



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: May 14, 2019

Time: 7:00 a.m.

*and via conference call:

1311 Midvale Road
Lodi, CA 95240

&

Fairmont Rehab Hospital
960 S. Fairmont Avenue
Lodi, CA 95240

For information regarding this Agenda please contact:

Jennifer M. Ferraiolo

City Clerk

Telephone: (209) 333-6702

Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 Receive Presentation Regarding Fiscal Year 2019/20 General Fund and Measure L Budget and Five-Year General Fund and Measure L Forecast (CM)

C. Comments by Public on Non-Agenda Items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Jennifer M. Ferraiolo
City Clerk

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**CITY OF LODI
COUNCIL COMMUNICATION**

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AGENDA TITLE: Receive Presentation Regarding Fiscal Year 2019/20 General Fund and Measure L Budget and the Five-Year General Fund and Measure L Forecast

MEETING DATE: May 14, 2019

PREPARED BY: Andrew Keys, Deputy City Manager

RECOMMENDED ACTION: Receive presentation regarding Fiscal Year 2019/20 General Fund and Measure L Budget and the five-year General Fund and Measure L forecast.

BACKGROUND INFORMATION: Staff has planned a series of presentations to provide the Council and public an opportunity to review and comment on basic assumptions within the FY 2019/20 budget to be proposed to Council later this month. The budget will be released and made available for public review at City Hall review at City Hall, the Library and online once the draft is finalized. This session is designed to provide information on the general economic circumstances facing City staff and Council in allocating resources to most effectively deliver services, with particular focus on the General Fund and Measure L.

Included in the presentation will be discussion of Fiscal year 2019/20 Measure L and General Fund expenditures and the Measure L and General Fund five-year forecast. The forecast is a critical planning tool for staff and Council to use to anticipate future resource or service level adjustments. The forecast presented will include a baseline scenario that keeps normal operations with no change in service levels.

Future Council budget presentations will focus on other aspects of the City's budget beyond the General Fund and Measure L. The first opportunity for the City Council to adopt the Fiscal Year 2019/20 budget will be at its regular meeting on June 5, 2019.

FISCAL IMPACT: There is no impact from this informational presentation.

FUNDING AVAILABLE: The draft General Fund and Measure L budgets for Fiscal Year 2019/20 is projected at \$59,605,690 in revenues and \$59,328,360 in expenditures.

Andrew Keys, Deputy City Manager

APPROVED: _____
Stephen Schwabauer, City Manager

Fiscal Year 2019/20 Budget General Fund Forecast

Presented by Andrew Key, Deputy City Manager



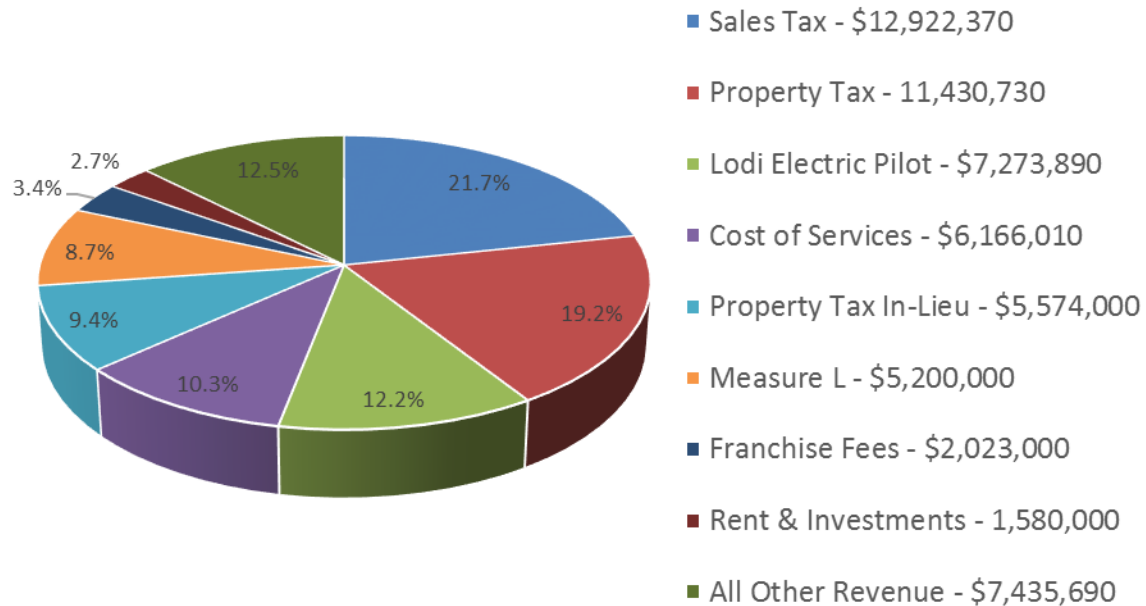
Agenda

- Fiscal Year 2019/20
 - Assumptions
 - Revenues
 - Expenses by Department
 - Expenses by Type
- Key Inputs
- Five Year Forecast
 - Assumptions
 - Projection
 - Risks/Known Challenges
 - Opportunities

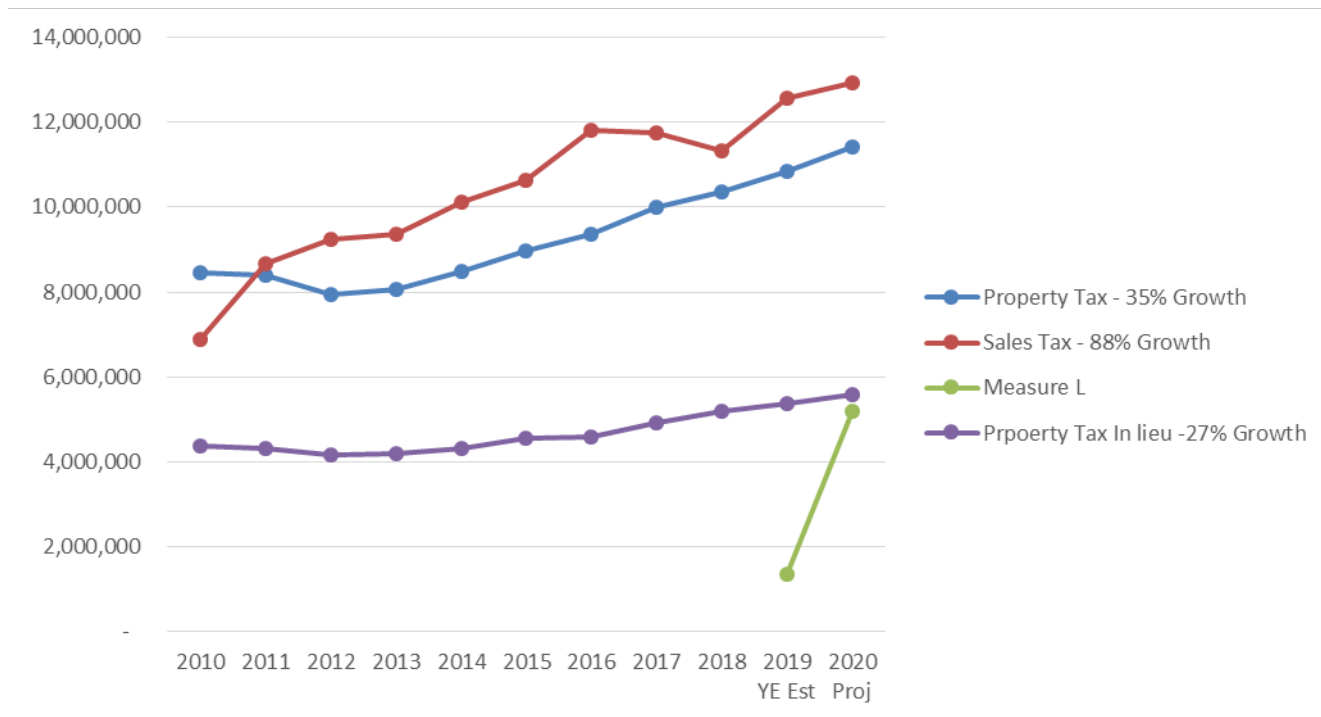


FY 2019/20 Revenues

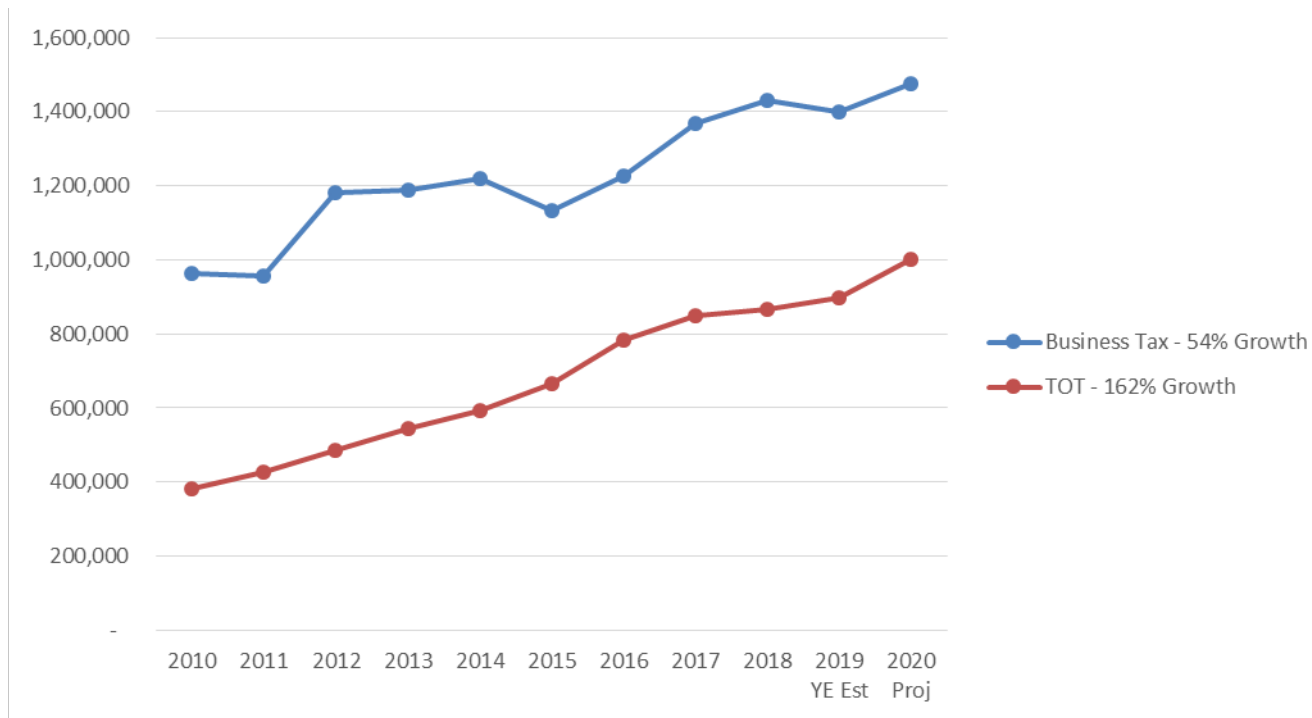
\$59,605,690



Revenue Trends



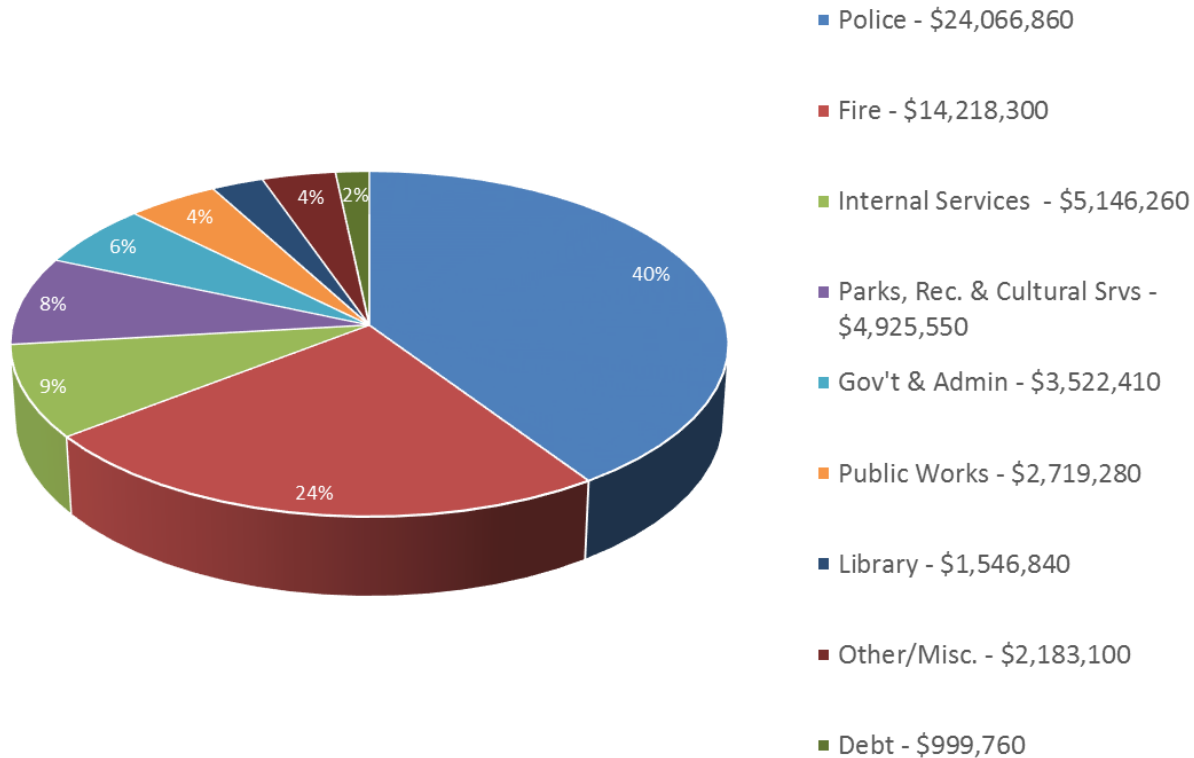
Revenue Trends



FY 2019-20 Expenses

\$59,605,690

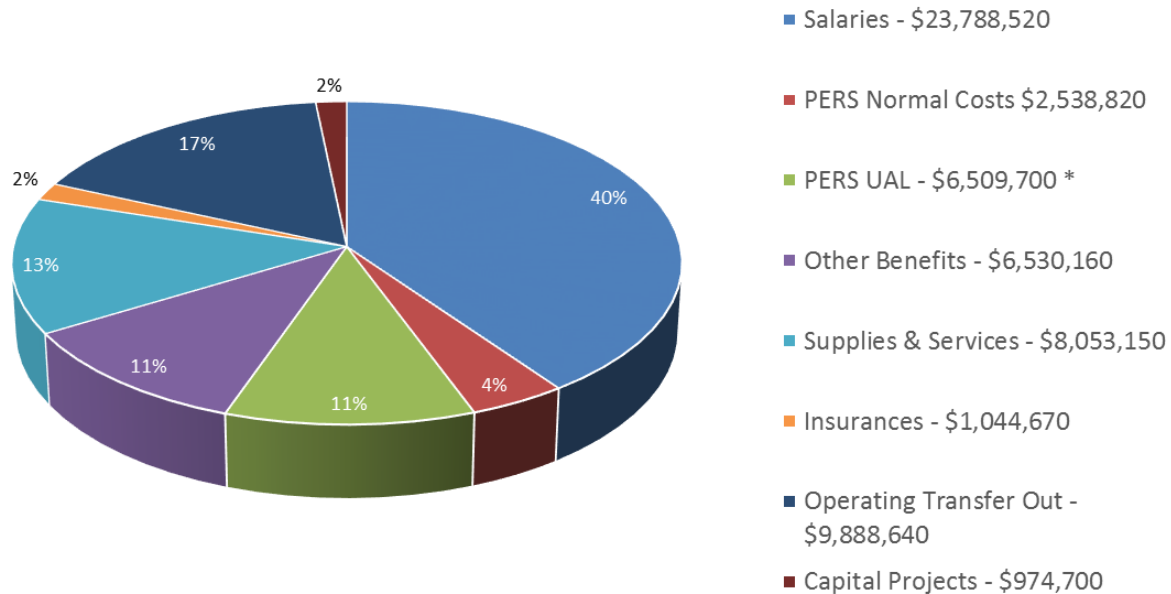
General Fund Expenditures by Function



FY 2019-20 Expenses

\$59,605,690

General Fund Expenditures by Type

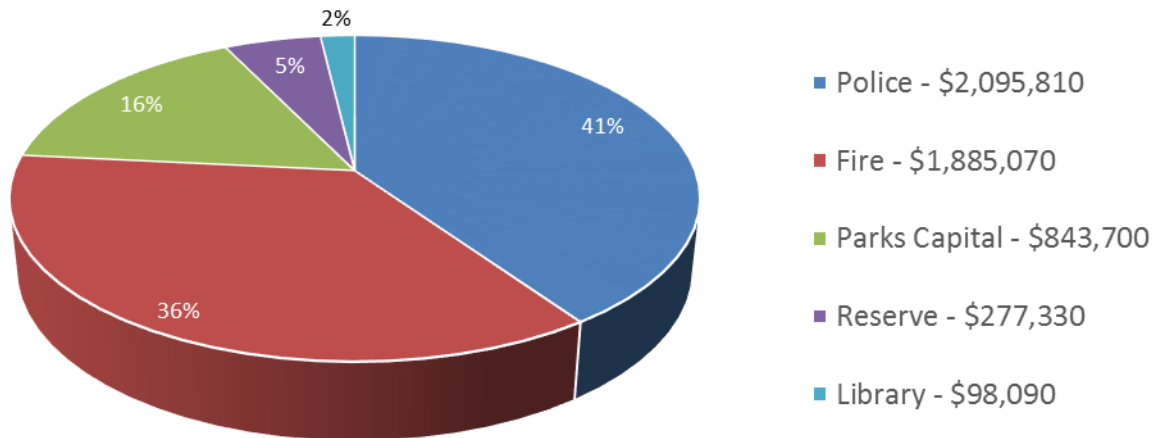


* General Fund represents 71% of the city-wide UAL costs. UAL Represents 12% of all General Fund expenses when Measure L is removed.



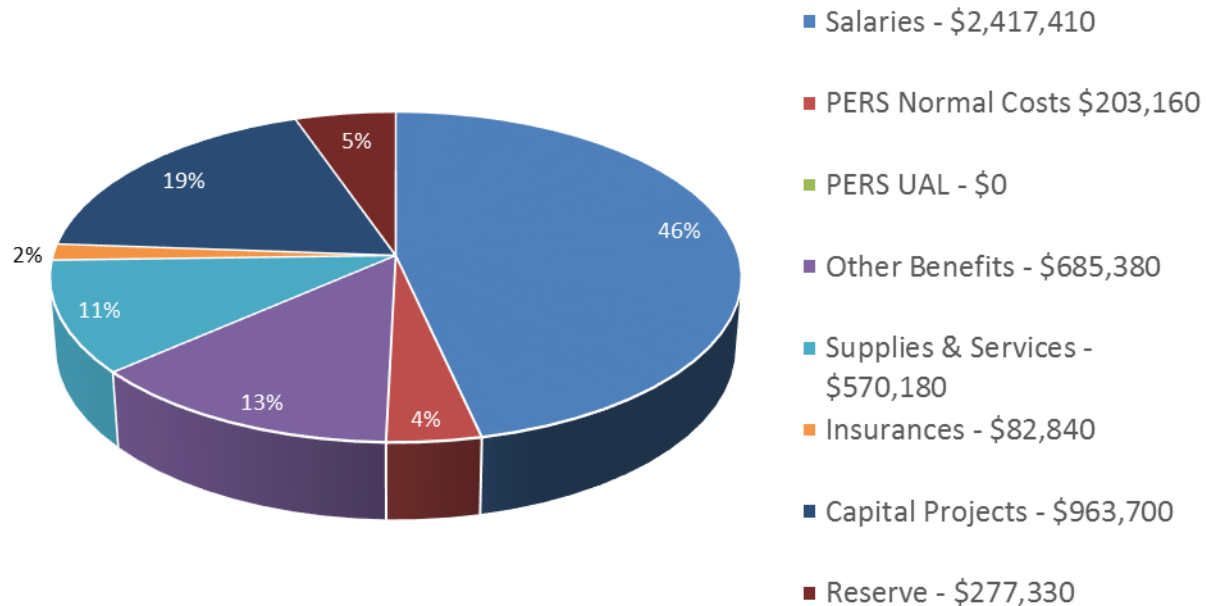
FY 2019-20 Measure L Expenses \$5,200,000

Measure L Expenditures by Function



FY 2019-20 Measure L Expenses \$5,200,000

Measure L Expenditures by Type



Key Inputs

- 3 new position recommendations:
 - Associate Engineer \$130,970
 - Facilities Superintendent \$124,220
 - Librarian \$98,080 (Measure L funded)
- Police: \$236,000 to Vehicle Replacement
\$100,000 to Equipment Replacement
- Fire: \$570,000 to Vehicle Replacement
\$170,000 to Equipment Replacement
- Continued \$1.3m MOE to Measure K
- \$435,000 Capital Contribution



Measure L

- Revenues: \$5,200,000
- Expenditures: \$4,922,670
- Reserves: \$277,330
- Measure L Position Funding:

Measure L Funded Positions	Approved Mid Year	Requested FY 2019/20	Moved from GF	Moved to GF	Total for FY 2019/20	Cost:
Police Officers	6	0	4	0	10	\$1,296,360
Firefighters	3	0	5	0	8	\$840,000
Fire Battalion Chief	1	0	0	1	0	\$0
Librarian	0	1	0	0	1	\$98,080
Total	10	1	9	1	19	\$2,234,440



Measure L

- Supplies, Materials and Capital
 - Police Equipment \$523,430
 - Two Police Patrol Vehicles \$120,000
 - Parks Tree Maintenance and Playground Replacements \$843,700

Vehicle Replacement Fund

Vehicle Replacement Funds	FY 17/18 End Fund Balance	FY 18/19 Est Rev	FY 18/19 Est Exp	FY 18/19 YE Est Fund Bal	FY 19/20 Proj Rev	FY 19/20 Proj Exp	FY 19/20 Proj Fund Bal	Fund Target*	Over/(Under) Target
Comm. Dev	\$63,694	\$21,000	\$0	\$84,694	\$0	\$0	\$84,694	\$57,953	\$26,741
Fire Dept.	\$434,229	\$250,000	\$0	\$684,229	\$570,000	\$870,000	\$384,229	\$2,701,445	(\$2,317,216)
Police Dept.	\$899,870	\$127,166	\$240,700	\$786,336	\$236,000	\$279,000	\$743,336	\$1,667,504	(\$924,168)
PRCS	\$401,482	\$61,700	\$55,000	\$408,182	\$68,300	\$224,000	\$252,482	\$998,061	(\$745,579)
PW-GF	\$97,739	\$25,000	\$23,572	\$99,167	\$0	\$0	\$99,167	\$222,156	(\$122,989)
Grand Total	\$1,897,014	\$484,866	\$319,272	\$2,062,608	\$874,300	\$1,373,000	\$1,563,908	\$5,647,119	(\$4,083,211)

*Fund Target is the straight line depreciation value of vehicle stock that should be set aside for future replacements using Fleet Services estimated useful life expectancies by vehicle type.

Vehicle Replacement Funds	FY 19/20 Straight Line Depreciation Requirement	FY 2019/20 Recommended Funding	Annual Funding Surplus/(Shortage)
Comm. Dev	\$6,598	\$0	(\$6,598)
Fire Dept.	\$182,711	\$570,000	\$387,289
Police Dept.	\$210,820	\$236,000	\$25,180
PRCS	\$48,681	\$68,300	\$19,619
PW-GF	\$13,689	\$0	(\$13,689)
Grand Total	\$462,499	\$874,300	\$411,801



5 Year Forecast - Summary

- Base case operations are sustainable
 - Does not address labor negotiations
 - No new positions beyond what's recommended in FY 20
 - Status quo services
- Opportunity exists in Pension funding policies, PERS “fresh start”, debt refinancing and new development
- Risks abound in PERS earnings, maintaining/enhancing competitiveness in labor market and service model sustainability

5 Year Forecast - Assumptions

Revenue Category	FY 19/20 B	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Property Taxes - Secured	4.0%	3.7%	3.7%	3.7%	3.7%	3.7%
Property Taxes - Other	3.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Sales & Use Taxes	2.8%	1.5%	1.7%	2.0%	2.0%	2.0%
Other Taxes	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EU Pilot	1.1%	0.5%	0.5%	0.5%	0.5%	0.5%
Licenses & Permits	-8.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fines & Forfeitures	-1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Use of Money	0.3%	2.0%	2.0%	2.0%	2.0%	2.0%
Misc Revenues	-5.7%	1.0%	1.0%	1.0%	1.0%	1.0%
Property Tax in Lieu VLF	4.0%	3.7%	3.7%	3.7%	3.7%	3.7%
Intergovernmental - Other	-1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Charges for Services	-7.7%	1.5%	1.5%	1.5%	1.5%	1.5%
Transfers In	23.4%	1.2%	1.2%	1.2%	1.2%	1.2%
Property Taxes - CFD	99%	42%	31%	31%	15%	14%
Measure L	N/A	1.5%	1.7%	2.0%	2.0%	2.0%

Expense Category	FY 19/20 B	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Salaries [1]	11.8%	1.0%	1.3%	1.1%	0.8%	0.0%
PERS Normal Cost [1] [2]	-3.2%	11.5%	1.3%	1.1%	0.8%	0.0%
PERS UAL [2]	22.2%	11.2%	11.3%	8.6%	4.8%	4.7%
Other Benefits [1] [3]	17.3%	2.5%	2.5%	2.5%	2.5%	2.5%
Operations	27.5%	2.0%	2.0%	2.0%	2.0%	2.0%
Debt [4]	-0.2%	-0.3%	-8.5%	-0.4%	0.0%	-0.2%
Transfers	-6.9%	0.5%	0.5%	0.5%	0.5%	0.5%

5 Year Forecast - Assumptions

- FY 19/20 based on current labor agreements
- New positions from 18/19 adopted budget:
 - Mid Year Approvals: 6 Police Officers, 3 Firefighters, 1 Battalion Chief, 1 Risk Technician, 1 Confidential Admin. Secretary
 - Recommended: 1 Facilities Superintendent and 1 Assistant Civil Engineer
- Growth in PERS outpaces salaries due to final discount rate drop and phase in of all three discount rate drops
- Debt Service based on existing debt structure

5 Year Forecast - Revenue

	<u>FY 18/19 E</u>	<u>FY 19/20 B</u>	<u>FY 20/21</u>	<u>FY 21/22</u>	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 24/25</u>
Revenue							
Property Taxes - Secured	10,484,000	10,903,360	11,307,000	11,726,000	12,160,000	12,610,000	13,077,000
Property Taxes - Other	458,820	474,840	485,000	495,000	505,000	516,000	527,000
Sales & Use Taxes	12,573,120	12,922,370	13,117,000	13,340,000	13,607,000	13,880,000	14,158,000
Other Taxes	4,863,560	5,108,000	5,211,000	5,238,000	5,265,000	5,292,000	5,319,000
EU Pilot	7,197,380	7,273,890	7,311,000	7,348,000	7,385,000	7,422,000	7,460,000
Licenses & Permits	88,530	81,450	82,000	82,000	82,000	82,000	82,000
Fines & Forfeitures	1,418,650	1,400,500	1,401,000	1,401,000	1,401,000	1,401,000	1,401,000
Use of Money	1,647,830	1,652,000	1,686,000	1,720,000	1,755,000	1,791,000	1,827,000
Misc Revenues	457,400	431,380	436,000	441,000	446,000	451,000	456,000
Property Tax in Lieu VLF	5,360,000	5,574,000	5,574,000	5,574,000	5,574,000	5,574,000	5,574,000
Intergovernmental - Other	646,200	636,990	637,000	637,000	637,000	637,000	637,000
Charges for Services	1,629,810	1,503,530	1,527,000	1,550,000	1,574,000	1,598,000	1,622,000
Transfer In	4,994,780	6,166,010	6,241,000	6,316,000	6,392,000	6,469,000	6,547,000
Property Taxes - CFD	139,414	277,370	393,324	513,806	672,451	773,774	878,880
Measure L	0	5,200,000	5,278,000	5,368,000	5,476,000	5,586,000	5,698,000
Total Revenue	51,959,494	59,605,690	60,686,324	61,749,806	62,931,451	64,082,774	65,263,880
Revenue Growth	3.8%	14.8%	2.0%	1.9%	2.1%	2.0%	2.0%

5 Year Forecast - Expenses

Expense Category	FY 18/19 E	FY 19/20 B	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
Salaries	21,269,350	23,788,720	24,037,000	24,359,000	24,621,000	24,810,000	24,820,000
PERS Normal Cost	2,622,630	2,538,830	2,832,000	2,870,000	2,901,000	2,924,000	2,926,000
PERS UAL	5,329,040	6,509,700	7,239,320	8,055,600	8,745,520	9,167,880	9,597,960
Other Benefits	6,881,700	8,073,630	8,276,000	8,483,000	8,696,000	8,914,000	9,137,000
Operations	11,010,580	14,036,500	14,318,000	14,605,000	14,898,000	15,196,000	15,500,000
Debt	1,101,430	1,098,940	1,095,330	1,002,560	998,250	998,480	996,150
Transfers	2,618,670	2,438,340	2,451,000	2,464,000	2,477,000	2,490,000	2,503,000
Measure L Capital	-	843,697	155,674	-	-	-	-
Measure L Fund Balance [1]	-	277,333	282,000	287,000	-	-	-
Pension Stabilization (PARS)	168,370	-	-	-	-	-	-
Total Expenditure	51,001,770	59,605,690	60,686,324	62,126,160	63,336,770	64,500,360	65,480,110
Expenditure Growth	7.8%	16.9%	1.8%	2.4%	1.9%	1.8%	1.5%
Revenue - Expenditure	957,724	-	-	(376,354)	(405,319)	(417,586)	(216,230)
Total Fund Balance	19,541,700	19,819,033	20,101,033	20,011,679	19,606,360	19,188,774	18,972,545

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5 Year Forecast – PSF

Penison Stabilization Fund

Beginning Balance	8,787,132	10,916,864	10,485,620	10,313,198	9,769,087	9,150,158	8,536,360
Earnings	549,196	682,304	655,351	644,575	610,568	571,885	533,523
(Draws)/Additions	1,580,536	(1,113,548)	(827,773)	(1,188,686)	(1,229,496)	(1,185,683)	(950,729)
Ending Balance	10,916,864	10,485,620	10,313,198	9,769,087	9,150,158	8,536,360	8,119,154

Questions?

