



MEASURE Z ADVISORY COMMITTEE AGENDA
REGULAR MEETING
Via Teleconference
Wednesday, July 15, 2020 5:30 P.M.

PUBLIC ADVISORY: THE CITY COUNCIL CHAMBERS WILL NOT BE OPEN TO THE PUBLIC

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the regular meeting of the Measure Z Advisory Committee (MZAC) for July 15, 2020 will be conducted telephonically through Go to Webinar.

If you would like to speak on an agenda item, you can access the meeting remotely:

Join from a PC, Mac, iPad, iPhone, or Android device:

Please register for City of Lakeport Measure Z Advisory Committee (MZAC) Meeting on Jul 15, 2020 5:30 PM PDT at:

Please use this web link: <https://attendee.gotowebinar.com/register/6988948213236737291>

Or join by phone*:

If you prefer to use your phone, you must select "Use Telephone" after joining the webinar and call in using the numbers below.

United States (Toll-free): 1 877 309 2074

United States: +1 (415) 930.5229

Access Code: 266-270-367

Audio PIN: Shown after joining the webinar

*Please note that if you phone in without using the web link, you will be in "listen mode" only, and will not be able to participate or comment.

The City wants you to know that you can also submit your comments by email to virtualhost@cityoflakeport.com.

To give the City Clerk adequate time to print out your comments for consideration at the meeting, please submit your written comments prior to 2:30 p.m. on Wednesday, July 15, 2020.

Please indicate in the email Subject Line "FOR PUBLIC COMMENT" and list the item number you wish to comment on. Comments that you want read to the Committee will be subject to the three minute time limitation (approximately 350 words). Written comments that are only to be provided to Committee and not read at the meeting will be distributed to the Committee prior to the meeting.

The City of Lakeport thanks you in advance for taking all precautions to prevent spreading the COVID-19 virus.



MEASURE Z ADVISORY COMMITTEE AGENDA
REGULAR MEETING
Via Teleconference
Wednesday, July 15, 2020 5:30 P.M.

1. **CALL TO ORDER** 5:30 p.m.
2. **APPROVAL OF MINUTES** Approve Minutes of April 22, 2020 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. 2019-20 Project Update Receive and review a 2019-20 project update report.
 - B. 2020-21 Budget Receive and review the 2020-21 Budget adopted by the City council on June 2, 2020.
5. **ADJOURN**

Kelly Buendia, City Clerk



MINUTES
MEASURE Z ADVISORY COMMITTEE
REGULAR MEETING
VIA TELECONFERENCE
APRIL 22, 2020

PUBLIC ADVISORY: THE CITY COUNCIL CHAMBERS WILL NOT BE OPEN TO THE PUBLIC

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the regular meeting of the Measure Z Advisory Committee (MZAC) for April 22, 2020 will be conducted telephonically through Go to Webinar.

If you would like to speak on an agenda item, you can access the meeting remotely:

Join from a PC, Mac, iPad, iPhone, or Android device:

Please use this web link: <https://attendee.gotowebinar.com/register/3082987030105392655>

Or join by phone*:

If you prefer to use your phone, you must select "Use Telephone" after joining the webinar and call in using the numbers below.

United States (Toll-free): 1 877 309 2071

United States: +1 (213) 929-4231

Access Code: 281-455-419

Audio PIN: Shown after joining the webinar

*Please note that if you phone in without using the web link, you will be in "listen mode" only, and will not be able to participate or comment.

The City wants you to know that you can also submit your comments by email to virtualhost@cityoflakeport.com.

To give the City Clerk adequate time to print out your comments for consideration at the meeting, please submit your written comments prior to 2:30 p.m. on Wednesday, April 22, 2020.

Please indicate in the email Subject Line "FOR PUBLIC COMMENT" and list the item number you wish to comment on. Comments that you want read to the Committee will be subject to the three minute time limitation (approximately 350 words). Written comments that are only to be provided to Committee and not read at the meeting will be distributed to the Committee prior to the meeting.

The City of Lakeport thanks you in advance for taking all precautions to prevent spreading the COVID-19 virus.



MINUTES
MEASURE Z ADVISORY COMMITTEE
REGULAR MEETING
VIA TELECONFERENCE
APRIL 22, 2020

- 1. CALL TO ORDER** Chair Hopkins opened the meeting at 5:30 p.m. with Committee Members King, Speed, Rollins present and with Committee member Schaffer absent.
- 2. APPROVAL OF MINUTES** Committee member King made a motion; seconded by Committee member Speed to approve Minutes of October 9, 2019 meeting. The motion was carried by the following roll call vote: Committee member Hopkins – aye; Rollins – aye; Speed – aye; King – aye; Schaffer – absent. *(Note: the January 15, 2020 meeting was cancelled)*
- 3. CITIZEN INPUT** There was no input offered from the public.
- 4. DISCUSSION/ACTION ITEMS**

 - A. Election of Officers** The City Clerk received nominations for Annette Hopkins as Chairperson and Dennis Rollins as Vice Chairperson through the end of 2020, with the nominations confirmed by the following roll call vote: Committee member Hopkins – aye; Rollins – aye; Speed – aye; King – aye; Schaffer – absent.
 - B. Calendar of Meetings** The City Clerk presented the 2020 calendar of meetings and received direction to issue the calendar with the October 7, 2020 meeting to begin at 3:30 p.m.
 - C. Comprehensive Annual Financial Report (CAFR), Fiscal Year 2018-19** Finance Director Walker gave a report on the City’s CAFR for the fiscal year ended June 30, 2019 in accordance with section 3.29.180 of the Lakeport Municipal Code. The audit was clean with no findings.
 - D. 2019-20 Project Update** Finance Director Walker reviewed 2019-20 projects, with several scheduled to be completed this year. Staff continues to work towards getting projects done, however, shelter in place orders have slowed progress. Police and public works vehicles slated for purchase are unavailable due to COVID-19.
 - E. 2020-21 Proposed Expenditures** Finance Director Walker and City Manager Silveira stated that he is working to understand what revenues will be for 2020-21 in light of the COVID-19 pandemic. Sales tax revenues always lag and the information is difficult to assess today. Additionally, the governor has given businesses a year to pay sales tax and it is unclear the impact of that. Receive a presentation and review proposed Measure Z revenues and expenditures for the 2020/2021 streamlined budget process.
- 5. ADJOURN** Chair Hopkins adjourned the meeting at 6:30 p.m.

Kelly Buendia, City Clerk



CITY OF LAKEPORT

Measure Z Advisory Committee

STAFF REPORT	
RE: 2019-20 Project Update	MEETING DATE: 7/15/2020
SUBMITTED BY: Nicholas Walker, Finance Director	
PURPOSE OF REPORT: <input checked="" type="checkbox"/> Information only <input type="checkbox"/> Discussion <input type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The Committee is being asked to receive and review a 2019-20 project update report.

BACKGROUND/DISCUSSION:

As a new construction season is rapidly approaching, staff is taking this opportunity to provide the Committee with an update on the status of the council approved projects to be completed with budgeted 19/20 Measure Z revenue.

OPTIONS:

Receive and review the 2019-20 budget to actual comparison report.

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

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

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

Comments:

SUGGESTED MOTIONS:

None

Attachments: 2019-20 Project Update Report

CITY OF LAKEPORT
MEASURE Z ANALYSIS

Fiscal Year 2019-20
Eligible Measure Z Costs

Measure Z: Transaction and Use Tax

Measure Z, passed by a simple majority (50% plus 1) of Lakeport voters in November of 20016, is a general (unrestricted) transaction and use tax. A general, unrestricted tax is one that can be used to fund any program, function, service, or project at the discretion of the City Council. It is not a special, restricted tax, which would require approval of two-thirds of the voting public. The language for the ballot measure was as follows:

Ballot Measure "Z":

"LAKEPORT PUBLIC SAFETY/ESSENTIAL CITY SERVICES MEASURE. To maintain/enhance general City services such as: recruiting, hiring, retaining qualified police officers to improve neighborhood patrols/maintain response to property, burglary, violent crimes; paving/repairing local streets/potholes; enhancing business attraction/youth recreational programs; keeping Lakeport's parks/pool safe/clean; shall the City enact a one-cent sales tax until ended by voters, providing about \$1,500,000 annually, requiring independent audits, citizens' oversight, all revenues controlled locally?"

Estimated Revenue	2019-20
Measure Z: Transaction and Use Tax	\$1,480,000
Net Decline in Other Tax and Other Revenue	(105,000)
Net Increase from Measure Z	<u>\$1,375,000</u>

Maintenance of Services:	
Roads and Public Works Salaries Reallocated to General Fund	94,500
Additional Public Works/ Roads Employee	31,500
12th Police Officer Position	55,000
Police Officer SRO Position	25,000
Police Salary Increases for Improved Retention	100,000
Police Operational Costs	119,000
General Fund Employee and Operations Cost Increases	<u>128,100</u>
Total Maintenance of Services	553,100

Measure Z Revenues Available for 19/20 Projects \$821,900

Fiscal Year 2019-20 Recommended Uses and Projects	Cost	Other Financing Sources	Adopted Measure Z Share	Total Funding	Measure Z Share Expended to Date
2 Police Vehicles	\$ 110,000	\$ 39,000	\$ 71,000	\$ 110,000	\$ 25,000
Pick up for Road Crew	50,000	30,000	20,000	50,000	-
Public Safety Camera System at Library Park	25,000		25,000	25,000	-
Street Repair Material and In- House Road Improvements	326,400	-	326,400	326,400	-
9th St from Manzinita to Tunis					
9th St from Tunis to N. High					
Harry St from 6th to Central Park					
14th St from Mellor to Palm					
2nd St from Crawford to Estep					
Tables, Trash Receptacles and Bike Racks Downtown	20,000	-	20,000	20,000	-
Slip-In Water Tank for Dump Truck	45,000	22,500	22,500	45,000	-
South Main from Peckam Ct. to City Limits	350,000	13,000	337,000	350,000	351,000
	<u>\$ 926,400</u>	<u>\$ 104,500</u>	<u>\$ 821,900</u>	<u>\$ 926,400</u>	<u>\$ 376,000</u>



CITY OF LAKEPORT

Measure Z Advisory Committee

STAFF REPORT	
RE: 2020-21 Budget	MEETING DATE: 7/15/2020
SUBMITTED BY: Nicholas Walker, Finance Director	
PURPOSE OF REPORT: <input checked="" type="checkbox"/> Information only <input type="checkbox"/> Discussion <input type="checkbox"/> Action Item	

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The Committee is being asked to receive and review the 20/21 Budget adopted by the City Council on June 2, 2020.

BACKGROUND/DISCUSSION:

The City of Lakeport recognizes how difficult and, in many cases, how devastating the COVID-19 pandemic has been to the residents, business owners and employees of this community. Our city leaders and staff have been working to inform and assist with community needs during this uncertain time. We know that this too shall pass and we look forward to resuming all activities that were cancelled due to health and safety concerns.

The fiscal year 2019-20 started out very promising. Goals were set, projects were moving, new events were being scheduled, more public art was developing, plans were being made for a new park, and then COVID-19 hit. The community did its part by sheltering in place. Due to the swift action of our community, sheltering in place has lessened the health crisis, but negatively affected our economy. The extent of the losses are unknown at the time of this budget adoption.

This is my first budget message that highlights the many accomplishments of the 2019/20 fiscal year and leaves the incoming fiscal year 2020/21, with more information to come in the fall.

For the first time, the City Council is adopting this budget for the July 1, 2020 – June 30, 2021 as a working budget, which will be reviewed in the fall when city leaders have an opportunity to review first quarter revenues.

The working budget will basically have personnel costs, operations and projects that are grant funded. As revenue projections become clearer after the first quarter then decisions can be made to include more projects and programs or look for more spending cuts.

Even though the budget may sound bleak, we do have a major highlight of 2020: the award of Proposition 68 Grant Funding of \$5.8 million to complete a new lakeside park at 800 N. Main Street, locally known as Natural High. The park's conceptual design came to fruition through many community workshops. Four conceptual designs came forward and after community voting one design was chosen. The park is anticipated to be complete by June of 2022. Please see the chosen conceptual design on the City's website <https://www.cityoflakeport.com/>.

These are some of the accomplishments my staff realized in 2019-20:

Public Safety:

- Reconfigured and implemented Community Oriented Policing Grant strategies
- Re-classified Lieutenant/Captain position and filled Administrative vacancy
- Initiated implementation of Police K-9 program
- Secured USDA and non-profit organization grant funding for K-9 unit
- Implemented new Training and Transparency measures to comply with new State requirements
- Exceeded State Law Enforcement Training requirements
- Implemented Supervisor Trainee positions to progress with succession planning goals
- Hired two local community members to fill vacant Police positions
- Increased available Less Lethal Force options with additional equipment and training

Public Works

- Library Park repairs are finally complete from the extensive damage created during the flood of 2017 and from additional damage during the flood of 2019. All of the damage has been repaired at the park, the largest project being the seawall and walkway. The first stage of the promenade is complete, which continues to the north side of the new lakefront park.
- Road projects completed:
 - Paving is completed on 1st Street from Main Street to Park Street, South Main Street from Peckam Court to the City limits.
 - More roads were not completed due to COVID-19 interruption of work and unknown budget shortfalls.
- Completed all solar projects.
 - Solar array at the wastewater treatment plant
 - Solar array at the water plant and public works yard
 - Solar array at the police department
 - Solar array at the community center
 - LED lighting for downtown lights and Library Park
 - Energy upgrades at the public works yard buildings, police department and City Hall
 - Electric vehicle charging station at the City Hall parking lot
- Completion of City Hall "One-Stop Permit Center" remodel project centralizing all City public services in one location

Utilities

- Enhanced our customer outreach utilizing social media as well as educating customers individually with sewer back-up issues related to our Fats, Oils and Greases program
- The section of water main that is prone to leaking on 16th Street will be replaced this fiscal year
- A 20-year Capital Improvement Project plan has been developed for water and sewer. This will be a moving target with new regulatory requirements and infrastructure needs but will provide a general road map for future improvements.

Economic Development

- Purchase of Natural High and adjacent waterfront property
- Received award of \$5.8 million Prop 68 grant for the development of a new lakefront park (implementation of Lakefront Revitalization Plan)
- Adoption of the Lake County Broadband Master Plan
- Conducted spring Business Walks, gathered 100 business surveys, presented findings to City Council and made follow-up contact with several businesses
- Conducted and distributed a PSPS Business Impact Survey with over 200 responses
- In conjunction with Lake EDC, 25 commercial properties countywide were identified and marketed nationwide through Zoom Prospector site selector program
- Continued assistance to local businesses through the City's Business Loan Program, including technical assistance and funding to a broadband service provider
- Worked with Lake EDC aiding in the reestablishment of the Airport Land Use Commission (ALUC) to address improving airport infrastructure
- City funding and participation in initial development of Visit Lake County CA (Lake County Tourism Improvement District)
- Worked with CDD, LMSA, LEDAC and downtown businesses on improvement strategies for the central business district (including A-frame signage, wayfinding sign program, retail enhancement, and comprehensive downtown design guidelines)
- Implementation of a Dig Once Ordinance to promote greater broadband service in the City

Finance/IT

- Received Certificate of Achievement for Excellence in Financial Report and Budget
- Updated utility billing policy and related fee schedule
- Implemented city-wide payroll costing software for improved budgetary outputs
- Developed comprehensive plan for developing and maintaining department-wide policies and procedures manual
- Upgrade security at City Hall and upgrade visual/audio in the council chambers for dual use as an EOC during the activation of emergency operations
- Completed Public Wi-Fi project downtown and at Library Park
- Negotiated solid waste franchise agreement
- Replaced primary domain controller

Community Development

- South Main Street/Soda Bay Road annexation application was filed with LAFCO
- The Martin Street housing project for 24 affordable family units is complete and the developer is working on the next phase of 46 units
- Adoption of Telecommunication Ordinance
- Public outreach and submittal of a \$5.8 million Prop 68 grant application for the development of a new Lakefront Park (Implementation of Lakefront Revitalization Plan)
- Revamping and overhaul of the Lakeport and County Stormwater Management Program
- \$750k CDBG grant authorization for off-site improvements associated with the Martin Street Apartments Projects
- Granting of occupancy for Martin Street Apartments Phase I (24-units of affordable apartments)
- Land use entitlements granted for Martin Street Apartments Phase II (48-units of affordable apartments)
- Implementation of SmartGov Permit Tracking System
- Worked with Lake APC on the completion of the Lake County Pedestrian Needs Survey. Project includes ten (10) proposed priority projects for the City of Lakeport
- Worked with Lake APC on the Eleventh Street Corridor Multimodal Plan which outlines proposed improvements to this important community corridor. (First step in the development of future roadway and traffic safety improvement projects.)

- Adoption of the CEQA Mitigated Negative Declaration for the Hartley Safe Routes to School Project.
- Working with LMSA, LEDAC and downtown businesses on improvement strategies for the central business district (including A-frame signage, wayfinding sign program, retail enhancement, and comprehensive downtown design guidelines)
- Adoption of the 2020 California Building Code

Administration and Human Resources

- Implemented records management software to digitize city records for HR and Clerk Divisions and support the Police Department in the same
- LaserFiche records management software was purchased, installed, and programming initiated within the City Clerk's office
- Researched and obtained quotes from electronic signature software companies as part of the over-arching goal of enhancing paperless solutions
- Conducted records clean-up by all departments to facilitate the City Hall remodel, the Carnegie Library clean-up and ongoing destruction - pending litigation hold
- Hired and trained a new Administrative Specialist and in conjunction, completed a procedures manual for Human Resources processes in accordance with City-wide goals for succession planning
- Completed Lakeport Community Center facility policy and fee schedule for adoption
- Adopted and implemented an Affordable Care Act plan.
- Adoption of a Title VI Anti-Discrimination Policy and web page
- Drafted a Leave Integration Procedure and employee communication
- Facilitate Anti-Harassment Training and active shooter training
- Continuous Police recruitments conducted resulting in the hiring of two Officers & two Trainees

THE BUDGET YEAR, 2020-21

The City Council normally sets its goals for the coming fiscal year in March; this year City Council decided to wait until fall to set goals and projects.

Below is the list of goals set by City Council for the 2019-20 budget; as shown above, many of these goals were attained.

1. Public safety
2. Road improvement
3. Amending sidewalk and right-of-way improvement ordinance to reduce costs of improvements and ensure infrastructure is being constructed in high priority areas
4. Enhance the historic downtown and lakefront area through the adoption and consideration of: amendments to the Zoning Ordinance expanding visitor and recreational use types, increasing visibility of local businesses on social media, improving wayfinding signage downtown, transforming the former Bank of America into a community center, pursuing agreement with LUSD on use of Natural High property, and strengthening the programs with LMSA, such as Dickens Faire.
5. Implement a Downtown mural art project
6. Continue park improvements
7. Pursue full-time project manager
8. Complete annexation
9. Implement records management software
10. Succession planning
11. Recruit and maintain staffing, equipment, and special programs to accomplish community policing goals
12. Continue marketing efforts outlined in the hotel feasibility study to attract national brand lodging facility
13. Improve public relations and education

OPERATIONAL HIGHLIGHTS

In 2019-20, project completion continued to be a focus, but a strong emphasis was placed on our people, recruiting and retaining the best our community can afford. The following are the highlights of what's to come:

Personnel. Due to the COVID-19 pandemic and the loss of revenues, the city will be reviewing actual revenues through-out the fiscal year to evaluate the funding available to fill vacant positions.

In terms of total compensation, Lakeport had fallen behind its closest neighbors, the City of Clearlake and the County of Lake, and had lost its competitive edge in recruitment and retention in certain positions, especially those that need a higher level of training and education. It is a common theme across the state but particularly challenging in our region where local revenues are extremely limited but competition in the labor marketplace is fierce. We have addressed this issue for several positions.

Citizen engagement. We continue to strengthen enduring relationships with businesses and residents and interact with our community not as customers but as citizens. We work to better communicate with our community as we enhance customer service. We will be completing our City Hall remodel to provide better customer service with one- stop counter service.

Service delivery. Finding efficiencies in the manner and method of the services we provide has been a tenet of ours since my tenure as City Manager began. This year will be no different as we look to reduce costs through the implementation of best practices, including harnessing opportunities presented through advancements in technology, such as a records management software that will also help in providing quicker responses to public records requests in the future.

Maintaining a strong push for economic development. We must maintain our involvement in promoting not only our city, but the region. Collaboration has always been the key, and pushing forward will take strong will and determination from every stakeholder. We continue working with Lake EDC, Workforce Alliance, and local education. We intend to continue strong support for the Lakeport Main Street Association and the Lake County Chamber of Commerce.

FINANCIAL HIGHLIGHTS

Presented here is a structurally-balanced operating budget for fiscal year 2020-21 despite significantly decreased discretionary revenues and a result of economic uncertainty caused by COVID-19 response. This, in conjunction with increasing demands on public safety services and related personnel costs, increasing operating and construction costs and increasing pension costs will continue to make budgeting a challenge. Unfortunately, City resources are extremely limited, and costs had to be saved elsewhere to make this move possible. The elimination of discretionary spending in the adoption of this budget was the only way to make it balance. The following highlight the results of strategy as well as other items of note.

Use of the general fund. The use of general fund resources by department are proposed as the following:

Departmental Use	Recommended	% Share
Police	\$ 2,391,406	39.31%
Roads and Infrastructure	876,881	14.41%
Parks, Buildings, and Grounds	586,101	9.63%
Non-Departmental	496,372	8.16%
Administration	410,338	6.74%
Planning	319,422	5.25%
Finance and Information Technology	301,631	4.96%
Building	178,604	2.94%
PW Administration and Compliance	188,408	3.10%
Legislative	97,631	1.60%
Economic Development	90,001	1.48%
Engineering	74,835	1.23%
City Attorney	68,000	1.12%
Westshore Pool	4,000	0.07%
Total use	\$ 6,083,630	100.00%

REVENUES:

General revenues driven by sales tax are being negatively impacted as a result of economic uncertainty caused by COVID-19 response. Sales tax is our most important revenue source and the reason our focus on economic development is so critical. We have taken a careful approach at estimating where these revenues might lead and monitor them quarterly.

- Total City-wide revenues are expected to decrease 6%
- Sales tax revenues – including those derived from Measures I and Z are budgeted to decrease significantly as a result of economic uncertainty caused by COVID-19 response.
- Property tax revenue in fiscal year 2019-20 is expected to be steady with little effective growth. It is the second most influential general revenue source but a distant one compared to sales tax. Regardless, as the housing market continues to improve, so does the City's fiscal well-being.
- State and federal public safety grants will be maintained in fiscal year 2019-20. This is a significant resource to support our police department, without which the City would face significant difficulty maintaining public safety service levels. We expect to continue receiving revenue from this source for the foreseeable future.
- Franchise fees, permit fees, fees for service, and other charges are expected to remain flat over the course of the fiscal year with possible decrease. These revenues

go to support general City operations, such as building, engineering, and planning services.

- All other general fund revenues are estimated to remain relatively unchanged from the prior fiscal year.
- SB1 Fund revenue is expected to decrease as a result of economic uncertainty caused by COVID-19 response.
- HUTA monies for 2020/21 are expected to decrease as a result of economic uncertainty caused by COVID-19 response.
- Water and sewer enterprise activities will continue to experience increased costs; the City plans to continue to study rates and costs and will continue to sustain these enterprise activities in the most efficient way possible while focusing on enhanced maintenance activities – including inflow and infiltration (I&I) identification/mitigation, infrastructure rehabilitation, and reserve building.
- We will continue to evaluate and recommend changes to the City's fee structure to ensure fiscal sustainability in those activities that have specific benefit to users. Also, we expect to reach finality on the issue of the South Main Street annexation and in other areas that promote responsible and effective community growth.

EXPENDITURES:

The management team has been diligent with expenditure control in making sure that the City's budget remains structurally balanced. Truly, it is a team effort.

The following are changes of note in fiscal year 2020/21 budget from 2019/20 estimated actuals:

- Salaries and benefits City-wide will be 10 percent higher from the end of fiscal year 2018-19 due to additional cost of living costs, increased health care costs and, most notably, increasing CalPERS pension costs. Please see the personnel schedule later in this document for additional details on recommended staffing changes.
- Operating expenditures City-wide are budgeted to decrease. This is primarily due to savings generated from recently installed solar arrays at city facilities.
- Loans and grants funds are expected to be available with the new CDBG dollars available for small businesses this coming fiscal year.
- As a result of multiple refinancing opportunities capitalized on by the City to reduce interest payments and to recognize cash flow savings, debt service payments will continue to remain relatively stable. As time progresses, more of these costs will be applied toward principle and less toward interest. Solar array financing costs have increased debt service budgets.

CAPITAL HIGHLIGHTS

Since adoption of the City's first formal capital improvement budget in 2013, an incredible amount of work has been done. Many of the over 80 projects identified in the plan have been completed or are nearing completion, and staff continuously updates the five-year plan. Our goal has been, and continues to be, to focus on those projects which will yield the greatest return on investment or that are in the most urgent need of attention.

I am recommending specific projects and capital outlays for 2020-21 that represent projects funded by grants as discretionary spending is on hold and the economic future remains uncertain. I am confident as the global pandemic gets behind us, our ability to complete projects will return and we will continue to make this a focus. A full list can be found in the Budget in Brief Section.

CAPITAL PROJECTS:

Project Name

Lake Front Park
2nd St Sidewalk and Paving
Hartley St - Safe Routes to Schools
2017 Flood Repairs
Generators
Well Study
Loopline Water Main - South Lakeport - Study
Chlorine Switch Over
Water Main Replacement
Recap #1 pump replacement
Sodium Hypochlorite Change Over
Sewer Main Line Replacement

ECONOMIC DEVELOPMENT

The Lakeport Economic Development Advisory Committee (LEDAC) completed an economic development strategic plan in 2017, which the Council has adopted. This Strategic Plan is an expansion of the objectives and policies outlined in the City of Lakeport's General Plan, *Economic Development Element*. The Strategic Plan identifies three core goals for the focus of the City's economic development efforts over the next five years:

- Promote and participate in regional economic development initiatives
- Expand and support business retention and attraction efforts
- Strive to enhance the historic downtown and lakefront areas

Through a thorough analysis of recently adopted plans and an identification of community resources this Strategic Plan outlines a course of actionable steps to be taken by the City of Lakeport and its economic development partners. The plan sets a course that seeks to maximize the effectiveness of the City's limited resources that are available for economic development endeavors. The Strategic Plan outlines achievable short-term (1-2 years), medium-term (2-5 years) and long-term actions.

As part of the Strategic Plan recommendations LEADAC members and City management staff visited over 100 businesses for the second year in Lakeport to assess the needs of local small businesses and collect data on various aspects of the Lakeport business environment to determine how best the City can be a partner to our local businesses. Most of the visits produced a positive feedback from the business community. Most businesses were doing better, though COVID-19 has caused many financial losses for our local small businesses.

The focus of our economic development efforts must remain on business retention. We must support our local businesses to sustain and possibly expand. This year staff has also focused on recruitment. An analysis was completed by Retail Strategies to confirm that the City's daytime population far exceeds the bedroom population. We realized that the number was quite higher, but didn't expect the average daytime population on a year's analysis would be approximately a 57,000-daily population. The full analysis can be found on the City's website www.cityoflakeport.com/economicdevelopment. The analysis was based on cell phone location data, which tracks not only the number of visitors, but also geographically where they are coming from.

The City also continues to work collaboratively in a regional approach through the Lake EDC, made up of board members from both cities, the county, schools, tribal health and the private sector.

FINANCIAL POSITION

During my tenure as Lakeport City Manager, my approach to the budget process has been conservative in estimating available resources and diligent in controlling spending. This has led to a current projected year-end surplus and fortification of the City's general fund reserve. We estimate the total reserves to begin the 2020/21 fiscal year at 86% of budgeted appropriations, with general fund reserves exceeding the requisite 25%, at just over \$4.8 million in spendable reserves. The Management Team has been dedicated to cost savings wherever possible and watchful of their expenditures so that the need to use reserves is limited, if necessary, at all.

The end result is a slight estimated budgetary deficit in the general fund consisting almost entirely of project carryovers of \$738,00 and extremely moderate one-time spending of \$110,000. After the consideration of these items the deficit being budgeted is \$3,350 or 0.1%. This budgeted spending of reserves is for one-time only costs resulting in a structurally balanced budget. The current reserve is adequate to ensure financial stability. The City is in position to weather the economic storm caused by the uncertainties created by COVID-19.

Operating costs in the water enterprise fund have caught up with the last rate increases. A budget deficit in the water fund of \$51,000 is primarily the result of one-time costs. The City will study rates and costs and will continue to sustain this enterprise activity in the most efficient way possible.

The sewer operating fund continues to stay in a very favorable financial position with a budgeted surplus of \$14,000. City will study rates and costs and will continue to sustain this enterprise activities in the most efficient way possible.

LOOKING AHEAD

My recommended 2020-21 budget is only a working budget for the City to continue services to the community, while awaiting a clearer picture of revenue shortfalls due to Covid-19.

I again want to thank the entire staff of the City of Lakeport for the hard work and endurance they've demonstrated over the past year. During this pandemic staff continued to provide City services while taking measures to keep the community and themselves safe. As always, they continue to impress me by what they've achieved with such limited resources. To my Management Team, I owe a particular appreciation in the preparation of this budget, which would not have been possible without their planning efforts and willingness to work collaboratively with the City's best interests in mind.

And to the City Council, again I praise you for the leadership you have demonstrated and extend my sincerest gratitude for the trust you place in your professional management team. As always, your support makes our job more rewarding and compels us to perform at our best.

OPTIONS:

None

FISCAL IMPACT:

None \$ Budgeted Item? Yes No

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

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

Comments:

SUGGESTED MOTIONS:

None

Attachments: [To View the 2020-21 Adopted Budget: Ctrl + Click to follow link.](#)