

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 6, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 6, 2014, commencing at 7:00 a.m.

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

Absent: Council Member Nakanishi, and Mayor Katakian

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

B. Topic(s)

B-1 Receive Presentation Regarding Fiscal Year 2014/15 Budget (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the Fiscal Year 2014/15 budget. Specific topics of discussion included general economic conditions, General Fund revenue, fund balance, housing, employment, labor relations, Public Employees' Retirement System (PERS) projections, top ten revenue sources, sales tax, property tax, in-lieu transfers, operating transfers, and reserve status.

In response to Council Member Johnson, Interim City Attorney Schwabauer stated that, with respect to property tax allocation, he is doing some research to see what is being paid, what the agreement is, and what is permissible by law.

In response to Mayor Pro Tempore Hansen, Mr. Schwabauer stated that, with respect to the new development on Sargent Road, the developer will put in the new park and the community facilities district will be put toward the maintenance of that park.

In response to Council Member Johnson, Mr. Schwabauer stated the City has not received the specific numbers for the mortality rate adjustment although it is expected to be approximately one to two million dollars in excess of the 2014/15 numbers.

In response to Council Member Mounce, Mr. Ayers stated from a budgetary perspective the late payment adjustment numbers show a decrease based on actuals.

In response to Council Member Johnson, Mr. Ayers stated business licenses are compared to the County list of fictitious business names and the Franchise Tax Board list for businesses with a Lodi address.

In response to Council Member Mounce, Mr. Schwabauer stated if PG&E were in Lodi the City would receive a fee and in Stockton it also pays an additional franchise fee. Council Member Mounce requested information on what fees would be paid by PG&E to the City of Lodi if the City were with PG&E versus having its own utility.

In response to Council Member Johnson, Mr. Ayers stated the primary reason for phasing in the fee study is to avoid rate shock to the General Fund.

In response to Council Member Johnson, Mr. Ayers stated only \$245,000 is truly available from the \$545,504 figure listed on the reserve status slide.

In response to Council Member Johnson and Council Member Mounce, Parks, Recreation and Cultural Services Director Jeff Hood provided an update on DIVCA funding related projects, including video and broadcast enhancement projects, and stated he is continuing to review options for Spanish broadcast of the City Council meetings.

Alex Aliferas spoke in regard to his concerns about the increase in CalPERS projections for the future and the related impact to the City's budget.

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-Olson
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2014/15 Budget
MEETING DATE: May 6, 2014
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2014/15 budget.

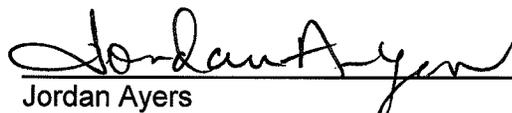
BACKGROUND INFORMATION: The Fiscal Year (FY) 2014/15 budget is built on a number of basic economic assumptions.

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

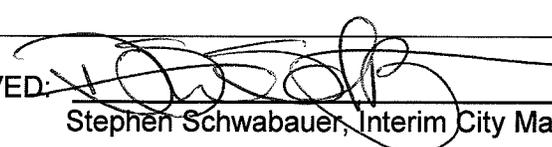
In advance of publication of the document, staff is planning a series of presentations that will provide Council and the public with the basic parameters that form the foundation of the budget.

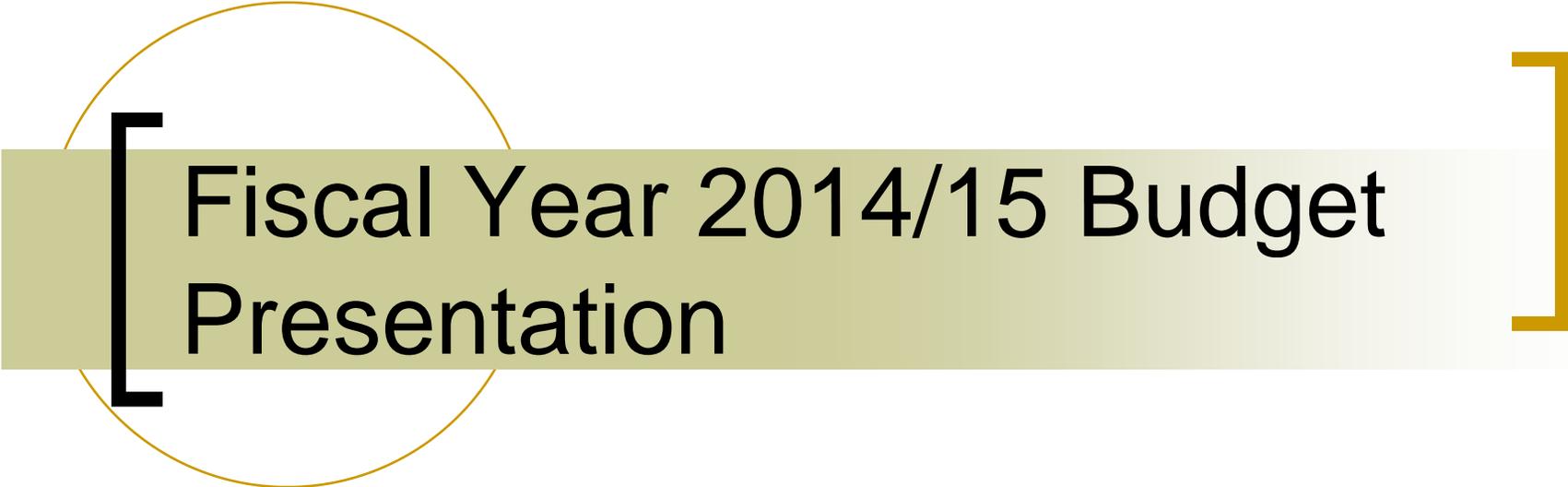
Today's discussion will focus on general economic parameters and general fund revenues.

FISCAL IMPACT: General Fund revenues are expected to be \$43,591,060, an increase of \$1,392,240 over the prior year.


Jordan Ayers
Deputy City Manager

JA/ja

APPROVED: 
Stephen Schwabauer, Interim City Manager



Fiscal Year 2014/15 Budget Presentation

City Council Shirtsleeve
Session

May 6, 2014

[Overview]

- General Economic Conditions
- General Fund Revenue
- Fund Balance

[Housing]

- Property values increasing
 - Highest values since 2007
- Foreclosures lower than surrounding areas
 - 0.10% in Lodi; 0.13% in San Joaquin County; 0.11% in California; 0.09% nationally

[Housing]

- Development

- Impact fee program assumes 50 per year for next 5 years

- City Revenue

- Zero property tax
- Impact fees
- \$800 (indexed annually) from Community Facilities District

[Employment]

- Unemployment continues to track the State rather than San Joaquin County
 - 9.9% for Lodi
 - 8.1% for State
 - 13.1% for San Joaquin County

(March 2014, Employment Development Department)

[Labor Relations]

- All bargaining group agreements expire in the budget year
 - IBEW not yet finalized
- 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]

	2014/15	2015/16*	2016/17*	2017/18*	2018/19*	2019/20*
Miscellaneous	18.002%	19.6%	21.2%	22.8%	24.4%	26.1%
Safety	38.490%	40.4%	42.3%	44.3%	46.2%	48.1%
Estimated Cost	\$7.6M	\$8.3M	\$9.1M	\$9.9M	\$10.8M	\$11.7M

*Projected rates from PERS

Does not account for mortality increases beginning in 2016/17

[General Fund Revenue]

FY 2014/15	\$43,591,060
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FY 2013/14	<u>\$42,198,820</u>
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Increase	<u><u>\$1,392,240</u></u>
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Top Ten General Fund Revenue Sources

Description	FY 2014/15	FY 2013/14	Difference
5031 Sales & Use Tax	\$10,190,000	\$9,657,000	\$533,000
5011 Property Taxes	\$8,502,480	\$8,156,500	\$345,980
5081 In-lieu Franchise	\$7,033,360	\$6,976,670	\$56,690
5499 In-lieu - VLF	\$4,410,350	\$4,226,000	\$184,350
4210 Operating Transfers In	\$4,000,000	\$4,000,000	\$0
5361 Rent	\$1,531,500	\$1,412,330	\$119,170
5207 Late Pmt-Utilities	\$1,200,000	\$900,000	\$300,000
5036 Business License Tax	\$1,180,000	\$1,122,000	\$58,000
5051 Waste Removal Franchise	\$1,027,920	\$980,000	\$47,920
5034 Transient Occupancy Tax	\$550,000	\$510,000	\$40,000

[Sales Tax]

- Budgeted year over year increase of \$533,000
 - 5.5% increase over prior year budget
 - 3.0% increase over prior year estimated receipts

[Property Tax]

- Year over year increase of \$345,980
 - 4.24% increase over FY 2013/14 budget
 - 3.0% increase over FY 2013/14 estimated receipts

[In-Lieu Franchise (PILOT)]

- Year over year increase of \$ 56,690
- 2007 Council adopted formula based upon increase in accounts
- 0.81% increase (206 accounts)

[In-Lieu - VLF]

- Year over year increase of \$184,350
 - 4.4% increase over FY 2013/14 budget
 - 3.0% increase over FY 2013/14 estimated receipts

[Operating Transfers]

- Same as prior year
- Phasing in results of consultant study regarding cost of services

[Fund Balance]

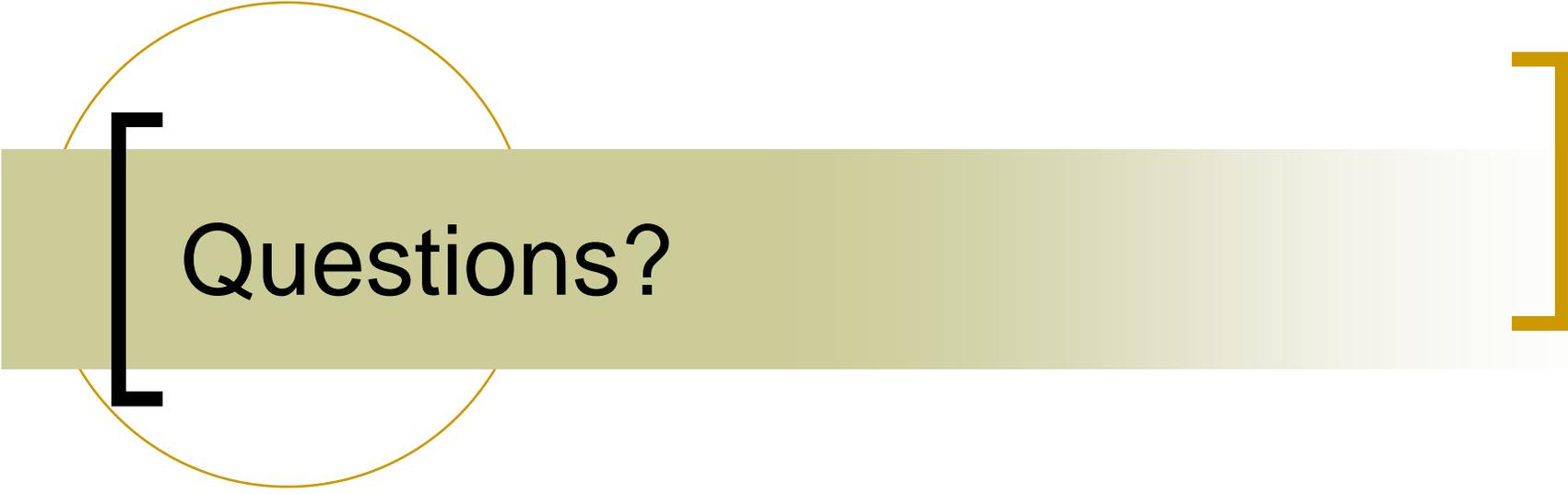
- Reserve Policy places 8% into Catastrophic Reserve
- Next 8% into Economic Reserve
- Available through Council action

[Reserve Status]

Estimated Fund Balance, June 30, 2014	\$7,520,074
Net Revenues/Expenditures	<u>0</u>
Estimated Fund Balance, June 30, 2015	<u><u>\$7,520,074</u></u>

Allocation of Estimated Fund Balance June 30, 2015

Catastrophic Reserve	\$3,487,285
Economic Reserve	\$3,487,285
Available (includes approx. \$300,000 for DIVCA)	<u>545,504</u>
Total Fund Balance	<u><u>\$7,520,074</u></u>



Questions?