



City of Lodi  
P.O. Box 3006  
Lodi, CA 95241

# *City of Lodi*

## *Budget-In-Brief*

### 2017-2018

Adopted by  
The Lodi City Council

*Doug Kuehne, Mayor*  
*Alan Nakanishi, Mayor Pro-Tempore*  
*Mark Chandler, Council Member*  
*Bob Johnson, Council Member*  
*JoAnne Mounce, Council Member*



## CITY OF LODI FISCAL YEAR 2017/18 BUDGET IN BRIEF

This “Budget-in-Brief” highlights the City of Lodi’s fiscal year budget for the period of July 1, 2017 through June 30, 2018. It describes the fund structure used by the City and summarizes the use and source of City funds.

New this year is a 5-year projection of the General Fund which summarizes the financial challenges City of Lodi faces in the coming years (see pages 4-5) .

A comprehensive presentation of the City budget can be found on Lodi’s web site at [www.lodi.gov](http://www.lodi.gov).

### Budget Process

The budget process begins in December of each fiscal year, which begins July 1 and ends June 30 the next calendar year. The Budget Division provides revenue estimates for the upcoming year. These estimates provide an approximation of the resources that will be available to fund City services. Departments then prepare their budgets based on available resources and direction from the City Manager. The City Manager presents a preliminary budget to the City Council for its review and input. The City Council then adopts the budget before it takes effect July 1.

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### FY 2017/18 Budget Summary

The budget is a financial plan the City Council uses to establish programs and services to be provided by the City and to allocate funds necessary to carry out those programs and services. The City’s total 2017/18 budget consists of a \$204,699,940 revenue projection and an expenditure allocation of \$200,404,200. *Please note this amount includes some funds that are expended twice — once as a transfer to a another fund, and again when those funds are spent.*

## Other Funds

The City provides other services not included in the General Fund or the enterprise funds. Some of these funds are Streets, Library, Community Development, Transit, and Parks, Recreation and Cultural Services.

- **Transit Fund**

The Transit Fund provides citizens of Lodi with a daily fixed-route bus and Dial-A-Ride transit system as well as administration of transportation grants and oversight of the Lodi Station Parking Structure.

- **Streets Fund**

The Streets Fund handles all street and pavement maintenance activities including street cleaning and sweeping, traffic control devices, street trees, sidewalk and landscape maintenance, and management of runoff in the stormwater collection system.

- **Community Development Fund**

This fund provides community services including planning, issuance of construction permits, building inspection, and administration of the Community Development Block Grant program.

- **Parks, Recreation and Cultural Services (PRCS) Fund**

This fund provides the community with recreational programs, performing arts, and leisure opportunities through a variety of programs and 29 parks, including one regional park.

- **Library Fund**

The Library Fund provides programs and services offered including maintaining/updating book inventory, online databases, online e-books and audio books, adult literacy program, homework help, programs for children, teens and adults, and computer classes.

2017/18	Estimated Revenues	Approved Expenditures
Transit Fund	\$7,338,440	\$6,737,080
Streets Fund	\$9,139,110	\$4,213,430
Community Dev. Fund	\$2,560,600	\$3,906,660
PRCS Fund	\$6,149,250	\$6,160,970
Library Fund	\$1,327,990	\$1,527,940

### Enterprise Funds

The City of Lodi has three utility enterprise funds. These include Electric, Water and Wastewater. Each utility is designed to be self-sufficient. Planned expenses in excess of current year revenues are funded by reserves in each fund.

- Electric Utility Fund**

The Electric Utility not only provides electricity to Lodi's residential, commercial and industrial customers, it strives to strengthen the community through a variety of programs. The Public Benefits program provides assistance to low-income households, demonstration projects, energy efficiency rebates, and energy conservation information.

2017/18	Estimated Revenues	Approved Expenses
Electric Utility Fund	\$73,996,630	\$74,784,690

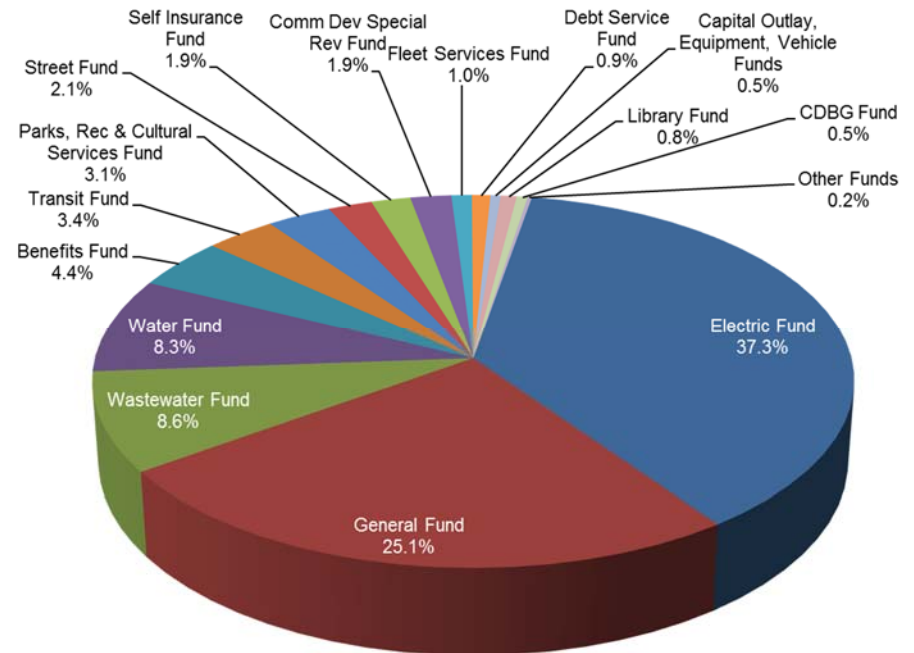
- Water and Wastewater Utility Funds**

The Water and Wastewater Funds finance the Water Services Division. This division is responsible for providing a reliable supply of safe drinking water for all residents, providing water at adequate pressure for fire hydrants and for treating wastewater in order to meet all federal and state standards. Public Works also oversees PCE/TCE remediation activities.

2017/18	Estimated Revenues	Approved Expenses
Water Fund	\$14,722,520	\$16,612,210
Wastewater Fund	\$18,950,180	\$17,294,260

The utility funds are intended to be self-sufficient and operate independently of the General Fund or other funds, much like a business. Revenues in the form of customer rate fees for electric, water and wastewater services are designed to meet not only daily needs but also to maintain and develop infrastructure for future use. Some capital projects included in the 2017/18 budget are: Phase 7 of the water meter installation project, White Slough ponds and irrigation improvements, and rehabilitation of storm drain system at Ham and Century.

### All Fund Expenditures for 2017/18 — \$200,404,200



### General Fund Budget

The General Fund Budget is one component of the total City Budget, comprising approximately 25 percent of all City expenditures. General Fund revenues pay for basic services such as police, fire, public works and general government programs. Since water, wastewater and electric utility services are self-supporting, they are excluded from this fund. Additionally, the Community Development, Library, and Parks, Recreation and Cultural Services departments have dedicated accounts so that the fees and charges they collect stay within their budgets.

#### **GENERAL FUND SERVICES**

Police Dept.	39.3%	\$19,804,640	Public Works	4.6%	\$2,322,320
Fire Dept.	23.2%	\$11,695,580	Admin.***	3.2%	\$1,596,460
Non-Dept.*	21.0%	\$10,565,830	Econ. Dev.	.9%	\$ 468,070
Internal Serv.**	7.8%	\$ 3,935,880			

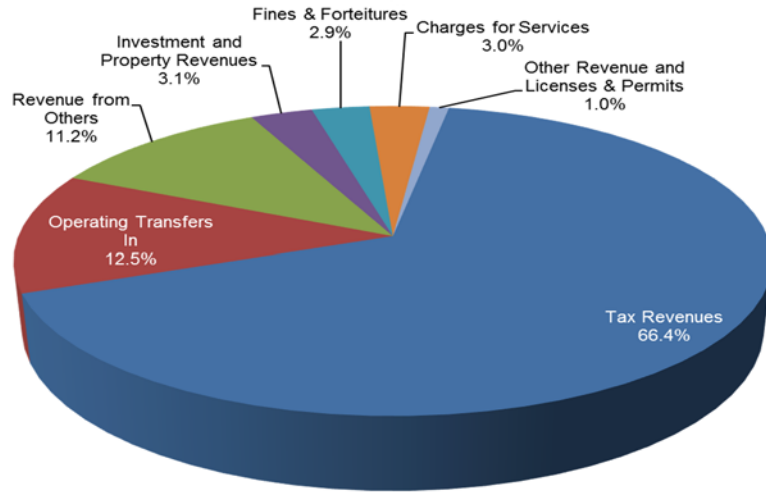
**TOTAL \$50,388,780**

\*Non-Departmental includes expenditures for city-wide phone costs, utilities and General Fund transfers to other funds. \*\*Internal Services are expenditures for Budget/Treasury, Financial Services, Human Resources, Information Systems and Risk Management. \*\*\*Administration includes expenditures for the City Clerk, City Attorney and City Manager.

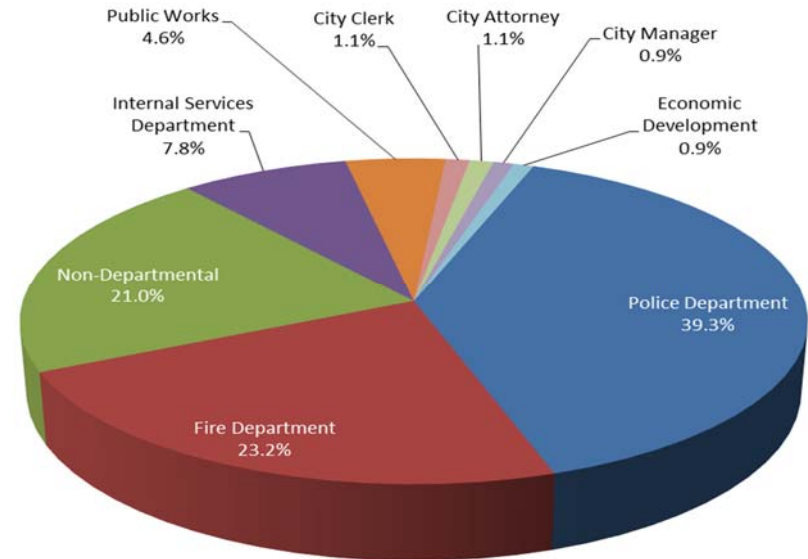
**General Fund  
2017/18 Revenues and Expenditures**

General Fund revenues provide basic City services to the public. The first chart illustrates General Fund revenues by source and their relation to the fund in total. The second chart illustrates City services supported by General Fund revenues according to department or function.

**2017/18 General Fund Revenue**



**2017/18 General Fund Expenses**



Sales and property tax rates, set by the State, are the two single largest revenue sources. Examples of local taxes are the Transient Occupancy (hotel) Tax, Business License Tax and Electric Utility in-lieu transfer.

**GENERAL FUND 5-YEAR FORECAST**

The five year forecast shows the City barely solvent by the end of FY 2022-23 based on strong projected revenue growth outpaced by significant increases in pension costs due to CalPERS reduction in discount (assumed earnings) rate. Only four actions can stave off or delay the City's insolvency beyond that year. They are:

1. Substantial service reductions to the point where current City operations are unrecognizable and service is inaccessible to the public.
2. Additional revenue through (equivalent to approximately 1/2 cent sales tax).
3. CalPERS reconsideration of future rate increases to both the normal cost and Unfunded Accrued Liability "catch up" payments.
4. Legislative changes to pension benefit funding formulas or protections.

Category	Budget						
	FY 16/17 Est	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Revenue	46,830,350	50,388,782	49,979,536	50,817,852	51,942,181	53,055,314	54,164,132
Expenditure	48,105,770	48,369,550	50,584,250	52,753,760	55,156,310	57,012,560	58,773,250
<b>Revenue less Expenditure</b>	<b>(1,275,420)</b>	<b>2,019,232</b>	<b>(604,714)</b>	<b>(1,935,908)</b>	<b>(3,214,129)</b>	<b>(3,957,246)</b>	<b>(4,609,118)</b>
<b>Total Resources</b>	<b>11,118,941</b>	<b>13,315,061</b>	<b>13,024,492</b>	<b>11,422,364</b>	<b>8,562,877</b>	<b>4,982,437</b>	<b>684,721</b>