

STAFF REPORT
City of Lancaster
Lancaster Redevelopment Agency

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06/14/11
MVB

Date: June 14, 2011

To: Mayor Parris and City Council Members
Chairman Parris and Agency Directors

From: Mark V. Bozigian, City Manager
Barbara Boswell, Finance Director

Subject: **Proposed Fiscal Year 2011-12 Budget and Adjustment of Fee Schedules**

Redevelopment Agency Recommendation:

Open public hearing, receive report and public testimony, close public hearing and direct staff to schedule budget adoption for June 28, 2011.

City Council Recommendation:

Open public hearing, receive report and public testimony, close public hearing and direct staff to schedule budget adoption and adjustment of fee and fine schedules for June 28, 2011.

Background:

The City and the Redevelopment Agency are required to adopt a budget by July 1 of each year that establishes appropriations and estimated revenues for the fiscal year. The proposed budget is a culmination of many months of work by the City Council/Agency Board and staff in reviewing priorities and evaluating programs to meet those priorities. The budget is a document that provides financial guidance throughout the fiscal year but also provides the necessary flexibility for Council to proactively address changing conditions and new opportunities.

The economy is showing signs of recovery, however, our housing market continues to decline. This impact to assessed valuation, and ultimately revenues, makes it a challenge to meet the needs of our citizens. Staff has proposed a budget that meets that challenge and keeps all facilities open and programs continuing into the next fiscal year.

The Redevelopment Agency made its second Supplemental Educational Revenue Augmentation Fund (SERAF) payment to the State, sending an additional \$3.5 million, on top of the \$17 million payment made last fiscal year. The State continues to be a threat with one of the Governor's budget proposals that includes a recommendation to abolish redevelopment agencies. This action would result in the loss of funds that would have been used in economic development efforts in Lancaster. Projects such as the renovation of Downtown Lancaster have only been possible because of redevelopment. If the Governor is successful the City will no longer be able to finance similar projects in the future.

Broadly stated, the priorities for the coming year, as reflected in the proposed budget, are:

- Financial Stability
- Public Safety
- Economic Development/Revenue Generation/Job Creation

The City is making great strides in developing its solar energy initiatives. We have signed agreements with two school districts to provide solar power to their school sites, and have several more possible solar projects on the horizon, bringing new revenue streams to the City.

Public safety remains the major priority of the City/Agency and great progress has been made in reducing the crime rate by 34% since 2007. The City is working closely with the Los Angeles County Sheriff's department to use resources in their most effective and efficient manner to protect the citizens of Lancaster and continue to drive down the crime rate.

The City Council and staff are proud of the financial management and conservative fiscal policies that have enabled us to weather the economic downturn without having to drastically reduce service. The proposed budget continues those policies, with a 10% operating reserve and a 15% financial stability reserve being maintained in the City's general fund. These reserves are well above reserves typically found in California cities and provide a cushion for unexpected changes in revenue streams. They have also allowed the City to take a proactive approach in dealing with the economic decline while being fiscally responsible.

The following table summarizes the proposed budget:

	CITY	REDEVELOPMENT AGENCY	TOTAL
Salaries	\$26,219,470	\$2,306,300	\$28,525,770
Operations & Maintenance	\$50,895,130	\$1,498,065	\$52,393,195
Programmatic Expenditures	\$0	\$50,000	\$50,000
Capital Outlay	\$540,000	\$0	\$540,000
Capital Projects	\$14,655,445	\$70,000	\$14,725,445
Pass-Through Payments	\$0	\$36,773,000	\$36,773,000
Debt Service	\$0	\$21,040,185	\$21,040,185
TOTAL	\$92,310,045	\$61,737,550	\$154,047,595
FY 2010/11 Estimates	\$128,292,130	\$80,479,223	\$208,771,353
% Change	-28%	-23%	-26%

The proposed City budget reflects a 28% decrease from FY 2010/11 expenditure levels. The decrease is primarily in the Capital Improvement Program (CIP). This comes as a result of a decrease in the availability of funding from developer fees for new roads and drainage improvements, and grant funds for specific projects.

The proposed Redevelopment Agency budget is 23% lower than that of FY 2010/11. The decrease is reflective of the decrease in revenues due to loss in property values citywide. The agency will initiate fewer new housing and economic development programs in the coming year.

Typically during the budget process a review of the City's fees is undertaken, with a new fee schedule proposed as part of the budget. **For the next fiscal year it is recommended that no increases are made to current fees.** However, there are a few new fees necessitated. They are detailed in the attachment.

By law, a fee must be based on the cost to provide service. These fees reflect the actual cost of service.

The proposed budget and new fees will come back for final adoption at the regular City Council/Redevelopment Agency meeting of June 28, 2011 and will be effective July 1, 2011.

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Attachments:

Fiscal Year 2011-12 Proposed Budget – On file in the City Clerk’s Department
City of Lancaster Proposed Fees

CITY OF LANCASTER
 PROPOSED NEW FEES
 EFFECTIVE JULY 1, 2011

New Fees
Proposed

**LANDSCAPE AND
 IRRIGATION**

Tract Standardized Plans		\$607
Tract Production		\$116
New Custom Residence	< 10,000 SF	\$535
	> 10,000 SF	\$821
Existing SFD		\$254
New Commercial	< 10,000 SF	\$723
	> 10,000 SF	\$1,009

Solar Photovoltaic System

Residential	(Permit \$33, Travel & Documentation \$22, Issuance \$6)	\$61
Commercial	(Minimum 2 hrs Plan Check \$378, 2 hrs Inspection \$266) Additional time will be charged at the fully allocated rate.	\$642

Residential Fire Sprinkler

Residential	(Minimum 2 hrs Plan Check \$378, 2 hrs Inspection \$266) Additional time will be charged at the fully allocated rate.	\$642
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Utility Service Cut Encroach Permit - Asphalt Cut

Permit		\$134
Asphalt Cut Paving Inspection		\$0.71/sf