SB 90 revenue averages as it has gone from zero to \$107,000 over the last few years and one possibility is to not budget any amount in lieu of the State budget uncertainty.

In response to Mayor Johnson, Mr. Ayers stated he is not sure of the specific amount of debt that is written off but those amounts will be covered in the quarterly utility reports.

In response to Council Member Hansen, Mr. Ayers stated the \$1.2 million figure represents the sales tax amount for the Lodi Energy Center.

In response to Council Member Nakanishi, Mr. Ayers stated the strike team and POST reimbursements are reduced as are the expenditures and therefore the amounts are offset.

In response to Mayor Johnson, Mr. Bartlam stated the Bridge program grant is received by the

District and administered by the City but not all schools have the Bridge program. Mr. Bartlam stated for the other schools the City still provides after school services and the numbers depicted reflect that program.

In response to Council Member Hansen, Mr. Ayers stated the traffic congestion grant is received by the City directly and used for street maintenance as well. Mr. Ayers stated there is no revenue shown because it is likely that the State will be borrowing this amount again as it has done in the past.

In response to Council Member Nakanishi, Mr. Ayers stated the Proposition 1B funds are a separate line item within the Streets Fund and the money is received as it is spent on projects.

In response to Council Member Hansen, Public Works Director Wally Sandelin stated the construction on the treatment plant will begin on February 1, 2011.

In response to Mayor Johnson, Mr. Ayers stated for financial reporting debt proceeds are not revenue although for accounting it is revenue. Mr. Ayers provided a brief overview of the accounting and budgetary processes.

In response to Mayor Johnson, Mr. Ayers stated the \$300,000 is the one-time connection fee for the Lodi Energy Center and the ongoing water fee will come in as revenue starting the 2012/13 fiscal year.

In response to Council Member Hansen, Mr. Ayers stated the sales tax reduction estimate is based on past history and consultant estimates, which are based on local knowledge at the time.

In response to Council Member Hansen, Mr. Bartlam stated some of the \$180,000 reduction in sales tax is Costco opening later than anticipated.

In response to Council Member Hansen, Mr. Ayers stated the natural gas franchise fee revenue is tied to consumption and gas prices at the pump are tied to sales tax revenue.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated HdL provides sales tax estimates based on broad categories as opposed to company by company.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam stated an example of a category that has been hit hard on the sales tax revenue projections is the auto industry.

In response to Council Member Hansen, Mr. Ayers stated the cardroom revenue is estimated to be \$257,000 and is slightly higher than last year.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated staff is continuing to work on a method to examine the audit and self-reporting for the cardroom.

In response to Council Member Nakanishi, Mr. Ayers stated expenditures will be reviewed on February 25, department reorganizations will be reviewed on February 1, adjustments will be reviewed on February 16, and the next budget cycle begins in early May with adoption in June.

In response to Mayor Johnson, Mr. Ayers stated he has yet to review the Governor's budget proposals to determine where the greatest threat will be.

In response to Myrna Wetzel, Mr. Bartlam stated HdL is the firm that tracks sales tax revenue for the City of Lodi.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:45 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

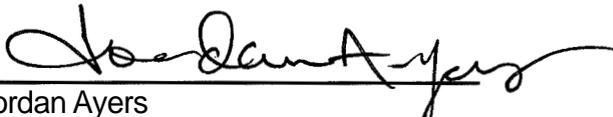
AGENDA TITLE: Receive Fiscal Year 2010/11 Mid-Year Budget Report on Revenues
MEETING DATE: January 11, 2011
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive Fiscal Year 2010/11 mid-year budget report on revenues.

BACKGROUND INFORMATION: Staff will present data regarding the status of budget estimates for revenue. Expenditure estimates will be provided to Council on January 25.

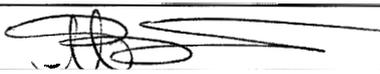
Staff will highlight the following major funds in their presentation: General Fund, Community Center, Community Development, Library, Recreation, Streets and the three utility funds: Electric, Water and Wastewater.

Staff will present more detail at the Shirtsleeve meeting.

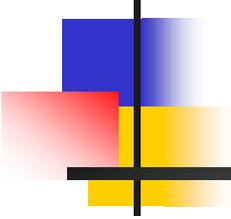


Jordan Ayers
Deputy City Manager

JA/ja

APPROVED: 

Konrad Bartlam, City Manager



2010/11 Mid-Year Budget Review

Revenue

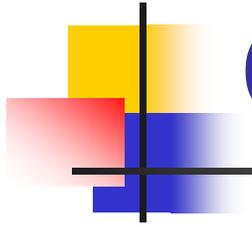
City Council Shirtsleeve

January 11, 2011



Economic Climate

- City revenues holding their own
 - Property values relatively stable
 - Foreclosures lower than surrounding areas
 - Unemployment tracks State, not San Joaquin County
 - Sales tax lower than estimates



General Fund

- \$60 lower than budget amounts

| | |
|----------|--------------|
| Budgeted | \$41,321,750 |
|----------|--------------|

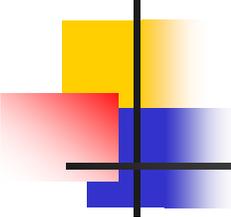
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|-------------------|--------------|
| Mid Year Estimate | \$41,321,690 |
|-------------------|--------------|

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|----------------|--------|
| Over / (Under) | (\$60) |
|----------------|--------|



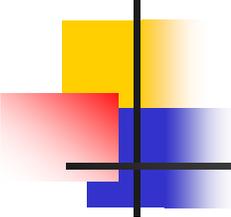
General Fund Bright Spots

- In Lieu Vehicle License Fee + \$66,785
- Cable TV Franchise + \$66,135
- State Mandates SB90 + \$62,000
- Late Payments-Utilities + \$50,000



General Fund Detractors

| | |
|------------------------|------------|
| ■ Sales and Use Tax | -\$179,240 |
| ■ Gas Franchise | -\$45,000 |
| ■ Strike Team Reimb | -\$45,000 |
| ■ Police training-POST | -\$35,000 |



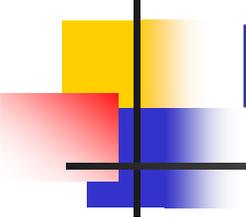
Community Development

- \$490,691 over budget amounts

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|----------|-------------|
| Budgeted | \$1,102,990 |
|----------|-------------|

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|-------------------|-------------|
| Mid Year Estimate | \$1,593,681 |
|-------------------|-------------|

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|----------------|-----------|
| Over / (Under) | \$490,691 |
|----------------|-----------|



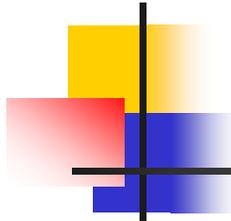
Community Development Recap

- Bright Spots

| | |
|------------------------|------------|
| ■ Building Permits | +\$267,369 |
| ■ Plan Check Fees | +\$157,059 |
| ■ Fire Inspection Fees | +\$46,571 |

- Detractors

| | |
|------------------------|-----------|
| ■ Reimbursable Charges | -\$15,485 |
|------------------------|-----------|



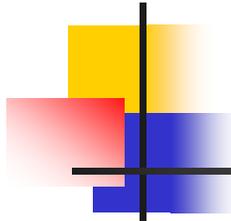
Recreation

- \$48,270 lower than budget amounts

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|----------|-------------|
| Budgeted | \$1,906,800 |
|----------|-------------|

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|-------------------|-------------|
| Mid Year Estimate | \$1,858,530 |
|-------------------|-------------|

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|----------------|------------|
| Over / (Under) | (\$48,270) |
|----------------|------------|



Recreation

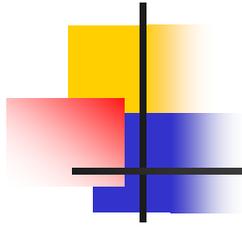
- Bright Spots

- Lodi Lake Park +\$9,500

- Detractors

- LUSD After School Services -\$41,520

- Aquatics -\$10,750



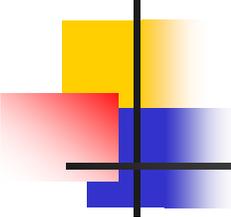
Community Center

- \$19,500 lower than budget amounts

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|----------|-------------|
| Budgeted | \$1,850,570 |
|----------|-------------|

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|-------------------|-------------|
| Mid Year Estimate | \$1,831,070 |
|-------------------|-------------|

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|----------------|------------|
| Over / (Under) | (\$19,500) |
|----------------|------------|



Community Center

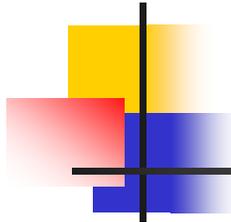
- Bright Spots

- Sr. Program Fees +\$1,000

- Detractors

- Box Office -\$20,000

- Advertising Fees -\$500



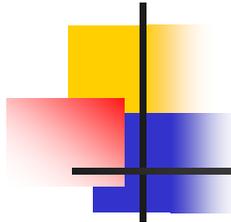
Library

- \$6,505 lower than budget amounts

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|----------|-------------|
| Budgeted | \$1,452,700 |
|----------|-------------|

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|-------------------|-------------|
| Mid Year Estimate | \$1,446,195 |
|-------------------|-------------|

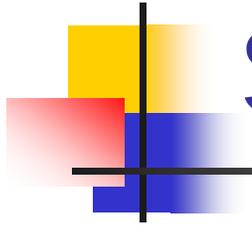
| | |
|----------------|-----------|
| Over / (Under) | (\$6,505) |
|----------------|-----------|



Library

- Bright Spots
 - Transfers from Foundation +\$4,915
 - Literacy Grant +\$500

- Detractors
 - Fines and Fees -\$8,000
 - Library Grants -\$4,000



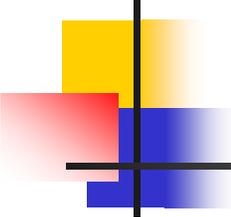
Streets

- \$2,777,420 over budget amounts

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|----------|-------------|
| Budgeted | \$4,940,150 |
|----------|-------------|

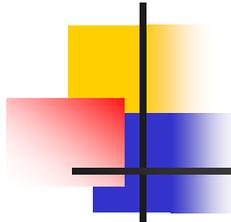
| | |
|-------------------|-------------|
| Mid Year Estimate | \$7,717,570 |
|-------------------|-------------|

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|----------------|-------------|
| Over / (Under) | \$2,777,420 |
|----------------|-------------|



Streets

| | |
|---------------------------|--------------|
| ■ Bright Spots | |
| ■ Prop 1B | +\$1,901,285 |
| ■ Other Federal Grants | +\$1,384,275 |
| ■ Revenue-Other | +\$690,000 |
| ■ Detractors | |
| ■ AB 2928 | -\$631,310 |
| ■ Federal Stimulus-ARRA | -\$561,000 |
| ■ Development Impact Fees | -\$88,280 |



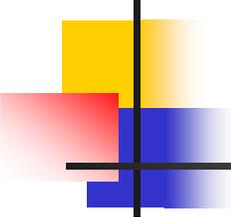
Electric Utility

- \$6,587,037 lower than budget amounts

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|----------|--------------|
| Budgeted | \$73,269,270 |
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|-------------------|--------------|
| Mid Year Estimate | \$66,682,233 |
|-------------------|--------------|

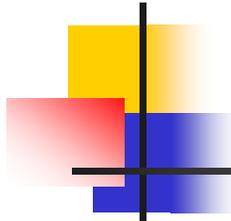
| | |
|----------------|---------------|
| Over / (Under) | (\$6,587,037) |
|----------------|---------------|



Electric Utility

- Bright Spots
 - Revenue-Other +\$650,000
 - Federal Stimulus-ARRA +\$116,492
 - Work For Others +\$80,000
 - Meter Equipment Sale +\$70,568

- Detractors
 - Service Charges -\$7,319,483



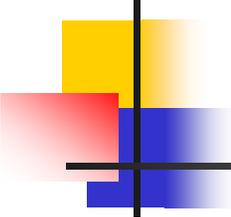
Water Utility

- \$7,797,037 over budget amounts

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|----------|--------------|
| Budgeted | \$12,741,980 |
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|-------------------|--------------|
| Mid Year Estimate | \$20,539,017 |
|-------------------|--------------|

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|----------------|-------------|
| Over / (Under) | \$7,797,037 |
|----------------|-------------|



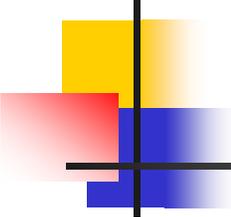
Water Utility

- Bright Spots

- Bond Proceeds +\$8,000,000
- Investment Income +\$41,270

- Detractors

- Service Charges -\$101,155
- Development Impact Fees -\$155,480



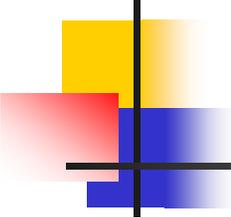
Wastewater Utility

- \$1,322,349 lower than budget amounts

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|----------|--------------|
| Budgeted | \$17,054,390 |
|----------|--------------|

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|-------------------|--------------|
| Mid Year Estimate | \$15,732,041 |
|-------------------|--------------|

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|----------------|---------------|
| Over / (Under) | (\$1,322,349) |
|----------------|---------------|



Wastewater Utility

- Bright Spots

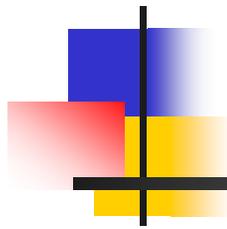
- Revenue-Other +\$300,000

- Detractors

- Service Charges -\$866,364

- Bond Proceeds -\$425,000

- Development Impact Fees -\$373,750



Questions?
