

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 3, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 3, 2011, commencing at 7:00 a.m.

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

Absent: None

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

B. Topic(s)

B-1 Receive Presentation Regarding Fiscal Year 2011/12 Budget (CM)

City Manager Rad Bartlam and Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the fiscal year 2011/12 budget. Specific topics of discussion included general economic conditions, general fund revenue, fund balances, housing, property values, foreclosures, employment, State budget impacts, grant losses, employee contributions, top ten general fund revenue sources, sales tax, property tax, pilot program, operating transfers, reserve status, and the budget adoption schedule.

In response to Council Member Hansen, Mr. Ayers stated the 0.37 percent for foreclosures has held steady for Lodi.

In response to Mayor Johnson, Mr. Bartlam stated the COPS grant part-time officers perform a variety of tasks including fleet coordination, background checks, and fraud investigations.

In response to Mayor Johnson, Mr. Bartlam stated the reserve officer program is volunteer-based.

In response to Council Member Nakanishi, Mr. Ayers stated the police hiring grant allows the City to hire up to four police officers and the grant runs through 2013.

In response to Mayor Johnson, Mr. Ayers stated uncollectible late payments total approximately \$500,000 to \$600,000 of \$70 million.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated debt collections are transmitted to a collection agency quarterly.

In response to Council Member Hansen, Mr. Bartlam stated the projected sales tax is approximately \$8.8 million versus three years ago when it was \$6.8 million and the primary difference is Costco, which is expected to open in one month.

In response to Council Member Hansen, Mr. Ayers stated the general housing prices have declined along with foreclosures and short sales. Mr. Bartlam stated the property tax formula for annexations may have changed but there cannot be any unilateral changes in the base formula.

In response to Council Member Nakanishi, Mr. Ayers stated a franchise fee in the case of a private utility would require a franchise agreement based on gross sales in the area.

In response to Mayor Johnson, Mr. Ayers stated in 2007 the City's consultant reviewed current formulas for funding and fees.

In response to Council Member Nakanishi, Mr. Ayers stated the \$3.9 million reserve is about 35 days of operating.

In response to Council Member Nakanishi, Mr. Bartlam stated local cities do not have the borrowing options that state and federal governments have and generally only borrow for capital projects and not operations.

In response to Council Member Hansen and Mayor Pro Tempore Mounce, Mr. Ayers stated he will forward the debt comparison amounts for similarly sized cities.

In response to Myrna Wetzel, Mr. Bartlam stated 45 days is not a hard fixed general reserve amount although there is a days in cash formula for the electric reserve.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:31 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2011/12 Budget
MEETING DATE: May 3, 2011
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2011/12 budget.

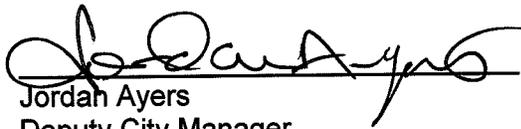
BACKGROUND INFORMATION: The Fiscal Year (FY) 2011/12 budget is built on a number of basic tenants, not the least of which is continued employee concessions. Currently, management is meeting with all labor groups to come to agreement on a package of concessions that will allow the City to present a balanced budget. Until tentative agreements have been reached with the groups, it is premature to release the FY 2011/12 draft budget document.

The budget is on schedule to be released for public review in mid-May, with adoption of the document scheduled for early June.

In advance of publication of the document, staff is planning a series of presentations that will provide Council and the public with the basic parameters that form the foundation of the budget.

Today's discussion will focus on general economic parameters and general fund revenues.

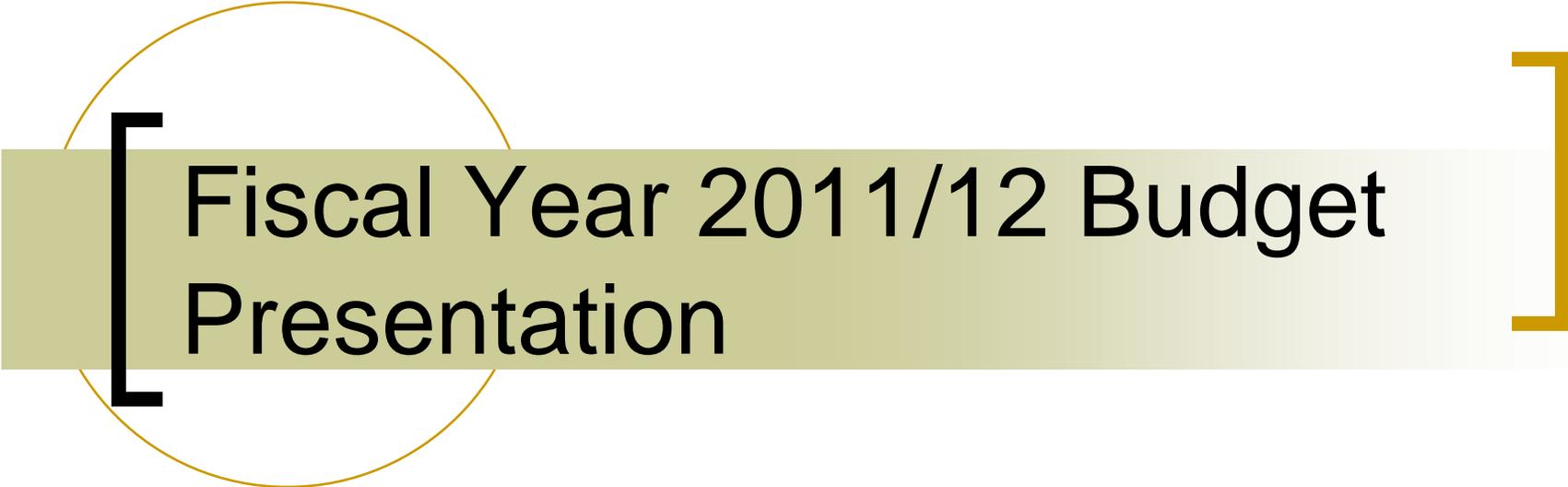
FISCAL IMPACT: General Fund revenues are expected to be \$41,238,970.


Jordan Ayers
Deputy City Manager

JA/ja

APPROVED:


Konradt Bartlam, City Manager



Fiscal Year 2011/12 Budget Presentation

City Council Shirtsleeve
Session

May 3, 2011

[Overview]

- General Economic Conditions
- General Fund Revenue
- Fund Balance

[Housing]

- Property values relative stable
 - 22.6% increase in average home price since March 2009
- Foreclosures lower than surrounding areas
 - 0.37% in Lodi; 0.72% in San Joaquin County; 0.45% in California; 0.18% nationally

[Employment]

- Unemployment continues to track the State rather than San Joaquin County
 - 14.1% for Lodi
 - 12.0% for State
 - 18.4% for San Joaquin County

(March 2011, Employment Development Department)

[State Budget Impacts]

- COPS Grant lost (\$100,000)
 - 2 part-time officers and 2 interns
- Library Grants lost (\$57,000)
 - Reduce book budget and part-time staff to offset

[Employee Contributions]

- All bargaining groups had provided temporary concessions that helped to balance the 2010/11 budget
 - Total value \$1.86 million
- Currently in discussions with all groups to increase and extend concessions to balance the 2011/12 budget

[General Fund Revenue]

FY 2011/12 \$41,255,340

FY 2010/11 \$41,321,750

Decrease (\$66,410)

Top Ten General Fund Revenue Sources

	FY 2011/12	FY 2010/11	Difference
5031 Sales & Use Tax	\$8,856,240	\$8,797,140	\$59,100
5011 Property Taxes-CY Secured	8,161,305	8,308,480	(\$147,175)
5081 In-lieu Franchise-Electric	6,976,670	6,976,670	\$0
4210 Operating Transfers In	5,432,990	5,432,990	\$0
5499 In-lieu - VLF	4,230,450	4,250,000	(\$19,550)
5051 Waste Removal Franchise	957,600	966,300	(\$8,700)
5036 Business License Tax	950,000	950,000	\$0
5207 Late Pmt-Utilities	860,000	830,000	\$30,000
5054 Cable TV Franchise	494,250	425,000	\$69,250
5565 Police Hiring Grant	480,000	476,790	\$3,210

Sales Tax

- Year over year increase of \$59,100

	Base	One-Time	Total
2009/10	\$6,735,821	\$136,875	\$6,872,696
2010/11	\$7,612,250	\$1,184,890	\$8,797,140
2011/12	\$8,675,380	\$180,860	\$8,856,240

[Property Tax]

- Estimating a 2% reduction from prior year

[PILOT]

- Formula based upon increase in customer counts
- No increase over 2010/11

[Operating Transfers]

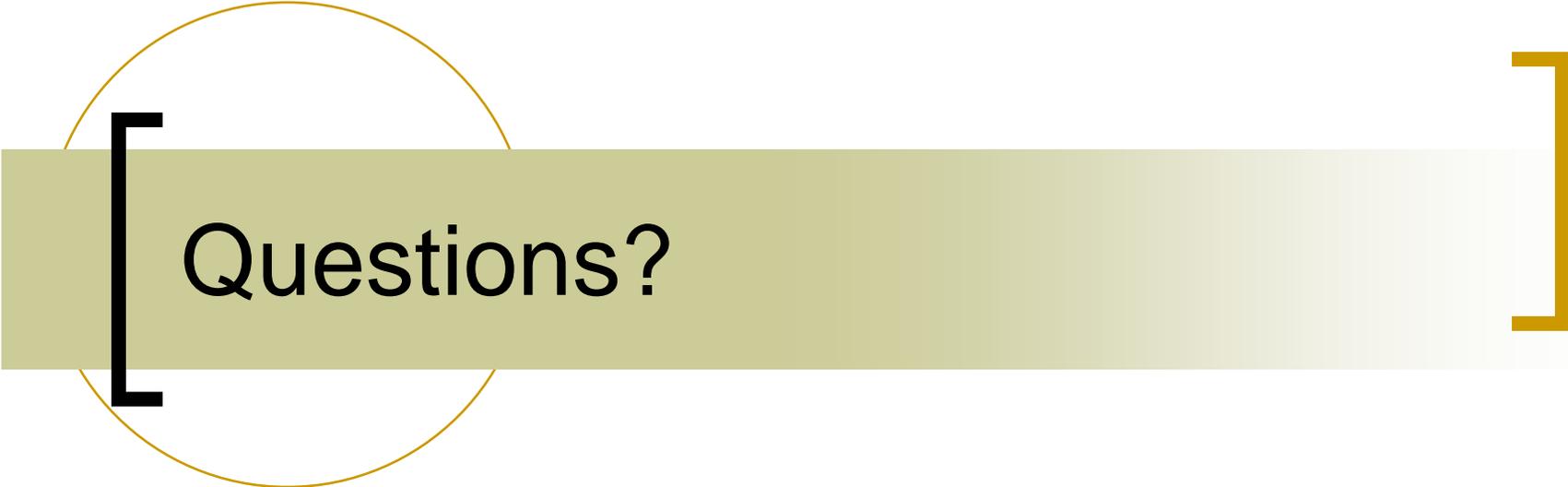
- Level with prior year
- Working with consultant to revise allocation process

[Fund Balance]

- Reserve Policy places 8% into Catastrophic Reserve
- Next 8% into Economic Reserve
- Available through Council action

[Reserve Status]

Estimated Fund Balance, June 30, 2011	\$3,961,428
Net Revenues/Expenditures	<u>0</u>
Estimated Fund Balance, June 30, 2012	<u><u>\$3,961,428</u></u>
Allocation of Estimated Fund Balance June 30, 2012	
Catastrophic Reserve	\$3,299,118
Economic Reserve	662,310
Available	<u>0</u>
Total Reserved Fund Balance	<u><u>\$3,961,428</u></u>



Questions?