

**STAFF REPORT**  
**City of Lancaster, California**  
**Lancaster Redevelopment Agency**

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6/12/2007
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Date: June 12, 2007

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

From: Robert S. LaSala, City Manager

Subject: **Proposed Fiscal Year 2007-08 Budget**

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**Redevelopment Agency Recommendations:**

Open public hearing, receive report and public testimony, close public hearing and direct staff to schedule budget adoption for June 26, 2007.

**City Council Recommendations:**

Open public hearing, receive report and public testimony, close public hearing and direct staff to schedule budget adoption for June 26, 2007.

**Background:**

The City and the Redevelopment Agency are required to adopt a budget by July 1 of each year that establishes appropriations and estimated levels 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. We held a special budget workshop to review the budget on May 15, 2007.

The budget as proposed reflects the strategic goals that the City Council established at the 2020 Vision Plan process in November 2006 and adopted January 2007. These priority areas include:

- Provide a safe community
- Provide an economically diverse & prosperous community
- Plan & manage for a desirable & sustainable community
- Engage & involve the community in achieving the mission

Included in the proposed budget presented to City Council at the May 15, 2007 workshop was a proposal to establish a LANCAP program fee. The City Council indicated that they were not in support of establishing the fee. In light of that, the operating contingency account has been reduced in order for the proposed general fund budget to be in balance. Future years will be balanced by a reduction in the general fund contribution to the Capital Improvement Program.

Staff also proposed an alternative use of the \$1.8 million for the funding of the six (56) hour deputy service units authorized at midyear. The City Council indicated support for the alternative at the workshop. The proposed budget reflects these adjustments in the figures shown below.

**Budget Overview:**

Total revenues for fiscal year 2007-08 are estimated at:

	<b>City</b>	<b>Redevelopment Agency</b>
	\$99,753,163	\$80,810,310

The proposed expenditure budget is broken into the following categories:

	<b>City</b>	<b>Redevelopment Agency</b>
Operating	\$82,237,450	\$76,930,855
Capital Improvement Program	22,893,125	1,437,371
<b>TOTAL PROPOSED</b>	<b><u>\$105,130,575</u></b>	<b><u>\$78,368,226</u></b>

The difference between the revenues and expenditures relates to one-time capital improvement projects funded with one-time fund balance.

Revenues in the general fund are estimated at \$58,359,338 including operating transfers in from other funds in the amount of \$1,987,840.

**General Fund**

The General Fund expenditure budget for next fiscal year is proposed as follows:

	<b>General Fund</b>
Operating	\$51,517,170
Transfers to other Funds	4,824,310
Capital Improvement Program	2,414,238
<b>TOTAL PROPOSED EXPENDITURES</b>	<b><u>\$58,755,718</u></b>

The difference between the estimated revenues and proposed expenditures is one-time funding for capital projects from fund balance.

The budget recommends adding seven positions, five funded through the City and two through the Redevelopment Agency. The positions are:

- Public Safety Supervisor
- Crime Prevention Officer
- Code Enforcement Officer (Mobile Home Park Inspections)
- Law Enforcement Technician (Photo Enforcement Coordinator)
- Senior Criminal Justice Analyst
- (2) Redevelopment Assistants

We developed the proposed budget consistent with City Council policy of maintaining a minimum General Fund unallocated fund balance of 10% of expenditures, and maintaining the financial stability reserve to ensure a reliable on-going level of service.

The City has a number of issues that it will face in the future, the fiscal impact of which has yet to be determined. These issues include:

- Public Safety Best Practices Implementation/Service Expansion
- GASB 45 Compliance (Other Post Employment Benefits)
- Implementation of Class & Compensation Study
- Open Space and Parks Master Plan
- Facilities Master Plan
- Transportation Master Plan
- Implementation of the General Plan Update
- Information Technology Strategic Plan
- Funding of Downtown Specific Plan
- On-going Preventative Maintenance
- Ten-Year Capital Improvement Plan

We will develop strategies to address these issues as their impact is further refined.

### **Capital Improvement Program**

We expanded the six-year capital improvement program developed in the 2006/07 budget process to ten years for the 2007/08 budget. The total value of that program is \$257 million. We know that this does not accurately reflect the needs of the community, and will update the ten-year program as the master planning efforts that are underway are completed.

The FY2007/08 Capital Improvement Program is proposed at \$28,403,225 in new funds as follows:

Parks, Recreation & Arts:	\$ 4,431,125
Streets and Traffic:	16,280,000
Drainage, Flood Control & Utilities:	1,216,000
Community Facilities, Redevelopment and Housing:	<u>6,476,100</u>
TOTAL	<u>\$28,403,225</u>

Major projects proposed include:

Street Overlay Program	\$6.6 million
10 <sup>th</sup> St. W. Gap Closure	\$4.6 million
Gilley Park Ph. 1	\$3.0 million
Auto Dealer's Expansion	\$2.6 million
30 <sup>th</sup> St. West Ave. G. Imp.	\$1.5 million

In addition, there is \$49,238,873 in projects funded in the 2006/07 fiscal year that we will carry

over into FY 2007/08.

**Lancaster Redevelopment Agency**

The proposed Fiscal Year 2007-08 budget for the Lancaster Redevelopment Agency is comprised of four distinct elements: economic development, housing, debt service and tax increment pass-throughs which, when combined, finance the various programs, projects and activities approved by the Redevelopment Agency Board. The proposed budgets for these areas are:

Economic Development	\$2.8 million
Housing & Neighborhood Revitalization:	\$4.8 million
Pass Throughs:	\$49.5 million
Debt Service:	<u>\$21.2 million</u>
<b>TOTAL</b>	<b>\$78.3 million</b>

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Attachment(s):

1. Attachment A – Amendments to the Fiscal Year 2007-08 Proposed Budget
2. Fiscal Year 2007-08 Proposed Budget – On file in the City Clerk’s Department