

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, FEBRUARY 4, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, February 4, 2014, commencing at 7:00 a.m.

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

Absent: Council Member Mounce

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

B. Topic(s)

B-1 Receive Fiscal Year 2013/14 Mid-Year Budget Report (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the 2013/14 mid-year budget review. Specific topics of discussion included the General Fund overview, key revenue variances, General Fund departmental variances, overview and variances for water, wastewater, and electric utilities, and variances in community development, streets, parks and recreation, and library funds.

In response to Mayor Pro Tempore Hansen, Mr. Ayers stated the assessor has not yet provided the final property tax numbers and the \$98,000 is a true-up from previous years.

In response to Council Members Nakanishi and Johnson, Mr. Ayers stated the City receives approximately \$100,000 for Digital Infrastructure and Video Competition Act of 2006 (DIVCA) money and there is no use it or lose it provision.

In response to Mayor Pro Tempore Hansen, Lt. Todd Patterson confirmed that there are currently 67 sworn police officers, with four in background, and there are 71 authorized. Mr. Bartlam confirmed that federal grant funding has expired and all police officer hiring now comes from the General Fund. A brief discussion ensued regarding the ability to recruit, retain, and process police officers in an effective and efficient manner to ensure there is not a lapse in filling positions.

In response to Council Member Nakanishi, City Attorney Schwabauer provided an overview of the dibromochloropropane (DBCP) settlement, including what the settlement encompasses and the timeframe of the same.

In response to Council Member Johnson, Mr. Bartlam confirmed that the City Council could either keep enough reserves in the utility fund to address any future DBCP liability or take the wells offline.

In response to Council Member Nakanishi, Public Works Director Wally Sandelin stated over the last few years more wells are being impacted by DBCP although staff is operating the wells in a manner to ensure the impact is minimized to the extent possible.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin stated the biosolids project was completed approximately a year ago and is working as anticipated.

In response to Council Member Johnson, Electric Utility Director Elizabeth Kirkley stated staff

recently went to the Risk Oversight Committee to make additional energy purchases in response to the drought conditions based on the reduction of hydro in the City's portfolio.

In response to Council Member Nakanishi, Ms. Kirkley stated it appears that Californians are using less energy and a large factor is the weather itself versus actual conservation.

In response to Council Member Johnson, Mr. Ayers confirmed that there is a part-time position in Parks and Recreation at the lake that will need to change to a full-time position based on the current need.

In response to Mayor Pro Tempore Hansen, Mr. Ayers stated the budget takes into account the library remodel project both on the revenue and expenditure side.

In response to Council Member Nakanishi, Mr. Bartlam confirmed that Lodi is the only city in the County that operates its own library. Mr. Schwabauer indicated other cities contract with the County for library services.

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-Olson  
City Clerk



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Receive Fiscal Year 2013/14 Mid-Year Budget Report

**MEETING DATE:** February 4, 2014

**PREPARED BY:** Deputy City Manager

---

**RECOMMENDED ACTION:** Receive Fiscal Year 2013/14 mid-year budget report.

**BACKGROUND INFORMATION:** Staff has gathered and reviewed departmental estimates of revenue and expenses/expenditures for Fiscal Year 2013/14. Summarized key elements of this review are presented herein.

**General Fund:** Revenues are projected to be about \$583,000 over budget while expenditures are anticipated to be about \$325,000 under budget. While initially budgeted at a breakeven level, the expenditure budget and estimated actuals have been increased to reflect the anticipated drawdown of reserves associated with new labor agreements that have been approved by Council. The net impact of the adjustments and estimates is to increase reserves by about \$609,000. The primary reason for the revenue increase is increased sales tax, property tax and late fee collections. Expenditure reductions are primarily due to salary and benefit savings.

**Water Utility:** The Water Utility is projecting revenues of about \$555,000 over budget and expenses of about \$676,000 lower than budget. Net impact is a reduction in reserves of \$1.6 million against a budgeted reduction in fund balance of \$2.8 million.

**Wastewater Utility:** The Wastewater Utility is projecting reduced revenues and expenses when compared to budget. Net impact is a reduction in reserves of \$1.5 million against a budgeted reduction in fund balance of \$1.2 million.

**Electric Utility:** The Electric Utility revenues are estimated to be about \$1.8 million below budget while expenses are estimated to be about \$1.6 million below budget. Net impact is a decrease in reserves of about \$285,000 against a budgeted decrease in reserves of \$111,000.

**Community Development:** Community Development is projecting a decrease in reserves of \$84,000 as compared to a budgeted decrease of \$17,000 as a result of decreased revenues and increased expenditures.

**Streets:** The Streets fund is projecting a \$30,000 increase in reserves as compared to budget. Both revenue and expenses are increased as a result of additional projects being delivered.

---

APPROVED:

Konradt Bartlam, City Manager

**Parks, Recreation and Cultural Services:** PRCS is estimating revenues and expenditures to be below budget levels. Against a budgeted reduction of reserves of \$6,000, the department is expecting to increase reserves by \$27,000. Expenditure estimates include the conversion of a part-time Program Coordinator position to full-time.

**Library:** Library revenues and expenditures are increased due to the capital refurbishment project. Reserves are expected to increase by \$67,000 as compared to a budget increase of \$20,000. The primary reason for the increase is salary and benefit savings.



Jordan Ayers  
Deputy City Manager

JA/ja



# 2013/14 Mid-Year Budget Review

City Council Shirtsleeve  
February 5, 2014

# [ General Fund Overview ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>General Fund</b>				
<b>Fund Balance</b>				
Beginning Fund Balance Unreserved	6,164,685	7,044,415	7,559,467	515,052
<b>Revenues</b>	<b>41,380,988</b>	<b>42,198,820</b>	42,781,478	582,658
<b>Expenditures</b>	<b>39,986,206</b>	<b>42,497,230</b>	42,172,546	(324,684)
<b>Net Difference (Revenues Less Expenditures)</b>	<b>1,394,782</b>	<b>(298,410)</b>	608,932	907,342
<b>Fund Balance</b>				
Ending Fund Balance Unreserved	<u>7,559,467</u>	<u>6,746,005</u>	<u>8,168,399</u>	<u>1,422,394</u>

# [ Key Revenue Variances ]

■ Sales Tax	+\$235,000
■ Late Utility Payments	+\$200,000
■ Property Tax	+\$ 98,000

# Departmental Variances

Department	2013/14 Budget	2013/14 Estimate	Over/(Under) Budget
City Attorney	476,578	532,656	56,078
City Clerk	517,067	525,800	8,733
City Manager	407,853	349,039	(58,814)
Economic Development	481,880	490,314	8,434
Fire	9,637,030	9,619,603	(17,427)
Internal Services	3,237,480	3,230,027	(7,453)
Non Departmental	9,055,222	8,973,165	(82,057)
Police	16,789,830	16,552,245	(237,585)
Public Works	1,894,290	1,899,697	5,407
Total	42,497,230	42,172,546	(324,684)

# [ General Fund Departments ]

- **City Attorney** (\$56,078 over budget)
  - Professional services
- **City Clerk** (\$8,733 over budget)
  - Medical plan changes
- **City Manager** (\$58,814 under budget)
  - Personnel savings
- **Economic Development** (\$8,434 over budget)
  - Fourth of July/Fireworks Task Force

# [ General Fund Departments ]

- **Fire** (\$17,427 under budget)
  - Personnel savings
- **Internal Services** (\$7,453 under budget)
  - Personnel savings
- **Non-Departmental** (\$82,057 under budget)
  - Deferring DIVCA projects
- **Police** (\$237,585 under budget)
  - Personnel savings
- **Public Works** (\$5,407 over budget)
  - Nominal increase in supplies/materials

# [ Water Utility ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Water Utility Enterprise Fund</b>				
<u>Cash Balance</u>				
Beginning Cash Balance	12,465,350	10,376,435	9,044,659	(1,331,776)
Revenues	14,894,809	14,484,970	15,040,230	555,260
Expenditures	<u>18,315,500</u>	<u>17,296,140</u>	<u>16,620,042</u>	<u>(676,098)</u>
Net Difference (Revenues Less Expenditures)	(3,420,691)	(2,811,170)	(1,579,812)	1,231,358
<u>Cash Balance</u>				
Ending Cash Balance	<u>9,044,659</u>	<u>7,565,265</u>	<u>7,464,847</u>	<u>(100,418)</u>

# [ Water Utility Variances ]

---

- Revenue increase due to DBCP settlement exceeding budgeted amount
- Expense savings primarily in Water Meter Phase 3 project

# [ Wastewater Utility ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Wastewater Utility Enterprise Fund</b>				
<u>Cash Balance</u>				
Beginning Cash Balance	12,513,936	12,078,736	13,695,513	1,616,777
Revenues	14,346,216	15,035,170	14,634,840	(400,330)
Expenditures	<u>13,164,639</u>	<u>16,267,918</u>	<u>16,103,773</u>	<u>(164,145)</u>
Net Difference (Revenues Less Expenditures)	1,181,577	(1,232,748)	(1,468,933)	(236,185)
<u>Cash Balance</u>				
Ending Cash Balance	<u>13,695,513</u>	<u>10,845,988</u>	<u>12,226,580</u>	<u>1,380,592</u>

# [ Wastewater Utility Variances ]

- Revenue decrease due to receipt of bond proceeds in prior year
- Expense savings primarily in reduction of capital projects

# [ Electric Utility ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Electric Utility Enterprise Fund</b>				
<u>Cash Balance</u>				
Beginning Cash Balance *	2,143,190	7,166,405	6,636,200	(530,205)
Revenues	71,679,622	71,127,990	69,345,510	(1,782,480)
Expenditures	<u>67,186,612</u>	<u>71,238,821</u>	<u>69,630,519</u>	<u>(1,608,302)</u>
Net Difference (Revenues Less Expenditures)	4,493,010	(110,831)	(285,009)	(174,178)
<u>Cash Balance</u>				
Ending Cash Balance *	<u>6,636,200</u>	<u>7,055,574</u>	<u>6,351,191</u>	<u>(704,383)</u>

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

# [ Electric Utility Variances ]

---

- Revenue reductions in expected work for others and greenhouse gas sales
- Expense reductions come from lower purchased power and capital projects

# [ Community Development ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Community Development Fund</b>				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	293,173	664,338	875,801	211,463
Revenues	1,674,188	1,184,850	1,142,130	(42,720)
Expenditures	<u>1,091,560</u>	<u>1,201,910</u>	<u>1,225,814</u>	<u>23,904</u>
Net Difference (Revenues Less Expenditures)	582,628	(17,060)	(83,684)	(66,624)
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>875,801</u>	<u>647,278</u>	<u>792,117</u>	<u>144,839</u>

# Community Development Variances

---

- Revenue reduction in plan check fees for the Wal-Mart project
- Expenses include partial year contract for a City Planner

# [ Streets ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Street Fund</b>				
<u>Fund Balance</u>				
Beginning Fund Balance	6,513,011	6,525,206	4,964,236	(1,560,970)
Revenues	3,707,564	5,207,750	5,324,450	116,700
Expenditures	<u>5,256,339</u>	<u>8,197,409</u>	<u>8,283,555</u>	<u>86,146</u>
Net Difference (Revenues Less Expenditures)	(1,548,775)	(2,989,659)	(2,959,105)	30,554
<u>Fund Balance</u>				
Ending Fund Balance	<u>4,964,236</u>	<u>3,535,547</u>	<u>2,005,131</u>	<u>(1,530,416)</u>

# [ Streets Variances ]

---

- Revenue increase in Gas Tax and Federal grants
- Expenditure increase in capital projects

# Parks, Recreation & Cultural Services

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Parks, Recreation &amp; Cultural Svcs Fund</b>				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	(861,843)	(746,353)	(508,866)	237,487
Revenues	5,579,622	5,728,320	5,694,290	(34,030)
Expenditures	<u>5,226,645</u>	<u>5,734,362</u>	<u>5,667,282</u>	<u>(67,080)</u>
Net Difference (Revenues Less Expenditures)	352,977	(6,042)	27,008	33,050
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>(508,866)</u>	<u>(752,395)</u>	<u>(481,858)</u>	<u>270,537</u>

# Parks, Recreation & Cultural Services Variances

- Revenue reduction in rentals and aquatic activities
- Expenditure reductions
  - Staff reductions
- Includes addition of full-time program coordinator, offset by part-time hours

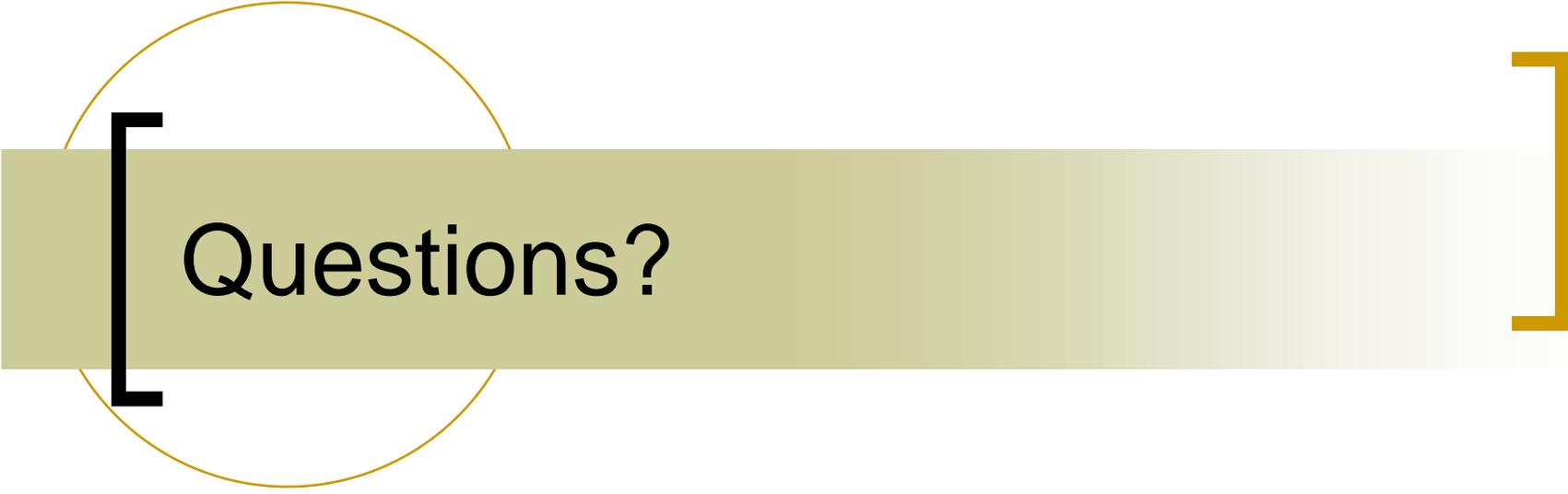
# [ Library ]

	Audited 2012-13 Actuals	2013-14 Budget	Estimated 2013-14 Actuals	Budget to Est Actuals Variance
<b>Library Fund</b>				
<u>Fund Balance</u>				
Beginning Fund Balance Unreserved	67,774	103,994	54,577	(49,417)
Revenues	1,428,796	1,447,800	1,795,770	347,970
Expenditures	<u>1,441,993</u>	<u>1,427,346</u>	<u>1,729,099</u>	<u>301,753</u>
Net Difference (Revenues Less Expenditures)	(13,197)	20,454	66,671	46,217
<u>Fund Balance</u>				
Ending Fund Balance Unreserved	<u>54,577</u>	<u>124,448</u>	<u>121,248</u>	<u>(3,200)</u>

# [ Library Variances ]

---

- Revenue increase for capital refurbishment project
- Expenditure increase for capital refurbishment project
- Expenditure reductions in salaries and benefits



Questions?