

STAFF REPORT

City of Lancaster

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06/23/15
MVB

Date: June 23, 2015

To: Mayor Parris and City Council Members

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

Subject: **Fiscal Year 2015-16 City of Lancaster Budget Adoption and Related Resolutions**

Recommendations:

- a. Adopt **Resolution No. 15-27**, adopting the proposed City of Lancaster Fiscal Year 2015-16 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. 15-28**, establishing the annual Appropriations Limit for Fiscal Year 2015-16.
- c. Adopt **Resolution No. 15-29**, amending Resolution Nos. 05-233 and 10-48 and rescinding Resolution Nos. 09-91, 09-98, 10-74, 11-42, 12-06, and 12-20 in their entirety and establishing the citywide fee schedule related to cost of services.
- d. Adopt **Resolution No. 15-30**, rescinding Resolution Nos. 08-99 and 09-92 in their entirety and establishing the fee schedule relating to development impact fees.
- e. Adopt **Resolution No. 15-31**, amending Resolution No. 13-62 by amending the classification and compensation schedule for temporary employees.
- f. Adopt **Resolution No. 15-32**, amending Resolution No. 14-64 by establishing a compensation schedule for various classifications of employees of the City.
- g. Adopt **Resolution No. 15-33**, amending the final budget for Fiscal Year 2014-2015.
- h. Approve the agreement with Martin & Chapman for consulting services for the April 12, 2016 General Municipal Election.

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 9, 2015.

Expenditures are proposed at \$131,155,099 for fiscal year 2015-16. Total revenues are estimated at \$127,117,335 with \$2,641,735 going to fund balance for future use. The 10% operating reserve and 8% financial stability reserve in the general fund are preserved in the proposed budget.

The proposed budget is broken into the following categories:

Salaries & Benefits	\$34,596,310
Operations & Maintenance	80,075,182
Capital Outlay	153,510
Capital Improvement	<u>16,330,097</u>
TOTAL	<u>\$131,155,099</u>

The General Fund operating expenditures for next fiscal year are proposed at \$59,470,645 with no funding for capital improvement projects. Revenues are projected at \$59,718,283.

New funding for the Capital Improvement Program is proposed at \$16,330,097. Project categories are segregated into as follows:

Streets & Pavement Management:	\$ 9.4 M
Maintenance & Repair:	4.8 M
Transportation Safety:	0.9 M
Facilities & Fixtures	0.8 M
Other Projects:	<u>0.5 M</u>
TOTAL	<u>\$16.3 M</u>

Amendment to FY 2014-2015 Budget

In accordance with proper governmental accounting and financial reporting practices, staff recommends amendments to the fiscal year 2014-2015 adopted budget to adjust estimated revenues and adopted expenditures.

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 \$172,012,494 for fiscal year 2015-16. The budget is well below this limit, as required by law.

Fee Adjustment

Long term financial stability is a top priority of the City Council of the City of Lancaster. In support of that priority, the City periodically reviews fees to determine if those fees are in line with the cost of providing the service. Lancaster recently completed a comprehensive cost study that reviews every discretionary service and compared the cost of those services to the fees currently charged.

The California Constitution prohibits fees for service exceeding the “costs reasonably borne” by the City for providing the service. The cost study revealed that the fees for discretionary services were no longer in line with the costs, and an adjustment is prudent. The recommended fee schedule takes into account the cost study, comparisons to neighboring agencies, and market conditions.

On October 13, 2009, the City Council adopted Resolution 09-92 establishing development impact fees. Impact fees are assessed as development occurs to provide funding to address the infrastructure needs that are a direct result of development. The adopting resolution provided an allowance for an annual adjustment based on the Engineering News Record Construction Cost Index (CCI). The proposed impact fees (incorporated within the attached Citywide Fee Schedule) are calculated using a three (3) year rolling average of the Construction Cost Index for the Los Angeles area as published in the Engineering News Record. That rate is +2.6%. Adjusting fees by the annual change in CCI ensures the fees keep pace with changes in the cost to construct the infrastructure, which these fees fund.

Compensation Schedules

Through the budget process, a review of classifications of certain positions was completed. As a result of this review, changes are recommended to the compensation schedule as reflected in the resolutions attached.

Agreement with Martin & Chapman Co.

Martin & Chapman Co. has been providing election consultation, supplies and services to cities, counties and various organizations and associations in California and Nevada since 1956. This agreement ensures the City will receive the support, services and legally required documents associated with the April 12, 2016 General Municipal Election.

MVB:BB:NR

Attachments:

Fiscal Year 2015-16 Budget - On file in the City Clerk’s Department and on the City’s website
www.cityoflancasterca.org

Citywide Fee Schedule

Resolution No. 15-27

Resolution No. 15-28

Resolution No. 15-29

Resolution No. 15-30

Resolution No. 15-31

Resolution No. 15-32

Resolution No. 15-33