

**STAFF REPORT**  
**City of Lancaster**

CB 1
06/24/14
MVB

Date: June 24, 2014

To: Mayor Parris and City Council Members

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

Subject: **Fiscal Year 2014-15 City of Lancaster Budget Adoption and Related Resolutions**

---

**Recommendations:**

- a. Adopt **Resolution No. 14-36**, adopting the proposed City of Lancaster Fiscal Year 2014-15 General Fund Operating Budget, Special Funds Budget, and Capital Improvements Budget, as specified in the Budget Document, as amended in Attachment A.
- b. Adopt **Resolution No. 14-37**, establishing the annual Appropriations Limit for Fiscal Year 2014-15.
- c. Award Request for Proposal (RFP) 581-14 in favor of CalPERS, as a California Employers' Retiree Benefit Trust Fund (CERBT).
- d. Approve Agreement and Election of City of Lancaster to Prefund Other Post Employment Benefits (OPEB) through CalPERS (Attachment 1).
- e. Approve Declaration of Authority for Disbursements from the OPEB Trust (Attachment 2).

**Background:**

The City is required to adopt a budget by July 1 of each year that establishes appropriations and estimated revenues for the upcoming fiscal year. The proposed budget is a culmination of many months of work by the City Council and staff in reviewing priorities and evaluating programs to meet those priorities. A Public Hearing to review the budget was held on June 10, 2014.

Expenditures are proposed at \$109,201,390 for fiscal year 2014-15. Total revenues are estimated at \$110,414,616 with \$1,213,226 going to fund balance for future use. The 10% operating reserve and 11% financial stability reserve in the general fund are preserved in the proposed budget.

The proposed budget is broken into the following categories:

Salaries & Benefits	\$32,120,079
Operations & Maintenance	54,368,177
Capital Outlay	127,869
Capital Improvement	<u>22,585,265</u>
<b>TOTAL</b>	<b><u>\$109,201,390</u></b>

The General Fund operating expenditures for next fiscal year are proposed at \$52,032,665 with no funding for capital improvement projects. Revenues are projected at \$52,921,320.

New funding for the Capital Improvement Program is proposed at \$22,585,265. Project categories are segregated into as follows:

Streets & Pavement Mgmt:	\$ 18.0 M
Maintenance & Repair:	2.2 M
Utilities:	1.0 M
Facilities & Fixtures	.8 M
Other Projects:	<u>.6 M</u>
TOTAL	<u>\$22.6 M</u>

### **Appropriations Limit**

In addition to adopting the budget, the City is also required to calculate the appropriations limit on an annual basis and adopt a resolution that sets the limit. The limit is adjusted each year by two factors that are provided by the state Department of Finance. They are the change in population and the change in California per capita income. Based on these factors, the appropriations limit is set at \$164,612,436 for fiscal year 2014/15. The budget is well below this limit, as required by law.

### **Prefunding of Other Post Employment Benefits (OPEB)**

Long term financial stability is a top priority of the City Council of the City of Lancaster. In support of that priority, City staff undertook a request for proposal process to evaluate options for prefunding of Other Post Employment Benefits (OPEB), such as retiree health benefits. Through that process comes the recommendation to award to CalPERS, as a California Employers' Retiree Benefit Trust Fund (CERBT).

MVB:BB

### **Attachments:**

Fiscal Year 2014-15 Budget - On file in the City Clerk's Department and on the City's website [www.cityoflanasterca.org](http://www.cityoflanasterca.org)

Resolution No. 14-36

Resolution No. 14-37

Attachment 1 – CERBT Agreement and Election to Prefund Other Post Employment Benefits through CalPERS

Attachment 2 - Delegation of Authority to Request Disbursements