

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, APRIL 30, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, April 30, 2013, commencing at 7:00 a.m.

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

Absent: Mayor Pro Tempore Katakian

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

B. Topic(s)

B-1 Receive Presentation Regarding Fiscal Year 2013/14 Budget (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the Fiscal Year 2013/14 Budget. Specific topics of discussion included general economic conditions, General Fund revenue, fund balance, housing, employment, labor negotiations, Public Employees Retirement System (PERS) projections, top General Fund revenue sources, sales tax, property tax, in-lieu franchise fee, operating transfers, Vehicle License Fee, and reserve status.

In response to Council Member Hansen, Mr. Ayers stated the City's housing numbers for foreclosures are lower than the County's numbers.

In response to Council Member Mounce, Mr. Ayers stated he is satisfied with the communication he receives from CalPERS through webinars, conferences, and through other channels.

In response to Council Member Hansen, Mr. Ayers stated the CalPERS changes affect employer contributions only and not employee contributions, which are set by statute at 7% of salary for miscellaneous and 9% of salary for safety.

In response to Council Member Hansen, Mr. Bartlam stated with respect to sales tax revenue, the City has been fortunate to replace some of the loss of the car dealership sales tax with Costco sales tax, although it is a one-time replacement.

In response to Council Member Johnson, Mr. Ayers stated the assessor has not provided a time line with respect to increased property tax assessments in the future and increases are not expected for any city in the County within the next year.

In response to Council Member Johnson, Mr. Bartlam and Mr. Ayers confirmed that at its peak in 2008 the City was receiving approximately \$13 million in property tax revenue and currently it is receiving approximately \$8 million.

Council Member Hansen asked for additional comparison numbers regarding peak and current revenue source amounts for the top ten sources listed on page 8 of the presentation at the next budget meeting.

In response to Council Member Hansen, Mr. Bartlam and Mr. Ayers confirmed that federal grant funds for police officers expire December 31, 2013, funding for the same is considered in the 2013/14 projected budget, and there will be a 100% need to fund four police officer positions in

2014/15 at approximately \$130,000 each due to the expiration of the grant funds.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:35 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2013/14 Budget

MEETING DATE: April 30, 2013

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2013/14 budget.

BACKGROUND INFORMATION: The Fiscal Year (FY) 2013/14 budget is built on a number of basic economic assumptions.

The draft 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.

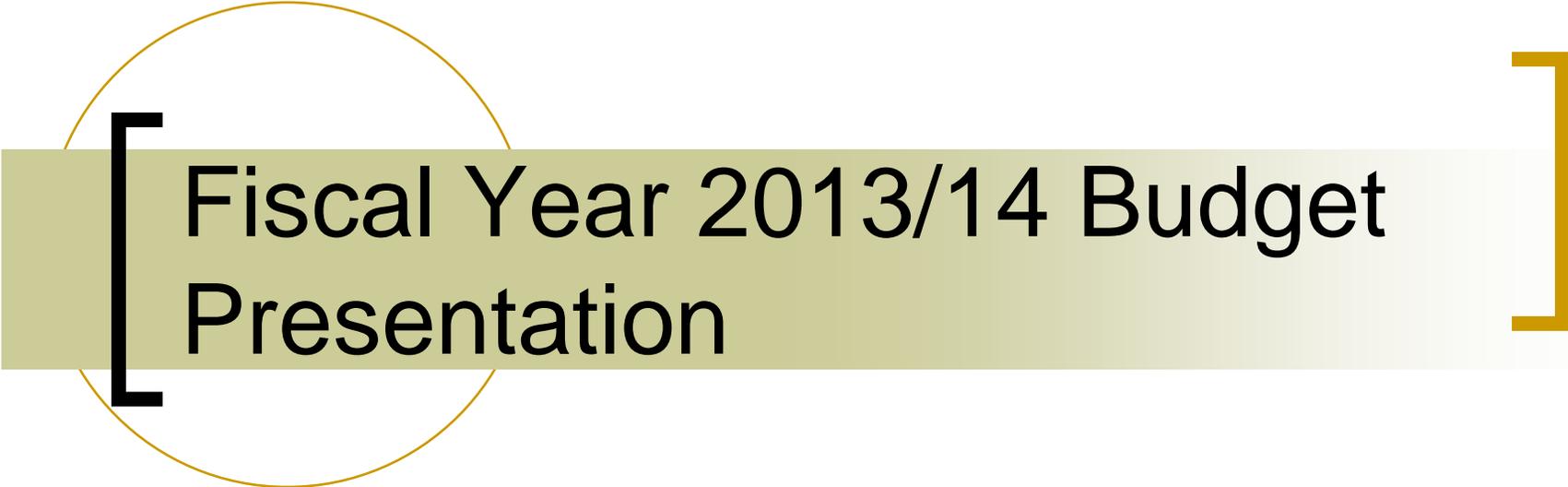
Today's discussion will focus on general economic parameters and general fund revenues.

FISCAL IMPACT: General Fund revenues are expected to be \$42,198,820, an increase of \$288,880 over the prior year.


Jordan Ayers
Deputy City Manager

JA/ja

APPROVED: _____
Konradt Bartlam, City Manager



Fiscal Year 2013/14 Budget Presentation

City Council Shirtsleeve
Session

April 30, 2013

[Overview]

- General Economic Conditions
- General Fund Revenue
- Fund Balance

[Housing]

- Property values increasing
 - Highest values since 2007
- Foreclosures lower than surrounding areas
 - 0.17% in Lodi; 0.22% in San Joaquin County; 0.14% in California; 0.12% nationally

[Employment]

- Unemployment continues to track the State rather than San Joaquin County
 - 11.1% for Lodi
 - 9.7% for State
 - 14.7% for San Joaquin County

(February 2013, Employment Development Department)

[Labor Relations]

- All bargaining group agreements expire in the budget year
- Negotiations beginning after July 1
- Budget built assuming no changes to existing agreements
 - Any changes will be incorporated into the mid-year budget update

[PERS Projections]

- Recent changes take effect in FY 2015/16
 - 2013/14 Rates
 - 16.203% Miscellaneous (\$3.0 million)
 - 35.657% Safety (\$4.1 million)
 - 2015/16 Projected Rates
 - 19.40% Miscellaneous (\$3.8 million)
 - 39.94% Safety (\$4.9 million)

[General Fund Revenue]

FY 2013/14 \$42,198,820

FY 2012/13 \$41,909,940

Increase \$288,880

Top Ten General Fund Revenue Sources

Description	FY 2013/14	FY 2012/13	Difference
5031 Sales & Use Tax	\$9,657,000	\$8,880,440	\$776,560
5011 Property Taxes	\$8,156,500	\$7,850,100	\$306,400
5081 In-lieu Franchise	\$6,976,670	\$6,976,670	\$0
4210 Operating Transfers In	\$4,000,000	\$5,432,990	(\$1,432,990)
5499 In-lieu - VLF	\$4,226,000	\$4,067,830	\$158,170
5361 Rent	\$1,412,330	\$1,411,350	\$980
5036 Business License Tax	\$1,122,000	\$1,122,000	\$0
5051 Waste Removal Franchise	\$980,000	\$971,630	\$8,370
5207 Late Pmt-Utilities	\$900,000	\$870,000	\$30,000
5054 Cable TV Franchise	\$531,000	\$500,000	\$31,000

[Sales Tax]

- Budgeted year over year increase of \$776,560
 - 8.7% increase over prior year budget
 - 4.2% increase over prior year estimated receipts
 - 10% increase in tax paying businesses in calendar 2012

[Property Tax]

- Year over year increase of \$306,400
 - 3.9% increase over FY 2012/13 budget
 - 2.0% increase over FY 2012/13 estimated receipts

[In-Lieu Franchise (PILOT)]

- Formula based upon increase in customer counts
- No increase over prior year

[Operating Transfers]

- \$1.4 million reduction from prior year
- Phasing in results of consultant study regarding cost of services
- Reflects decrease in General Fund expenditures since 2007

[In-Lieu - VLF]

- Year over year increase of \$158,170
 - 3.9% increase over FY 2012/13 budget
 - 2.0% increase over FY 2012/13 estimated receipts

[Fund Balance]

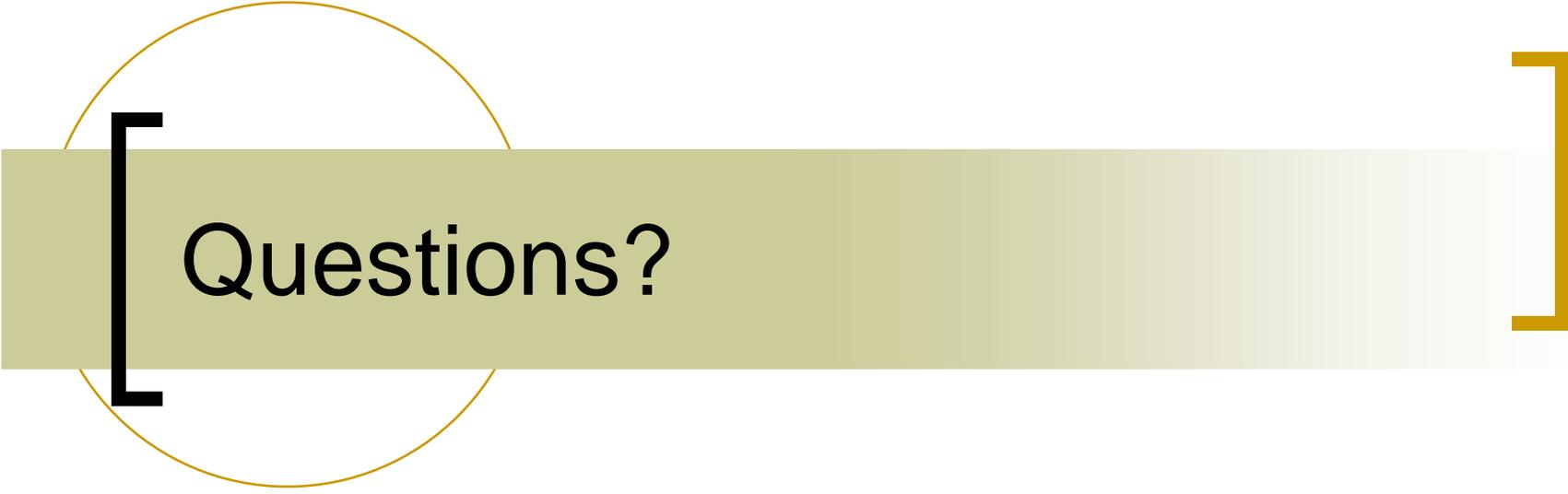
- Reserve Policy places 8% into Catastrophic Reserve
- Next 8% into Economic Reserve
- Available through Council action

[Reserve Status]

Estimated Fund Balance, June 30, 2013	\$7,044,415
Net Revenues/Expenditures	<u>0</u>
Estimated Fund Balance, June 30, 2014	<u><u>\$7,044,415</u></u>

Allocation of Estimated Fund Balance June 30, 2014

Catastrophic Reserve	\$3,375,906
Economic Reserve	\$3,375,906
Available	<u>292,603</u>
Total Fund Balance	<u><u>\$7,044,415</u></u>



Questions?