

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 12, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 12, 2013, commencing at 7:00 a.m.

Present: Council Member Hansen, Mayor Pro Tempore Katzakian, and Mayor Nakanishi
Absent: Council Member Johnson, and Council Member Mounce
Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Fiscal Year 2012/13 Mid-Year Budget Report (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the 2012/13 mid-year budget review. Specific topics of discussion included a General Fund overview, key revenue variances, departmental variances, variances in General Fund departments, variances in Parks, Recreations and Cultural Services, variances in the water, wastewater and electric utilities, Community Development variances, self-insurance variances, and Police special revenue variances.

In response to Council Member Hansen, Mr. Ayers stated the sales tax consultant and staff do look at what businesses are coming in to town and which are leaving to include projections for those businesses that have taken out permits.

In response to Council Member Hansen, Mr. Ayers stated Strike Team call outs are reimbursable.

In response to Council Member Hansen, Mr. Ayers confirmed that the primary reason for the debt service reduction is the refinancing. City Manager Bartlam stated the Parks, Recreation and Cultural Services mid-year budget does include the repairs to the pool at Hutchins Street Square.

In response to Council Member Hansen, Public Works Director Wally Sandelin stated since the water treatment plant construction is complete the \$1.5 million will go toward retiring debt service.

In response to Mayor Nakanishi, Mr. Ayers confirmed that the primary reduction in the water utility is due to bond funds not being utilized.

In response to Council Member Hansen, Mr. Ayers stated the next auction in Electric Utility is May 2013.

In response to Council Member Hansen, Mr. Ayers stated the 70% self-insurance amount is set by City Council policy based on actuarial studies.

In response to Council Member Hansen, Mr. Ayers and Mr. Bartlam confirmed that several Police Department grants provide staff funding, AB 109 was granted for one year for realignment purposes, and another grant funding four officers will expire in December 2013. Council Member Hansen and Mayor Nakanishi expressed their desire to keep the four officers currently funded through the grant permanently.

In response to Mayor Nakanishi, Mr. Bartlam confirmed that the current police grant funding for

the four officers will continue through 2013 and after that the City will need to find an additional \$250,000.

In response to Mayor Nakanishi, Mr. Ayers stated the mid-year budget adjustments are based on the best estimate of where the numbers will align at the end of the budget cycle.

In response to Mayor Nakanishi, Mr. Bartlam stated the refund amount of the County property tax administrative fee is unknown because the matter is still pending in the courts although staff believes the City's share will be approximately \$600,000.

In response to Council Member Hansen, City Attorney Schwabauer stated the matter is before the California Supreme Court on a motion for reconsideration, which is an appeal of sorts and could be tied up for quite some time. Mr. Bartlam and Mr. Schwabauer confirmed that in addition to the specific amount, the repayment method remains unknown as well.

In response to Mayor Nakanishi, Mr. Bartlam stated there is a \$167,000 savings in the current fiscal year from the formula adjustment for collection of the administrative property tax fee, for which the City has already received notification from the County.

In response to Council Member Hansen, Mr. Bartlam stated he does not believe that the decision will be reversed in favor of the County or that the City will need to pay an additional amount in the unlikely event that it is reversed.

In response to Council Member Hansen, Mr. Bartlam stated the entire court operation in Lodi will close effective March 1, 2013, and there will be an action before the City Council at the next meeting to approve an agreement with the San Joaquin County Sheriff's Department for transportation services from the jail.

In response to Council Member Hansen, Mr. Bartlam confirmed that small claims court services ended last September in 2012.

In response to Mayor Pro Tempore Katzakian, Mr. Bartlam stated that, while some costs from the court closure remain unknown, there will be a minimum cost of \$75,000 plus overtime related to the transportation services from the jail to the County facilities.

In response to Council Member Hansen, Mr. Bartlam stated the savings projected this year could easily be consumed by next year's anticipated increase in the City's CalPers payment and the Police Department need for continued funding for officers currently covered by grants.

In response to Council Member Hansen, Mr. Bartlam stated he will be looking at funding availability to fill the Economic Development position before the end of the year.

In response to Mayor Nakanishi, Mr. Bartlam provided a brief overview of the current Community Development positions and the types of events and organizations currently funded through the economic development budget.

In response to Myrna Wetzel, Mr. Bartlam stated that the County has decided to retain the Meals on Wheels service instead of letting the Loel Center bid for the service. He confirmed that the program is not one that is provided through or by the City.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:47 a.m.

ATTEST:

Randi Johl
City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Receive Fiscal Year 2012/13 Mid-Year Budget Report

MEETING DATE: February 12, 2013

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive Fiscal Year 2012/13 mid-year budget report.

BACKGROUND INFORMATION: Staff has gathered and reviewed departmental estimates of revenue and expenses/expenditures for Fiscal Year 2012/13. Summarized key elements of this review are presented herein.

General Fund: Revenues are projected to be about \$200,000 over budget while expenditures are anticipated to be about \$680,000 under budget resulting in an increase to fund balance of about \$880,000. The primary reason for the revenue increase is increased sales tax and property tax collections. Expenditure reductions are primarily due to salary and benefit savings.

Parks, Recreation and Cultural Services: PRCS is estimating revenues to be about \$464,000 below budget and expenditures to be \$550,000 below budget. Overall, an increase to fund balance of \$115,000 is projected.

Water Utility: The Water Utility is projecting reduced revenues and expenses. Net impact is a reduction in reserves of \$2.1 million against a budgeted reduction in fund balance of \$3.1 million.

Wastewater Utility: The Wastewater Utility is projecting reduced revenues and expenses. Net impact is a reduction in reserves of \$435,000 against a budgeted reduction in fund balance of \$1.1 million.

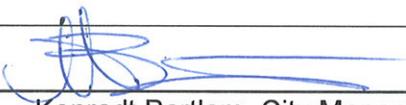
Electric Utility: The Electric Utility revenues are estimated to be about \$2.6 million below budget while expenses are estimated to be about \$680,000 below budget. Net impact is a decrease in reserves of about \$634,000 against a budgeted increase in reserves of \$1.3 million.

Community Development: Community Development is projecting an increase in reserves of \$371,000 due to increased revenues and reduced expenditures.

Self Insurance: While budgeted for a reserve increase of about \$800,000, the estimated increase is about \$1.3 million due to reduced expenses.

Police Special Revenue: Revenues are estimated to be about \$103,000 higher than budget while expenditures are slightly over budget. Net impact is that fund balance will increase by about \$11,000 as compared to a budgeted reduction in fund balance of \$81,000.

APPROVED: _____


Konradt Bartlam, City Manager

Debt Service/Capital Outlay: Both revenues and expenditures in the Debt Service fund are reduced as a result of the refinancing of debt earlier this fiscal year. The savings in debt service expenses, about \$1.2 million this year, is being transferred to the Capital Outlay fund to fund the Fire Station 2 replacement.

HUD-Sustainable Communities: The grant from HUD for the Sustainable Communities project is \$52,000 higher than shown in the adopted budget. Both revenues and expenditures will be adjusted to reflect the higher grant amount.


Jordan Ayers
Deputy City Manager

JA/ja



2012/13 Mid-Year Budget Review

City Council Shirtsleeve
February 12, 2013

[General Fund Overview]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
General Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	5,597,678	3,968,897	6,164,685	2,195,788
Revenues	40,520,257	42,071,274	42,270,590	199,316
Expenditures	<u>39,953,250</u>	<u>42,071,274</u>	<u>41,390,860</u>	<u>(680,414)</u>
Net Difference (Revenues Less Expenditures)	567,007	-	879,730	879,730
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>6,164,685</u>	<u>3,968,897</u>	<u>7,044,415</u>	<u>3,075,518</u>

[Key Revenue Variances]

■ Property Tax	+\$146,000
■ Sales Tax	+\$392,000
■ Recycled Water Sales	-\$240,000

Departmental Variances

Department	2012/13 Budget	2012/13 Estimate	Over/ (Under) Budget
City Attorney	\$466,730	\$466,470	(\$260)
City Clerk	\$585,340	\$558,820	(\$26,520)
City Manager	\$418,040	\$368,910	(\$49,130)
Economic Development	\$618,690	\$452,995	(\$165,695)
Fire	\$9,581,630	\$9,326,010	(\$255,620)
Internal Services	\$3,374,420	\$3,260,185	(\$114,235)
Non Departmental	\$8,468,760	\$8,955,535	\$486,775
Police	\$16,987,264	\$16,466,670	(\$520,594)
Public Works	\$1,570,400	\$1,535,265	(\$35,135)
Total	\$42,071,274	\$41,390,860	(\$680,414)

[General Fund Departments]

- **City Clerk** (\$26,520 under budget)
 - Changes in Medical plans
- **City Manager** (\$49,130 under budget)
 - Staff savings
- **Economic Development** (\$165,695 under budget)
 - Debt Service cost reduction
- **Fire** (\$255,620 under budget)
 - Vacancies and Strike Team reductions

[General Fund Departments]

- **Internal Services** (\$114,235 under budget)
 - Personnel cost savings (medical, deferred comp, vacancies)
- **Non-Departmental** (\$486,775 over budget)
 - Debt Service revision offset by reduction in Property Tax Administration Fee
- **Police** (\$520,594 under budget)
 - Debt Service reduction
- **Public Works** (\$35,135 under budget)
 - Vacancies

Parks, Recreation & Cultural Services

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Parks, Recreation & Cultural Svcs Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	(846,381)	(815,032)	(861,843)	(46,811)
Revenues	5,773,466	6,009,620	5,545,455	(464,165)
Expenditures	<u>5,788,928</u>	<u>5,980,052</u>	<u>5,429,965</u>	<u>(550,087)</u>
Net Difference (Revenues Less Expenditures)	(15,462)	29,568	115,490	85,922
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>(861,843)</u>	<u>(785,464)</u>	<u>(746,353)</u>	<u>39,111</u>

Parks, Recreation & Cultural Services Variances

- Revenue reduction due to debt service reduction
- Expenditure Reductions
 - Debt Service
 - Staff reductions/vacancies
- Includes deferred maintenance cost on HSS pool

[Water Utility]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Water Utility Enterprise Fund				
<u>Cash Balance</u>				
Beginning Cash Balance	12,807,412	14,656,699	12,465,350	(2,191,349)
Revenues	13,678,648	20,822,160	19,165,055	(1,657,105)
Expenditures	<u>14,020,710</u>	<u>23,932,381</u>	<u>21,253,970</u>	<u>(2,678,411)</u>
Net Difference (Revenues Less Expenditures)	(342,062)	(3,110,221)	(2,088,915)	1,021,306
<u>Cash Balance</u>				
Ending Cash Balance	<u>12,465,350</u>	<u>11,546,478</u>	<u>10,376,435</u>	<u>(1,170,043)</u>

[Water Utility Variances]

- Revenue reduction due to completion of Water Treatment Plant
- Expense saving primarily in Water Treatment Plant and PCE/TCE Remediation

Wastewater Utility

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Wastewater Utility Enterprise Fund				
<u>Cash Balance</u>				
Beginning Cash Balance	10,606,065	8,380,707	12,513,936	4,133,229
Revenues	15,947,883	14,235,330	14,122,000	(113,330)
Expenditures	<u>14,040,012</u>	<u>15,330,026</u>	<u>14,557,200</u>	<u>(772,826)</u>
Net Difference (Revenues Less Expenditures)	1,907,871	(1,094,696)	(435,200)	659,496
<u>Cash Balance</u>				
Ending Cash Balance	<u>12,513,936</u>	<u>7,286,011</u>	<u>12,078,736</u>	<u>4,792,725</u>

[Wastewater Utility Variances]

- Revenue decrease in customer revenues
- Expense savings primarily in capital projects

[Electric Utility]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Electric Utility Enterprise Fund				
<u>Cash Balance</u>				
Beginning Cash Balance *	5,032,177	2,627,569	2,143,190	(484,379)
Revenues	65,646,115	70,453,990	67,848,005	(2,605,985)
Expenditures	<u>68,535,102</u>	<u>69,162,196</u>	<u>68,481,990</u>	<u>(680,206)</u>
Net Difference (Revenues Less Expenditures)	(2,888,987)	1,291,794	(633,985)	(1,925,779)
<u>Cash Balance</u>				
Ending Cash Balance *	<u>2,143,190</u>	<u>3,919,363</u>	<u>1,509,205</u>	<u>(2,410,158)</u>

* Local cash, excluding NCPA General Operating Reserve (GOR)

[Electric Utility Variances]

- Revenue reductions evenly split between customer charges and energy credit sales
- Expense reductions come from lower purchased power and salary and benefit savings

[Community Development]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Community Development Fund				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	66,810	303,367	293,173	(10,194)
Revenues	1,265,483	1,176,670	1,508,260	331,590
Expenditures	<u>1,039,120</u>	<u>1,166,550</u>	<u>1,137,095</u>	<u>(29,455)</u>
Net Difference (Revenues Less Expenditures)	226,363	10,120	371,165	361,045
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>293,173</u>	<u>313,487</u>	<u>664,338</u>	<u>350,851</u>

Community Development Variances

- Revenues stronger in all permit areas
- Expenses lower due to staff cost transferred to PW

[Self Insurance]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Self Insurance Internal Services Funds				
<u>Cash Balance</u>				
Beginning Cash Balance	8,530,181	9,050,835	9,984,980	934,145
Revenues	3,647,642	3,039,780	3,026,510	(13,270)
Expenditures	<u>2,192,843</u>	<u>2,251,000</u>	<u>1,712,720</u>	<u>(538,280)</u>
Net Difference (Revenues Less Expenditures)	1,454,799	788,780	1,313,790	525,010
<u>Cash Balance</u>				
Ending Cash Balance	<u>9,984,980</u>	<u>9,839,615</u>	<u>11,298,770</u>	<u>1,459,155</u>

[Self Insurance Variances]

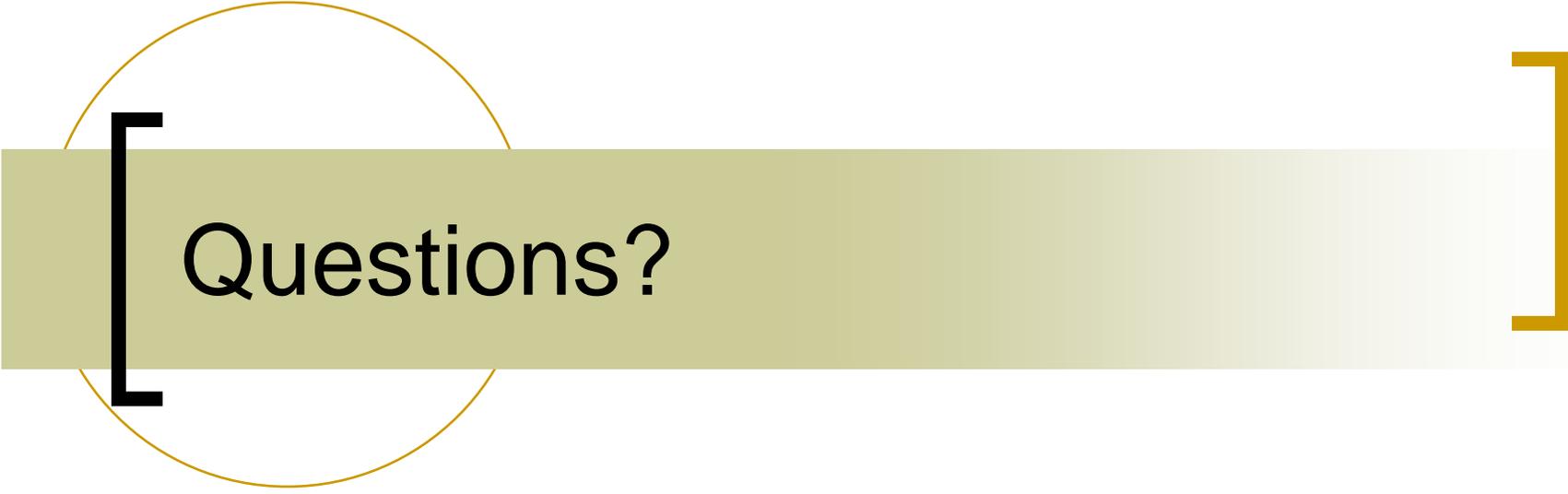
- Workers Comp cost coming in lower than budgeted
- Expect fund balance to support 70% confidence level in Workers Comp

[Police Special Revenue]

	Audited 2011-12 Actuals	2012-13 Budget	Estimated 2012-13 Actuals	Budget to Est. Actuals Variance
Public Safety Special Revenue Funds				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	203,034	127,348	217,573	90,225
Revenues	341,694	546,542	649,395	102,853
Expenditures	<u>327,155</u>	<u>627,635</u>	<u>638,670</u>	<u>11,035</u>
Net Difference (Revenues Less Expenditures)	14,539	(81,093)	10,725	91,818
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>217,573</u>	<u>46,255</u>	<u>228,298</u>	<u>182,043</u>

Police Special Revenue Variances

- Matching revenue and expense on grant funded items



Questions?