



## **CITY OF LAKEPORT MEASURE Z ADVISORY COMMITTEE AGENDA**

### **REGULAR MEETING**

**City Council Chamber, City Hall, 225 Park Street, Lakeport, CA  
Wednesday, January 17, 2018**

**5:30 P.M.**

- 1. CALL TO ORDER** 5:30 p.m.
- 2. APPROVAL OF MINUTES** Approve the minutes of the November 6, 2017 meeting.
- 3. CITIZEN INPUT** *Any citizen may speak for three minutes about any subject of concern to her or him provided that the subject is not already on the agenda. Person's wishing to address the MZAC should complete a Citizen's Input form and submit it to the MZAC Secretary prior to the meeting being called to order.*
- 4. DISCUSSION/ACTION ITEMS**
  - A. Mid-Year Review Receive a report on the mid-year budget review presented to the City Council on January 16, 2018, as it pertains to Measure Z funds.
- 5. ADJOURN**

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Kelly Buendia, Secretary  
Posted 1/12/18

**MINUTES**  
MEASURE Z ADVISORY COMMITTEE  
REGULAR MEETING  
NOVEMBER 6, 2017

- 1. CALL TO ORDER** Vice Chair Rollins called the meeting to order at 5:30 p.m. with Committee members King, Speed, and Wynacht present. Chair Hopkins was absent.
- 2. APPROVAL OF MINUTES** Committee member King made a motion, seconded by Committee member Speed and unanimously carried by voice vote to approve the minutes of the July 31, 2017 meeting. Chair Hopkins was absent.
- 3. CITIZEN INPUT** There was no input offered from the public.
- 4. DISCUSSION/ACTION ITEMS**

  - A. Project Update City Manager Silveira, Police Chief Rasmussen, Public Works Director Grider, Finance Director Walker, and Administrative Services Director Buendia gave an update on the status of items listed in the Fiscal Year 2017-18 Recommended Uses and Projects adopted by the City Council in the 2017-18 Budget.
- 5. ADJOURN** Vice Chair Rollins adjourned the meeting at 6:12 p.m.

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Kelly Buendia, Secretary



# CITY OF LAKEPORT

- City Council
- City of Lakeport Municipal Sewer District
- Lakeport Redevelopment Successor Agency
- Lakeport Industrial Development Agency
- Municipal Financing Agency of Lakeport

<b>STAFF REPORT</b>	
<b>RE:</b> Mid-Year Review and Budget Amendment, FY 2017-18	<b>MEETING DATE:</b> 1/16/18
<b>SUBMITTED BY:</b> Margaret Silveira, City Manager Nicholas Walker, Finance Director	
<b>PURPOSE OF REPORT:</b> <input type="checkbox"/> Information only <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Action Item	

**WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:**

1. Review and approve the budget amendments included in the staff report.

**BACKGROUND/DISCUSSION:**

Budget Amendment:

According to City policy, budget control rests at the fund level. This means that expenditures for any particular, budgeted fund should not exceed what has been appropriated by the City Council for the fund as a whole in any given fiscal year, unless the Council increases the appropriation. In line with this policy - and based on past practice - the City Manager (CM) could exercise budget control within the fund but typically reports to Council any changes between major expenditures characters each fiscal year (e.g., salaries and benefits, operations, or capital outlay). In other words, expenditures could be reduced within one major category, object, or sub-object and increased in another at the CM level to accommodate operating changes, so long as the total appropriation for the fund remained unchanged.

The adopted 2017-18 budget identifies expenditures by what are known as characters, summarized groupings of expenditure accounts which share similar purpose. The City budgets for its departments in four main characters: salaries and benefits, operations, capital improvements (CIP), and debt service. This facilitates a working understanding of where financial resources are allocated in a broader policy making context. Essentially, presenting information in this way allows decision makers to focus more on what they want to get done and less on the specifics of how to do it. This year, the budget focus was on goals – a variety of City-wide goals on which to apply resources were used in developing the budget. This was based on input from the Council and staff. Those City-wide goals are identified in the budget document and further detailed within the discussion of each department.

The budget process begins with the identification of goals and priorities of both the City Council and management. The CM aligns that information and instructs executive management to calculate costs and bring forward appropriation requests. The Finance Department provides the CM with revenue estimates for all major operating funds, which provide the available resources to pay for these requests. The CM works with executive management to refine a spending plan and subsequently brings her recommendations to the Council for review and approval. Council can then revise the spending plan or adopt it as recommended. This becomes the adopted budget.

An adopted budget gives legal spending authority to the CM to implement the activities identified therein. But the plan is based largely on estimates. Those estimates often require revision throughout the year. Priorities sometimes are modified, and activities may be refined due to changes in resources. Budget adjustments are necessary to realign the original intent of the spending plan to account for these changing variables.

Adjustments of all amounts are tracked by the Finance Department and those of significance are reported to the City Council regularly, if and when they occur. For simplicity, most adjustment are made during the mid-year review. As of December 31, 2017, the following formal budget amendments were processed by the CM or the Council, which includes the following:

Fund	Item	Character	Appropriations
Various	Amendment to the JJACAP audit contract for costs associated with a single audit	Operations	8,350
General	Increased costs associated with the 20th St Stripping project	Capital Outlay	7,010
General	To replace the HVAC system at the Corporation Yard	Capital Outlay	20,000
General	To include projects for SB1 road funding	Capital Outlay	26,923
Various	Increased costs associated with phone system upgrade	Capital Outlay	15,223
General	Increased costs associated with purchase of a 10 wheel dump truck	Capital Outlay	35,000
Various	To replace email server	Capital Outlay	12,520
General	To replace the HVAC system at the old PD building (leased property)	Capital Outlay	4,100
	Net Increase (Decrease)		<u>\$ 129,126</u>

It is a primary goal of management to ensure Council is aware of where money has been or is planned to be spent. Therefore, significant budget adjustments at the character level - whether implemented by the CM or the Council - are reported to the Council. This ensures accountability and transparency for the benefit of the Council and community.

Budget Schedule A below is a summary of proposed adjustments requested of the City Council at the fund level. It demonstrates the effects of proposed budget adjustments to appropriations for all affected funds.

**Budget Schedule A - Fund Level**

Fund Name	Unaudited Beginning Fund Balance	Increase (Decrease)		Net Effect	Estimated Ending Fund Balance Amended
		After Approved Adjustments	Revenue		
110 General fund					
Upgrade MAV and Body Cameras for Police			25,000	(25,000)	
Two HVAC Units at Police Department			12,000	(12,000)	
Total	2,784,752		-	37,000	2,747,752
501 Water O&M fund	645,523			-	645,523
601 Sewer O&M fund	1,023,399			-	1,023,399
Net Increase (Decrease)		\$	- \$	37,000	\$ (37,000)

The following analysis illustrates the needs and purposes of the budgetary changes being requested.

- The General Fund is need of an amendment for police capital projects. The new police department building is need of two new HVAC units at an estimated cost of \$12,000. Police is also requesting an amendment to purchase new MAV units for police vehicles which include officer body cameras and an additional server, technology hardware and software which will automate the process of downloading, organizing and properly retaining video footage. This project is estimated to cost \$25,000.

Budget Schedule B below is a summary of these adjustments at the department level. This schedule flows to Schedule A by illustrating how total department adjustments correlate to the "Net Increase" of all funds.

**Budget Schedule B - Department Level**

Department	No.	Appropriations Adjustment Summary					Total
		Salaries and Benefits	Operations	Loans/ Grants	Debt Service	Capital Outlay	
City Council	1010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	1020						-
City Attorney	1030						-
Finance and IT	1041						-
Community Development:							
Planning	1050						-
Building	1051						-
Housing	1053						-
Economic Development	1054						-
Engineering	1052						-
Police	2010					37,000	37,000
Public Works:							
Administration and Compliance	3010						-
Streets and Infrastructure	3020	(20,000)	20,000				-
Parks, Buildings & Grounds	3030	2,000	(2,000)				-
Solid Waste Management	3040						-
Westshore Pool	3050						-
Water	3060						-
Sewer	3070						-
Non-Departmental	0000						-
<b>Total</b>		<b>\$ (18,000)</b>	<b>\$ 18,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,000</b>	<b>\$ 37,000</b>

These general fund increases are anticipated to be covered by current year revenues generated by Measure Z which were not budgeted for specific projects but rather to increase reserves.

Below is an analysis of general fund surplus to be used in conjunction with two items being presented to council for discussion and direction.

	General Fund	Water Fund	Sewer Fund	RDA Fund
16/17 anticipated surplus (deficit)	\$ 256,494	\$ (196,966)	\$ 202,647	\$ -
17/18 budgeted surplus (deficit)	60,000	(279,175)	(53,129)	-
Appropriation increased prior to mid-year	(64,547)	(13,828)	(13,828)	-
Appropriation increases proposed in mid-year adjustments	<u>(37,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Combined amount available for consideration	<u>\$ 214,947</u>	<u>\$ (489,969)</u>	<u>\$ 135,690</u>	<u>\$ -</u>
Anticipated ending current resources available for appropriations after midyear adjustments	\$ 2,747,752	\$ 645,523	\$ 1,023,399	\$ 83,427
Public Works and Utilities Office Space	(100,000)	(100,000)	(100,000)	
CalPERS Additional Contribution	<u>(69,622)</u>	<u>(23,124)</u>	<u>(24,064)</u>	<u>(2,237)</u>
	<u>\$ 2,578,130</u>	<u>\$ 522,399</u>	<u>\$ 899,335</u>	<u>\$ 81,190</u>

The Public Works and Utility departments have been investigating the cost of additional office space to the Corporation Yard. This would allow Public Works and Utilities administration along with engineering to all be under the same roof and provide efficiency in communicating and making decisions. Estimated costs of this project are \$300,000 which would be shared by the general fund and utilities funds.

The finance department has been investigating the City's long-term position in relation to its CalPERS Unfunded Actual Liability (UAL) and its Other Post-Employment Benefits (OPEB) UAL. The option provided in the analysis includes an additional payment to CalPERS in the amount of \$119,012 for the City's 17/18 UAL contribution. The City has historically made UAL payments on a 30-year amortization table. With the recent policy changes at CalPERS this is creating a state of negative amortization in relation to the City's UAL. This additional payment and making future payments based on a 20-year amortization table would eliminate the negative amortization issue affecting our liability and begin to position the City to decrease the UAL.

**OPTIONS:**

1. Approve the budget amendment as recommended by staff.
2. Do not approve but provide direction to staff.

**FISCAL IMPACT:**

None       Budgeted Item?    Yes    No

Budget Adjustment Needed?    Yes    No    If yes, amount of appropriation increase: \$37,000

Affected fund(s):    General Fund    Water OM Fund    Sewer OM Fund    Other:

Comments:

**SUGGESTED MOTIONS:**

Move to approve the amendment to the fiscal year 2017-18 City budget as recommended by staff.