

Lindsay City Council Agenda
SPECIAL MEETING /BUDGET STUDY SESSION
COMMUNITY DEVELOPMENT CONFERENCE ROOM
251 EAST HONOLULU, LINDSAY, CALIFORNIA
Monday, March 9, 2015
5:00 PM

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1. a) Call to Order: 5:00 p.m.
b) Roll Call: Council members Salinas, Mecum, Kimball, Mayor Pro Tem Sanchez, Mayor Padilla.
c) Flag Salute: Council member MECUM.
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2. Public Comment: The public is invited to comment on any subject under the jurisdiction of the Council, including agenda items, other than noticed public hearings. Comments shall be limited to (3) minutes per person, with 30 minutes overall for the entire comment period, unless otherwise indicated by the Mayor.
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3. ENTERPRISE FUND. (pg. 1-7)
Presented by Tamara Laken, Finance Director.
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4. ADJOURN. The next Regular meeting is scheduled for **TUESDAY, March 10, 2015 at 6:00 PM** in the Council Chambers at City Hall, 251 E. Honolulu, Lindsay, CA 93247.
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Materials related to an Agenda item submitted to the legislative body after distribution of the Agenda Packet are available for public inspection in the office of the City Clerk during normal business hours. Complete agenda is available at www.lindsay.ca.us In compliance with the Americans with Disabilities Act & Ralph M. Brown Act, if you need special assistance to participate in this meeting, or to be able to access this agenda and documents in the agenda packet, please contact the office of the City Clerk at (559) 562-7102 ext 8031. Notification 48 hours prior to the meeting will enable the City to ensure accessibility to this meeting and/or provision of an alternative format of the agenda and documents in the agenda packet.



AGENDA ITEM

Date: March 9, 2015
To: Honorable Mayor Ramona Padilla and Esteemed Council
From: Tamara Laken, Finance Director
Re: Budget Study Session #2 –

ACTION:

- o Public Hearing
- o Ordinance
- o Consent Calendar
- o Action Item
- o **Report Only**

Background:

Point One: The last year a rate increase occurred for the Water, Sewer, and Refuse funds was June 1, 2007, in the amount of 5.9% for each Fund with the understanding that it was part of a comprehensive strategy to significantly upgrade the deteriorating street system – see attachment dated February 3, 2004. That increase was the final installment of a four year plan to phase in the increases between June 2004 and 2007. The combined total of the four years equals 23.6% which is the amount staff is currently billing and collecting for the Street Improvement Program (SIP). The amounts are based on diverting that percentage from the water, sewer, refuse assessments; the engineering report of 2004 incorporated the SIP revenue within the water, sewer, and refuse rates. Formerly, it was the practice to charge and collect the entire amount within water, sewer, refuse, then upon posting the revenues to the general ledger, the percentage factor was applied, with the amounts then charged as an *Expense* to the fund(s) with a corresponding amount reclassified as a *Revenue* to the General Fund that formerly handled the Streets maintenance and renovation program. In an effort to provide greater transparency and accountability for these funds, a stand-alone Street Improvement Fund has been established within the budget with Billing and Collection posted directly to the Fund and the only Expense are authorized Transfers-Out. A Capital Improvement Program (CIP) Fund has also been added to the budget in an effort to consolidate all authorized CIP expenditures and better identify the source of contributing funds.

Point Two: On July 12, 2011, in an effort to provide some economic relief to the citizens of Lindsay and the large UB bills, it was recommended that Refuse rates be reduced by 5% across the board and that the residential sewer rate be reduced by a flat \$6 per account, with reductions for various business categories also implemented. This recommendation was made without thorough data analysis and based on the hue and cry of the day that it was “big salaries” that were driving the rates. Staff did reallocate all salaries based on a time study of actual duties performed, but it has been determined that UB rates were not overcharged by staff – although the auditors used a spreadsheet regarding allocations for FY10 upon which they based this finding, subsequent investigation determined that it was the *Downtown Project* overcharged for admin salary, not the Enterprise Funds (i.e. the TCAG repayment issue). The truth has borne out over the past 4 years subsequent to the rate reduction and proper allocation of the SIP portion of the collections – see attached schedules. The refuse and sewer revenues continue to fall short of expenses, although expenses have not significantly increased in the same time period and salary allocations are clearly identified within each budget document. Water revenues have continued to fall as citizens practice conservation measures, but are not experiencing a shortfall at this time. Staff has informed Council of this situation and recommended addressing the continued shortfall and lack of ability to set aside equipment replacement and infrastructure improvement funds necessary to ensure continued service as the City of Lindsay continues to grow.

As we begin the budget process for Fiscal Year 2015-16, addressing the UB rate structure is the first step as your decision on this issue has a domino effect on other issues, such as availability of funds for Streets Projects. While staff would recommend a change in the allocation of the 23.6% in a manner that would reduce the funds allocated to streets as opposed to implementing a rate increase, this will reduce the funds available for Streets Projects.

Staff will await direction from Council on this issue.



City of Lindsay



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To City of Lindsay Property Owners:

February 3, 2004

The Lindsay City Council recently adopted a revised budget for the current fiscal year (03/04) and a new budget for the fiscal year (04/05). Both budgets outline a comprehensive strategy to significantly upgrade our deteriorating street system. To reallocate existing resources, 22 full-time positions were eliminated from the various departments of the City. Cost-cutting measures and budget reductions were made throughout the City. The strategy also includes maximizing city resources with State and Federal resources. The City Council of the City of Lindsay believes that this comprehensive street improvement strategy will raise property values, provide and enhance transportation experience and improve the physical beauty of our community.

The Lindsay City Council will hold a Public Hearing at 7:00 p.m. on April 13, 2004 in the Lindsay City Council Chambers to consider a proposed adjustment for water, sewer and refuse rates. The City has developed a plan to reconstruct, overlay, chip seal, or maintain every City street within the next ten (10) years. In order to accomplish this task, it is necessary for the City enterprise funds to pay their fair share of the costs of street maintenance. In order to fund operations, debt service and infrastructure maintenance and replacement, rate adjustments are being requested. The adjustments in the rates are described in the following paragraphs and pages.

Adjustments to monthly water, sewer and refuse user fees are required to sustain the operations of the enterprise funds. The proposed rates have been developed in a manner that ensures that all business and industrial rates are increased proportionate to the increase in residential rates. In order to minimize the financial impact on its citizens the proposed monthly user fees will be phased in over a four year period beginning on June 1, 2004.

WATER ENTERPRISE FUND

The Water Fund uses the City streets for the purpose of housing the Water lines used for the distribution of potable water. The existence of these lines under the roadway contributes to the degradation of the road through trenching, leaks, and line and trench failures.

Effective June 1, 2004, the fee proposed to be imposed upon your parcel is as follows:

<u>METER SIZE</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
5/8 OR 3/4 inch	13.70 *plus usage.	14.51 *plus usage.
1 inch	18.87 *plus usage.	19.98 *plus usage.
1-1/2 inch	24.49 *plus usage.	25.93 *plus usage.
3 inch	47.46 *plus usage.	50.26 *plus usage.
4 inch	58.89 *plus usage.	62.36 *plus usage.
6 inch	70.33 *plus usage.	74.48 *plus usage.
8 inch	83.49 *plus usage.	88.42 *plus usage.
multiples	13.16 *plus usage.	13.94 *plus usage.

*Usage Rate: Current Rate \$0.70 for each 100 cubic feet over first 500 cubic feet of water.
Proposed Rate \$0.74 for each 100 cubic feet over first 500 cubic feet of water.

Staff is recommending that rates be increased in four steps in order to minimize the impact on citizens. The rates would be adjusted on the following dates by the percentage shown:

June 1, 2005	5.9%
June 1, 2006	5.9%
June 1, 2007	5.9%

The sewer fund uses the City streets for the purpose of housing the sewer lines used for the collection of waste. The existence of these lines under the roadway contributes to the degradation of the road through trenching, leaks, and line and trench failures.

Effective June 1, 2004, the fee proposed to be imposed upon your parcel is as follows:

<u>Type</u>	<u>Current Rate</u>	<u>Proposed Rate</u>
<u>Residential</u>		
Residential Units	25.30	26.79
<u>Commercial</u>		
Churches and Commercial rates (unless specified below)	25.30	26.79
Multi-Unit Complexes	25.30 per unit	26.79
Example: (3 unit complex = 80.37)		
Laundromats; Car Washes		\$2.13/100 cu. ft. of water used \$2.26/100 cu. ft. of water used.
Example: (1,000 cubic feet of water used equals a sewer charge of \$22.60)		
Hotels; Motels; Hospitals	\$4.99 Per Unit	\$5.28 Per Unit (Room)
Example: (an 8 unit motel equals a charge of \$42.24)		
Restaurants	\$5.27/100 cu. ft. of water used.	\$5.58/100 cu. ft. of water used.
Example: (1,000 cubic feet of water used equals a sewer charge of \$55.80)		
Lindsay Unified School District	\$0.22 per ADA	\$0.23 per ADA
<u>Industrial</u>		
Greater of	\$68.47	72.51
----- OR -----		
Flow.....plus.....	.39/100 cu. ft. of water used.	.42/100 cu. ft. of water used.
BOD.....plus.....	.17 per pound +	.18 per pound +
SSplus.....	.17 per pound	.18 per pound
Land Application.....	Actual costs.	

Staff is recommending that rates be increased in four steps in order to minimize the impact on citizens. The rates would be adjusted on the following dates by the percentage shown:

June 1, 2005	5.9%
June 1, 2006	5.9%
June 1, 2007	5.9%

REFUSE ENTERPRISE FUND

The refuse fund uses the City streets for the purpose of travel for the heavy vehicles that pick up the refuse containers. The passage of these heavy vehicles over the roadway contributes to the degradation of the road.

Effective June 1, 2004, the fee proposed to be imposed upon your parcel will be increase 5.9%;

<u>Residential:</u>	<u>Pickup(s)</u>	<u>Current Fees</u>	<u>Proposed Fees</u>
1 set of cans Split/Green Waste	1	15.58	16.50
1 Additional Split or Green Waste	1	3.83	4.06
<u>Commercial</u>			
1 set of cans Split/Green Waste	1	15.58	16.50
1 yard bin	1	45.62	48.31
1 yard bin	2	84.79	89.79
1 yard bin	3	124.05	131.37
1 1/2 yard bin	1	56.42	59.75
1 1/2 yard bin	2	94.93	100.53
1 1/2 yard bin	3	133.54	141.42
2 yard bin	1	65.24	69.09
2 yard bin	2	116.28	123.14
3 yard bin	1	92.22	97.66
3 yard bin	2	160.73	170.21
3 yard bin	3	227.82	241.26
6 yard bin	1	185.10	196.02
6 yard bin	2	321.55	340.52
6 yard bin	3	455.64	482.52
<u>Charges for extra one-time pickup: twenty-four (24) hour notice required:</u>			
110-gallon Automatic Container		10.00	10.59
One-Yard Bin		16.50	17.49
One and a Half-Yard Bin		24.75	26.21
Two-Yard Bin		33.00	34.95
Three-Yard Bin		49.50	52.42
Charge for extra cleaning		38.50	40.77

The rates would be adjusted on the following dates by the percentage shown:

June 1, 2005	5.9%
June 1, 2006	5.9%
June 1, 2007	5.9%

The Enterprise Funds will contribute amounts equal to their share of the cost of reconstruction of the road system. The reconstruction is outlined in the 2003 City of Lindsay Street Study, including a list of all streets and the method of construction to be used on them.

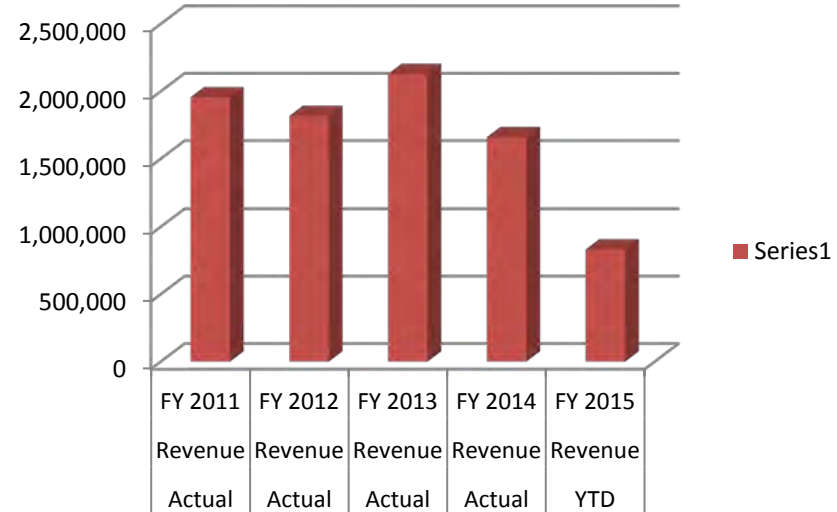
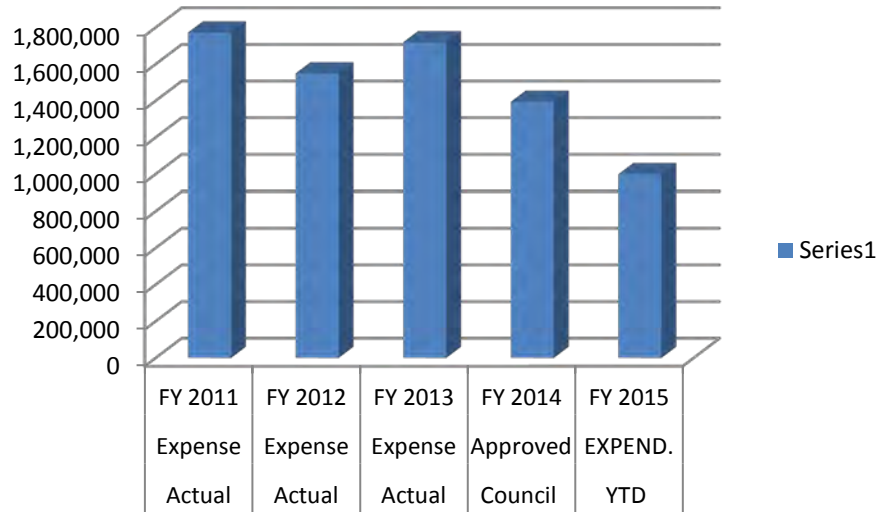
In accordance with Proposition 218, the Public Hearing will present an opportunity for the citizenry to voice its view on the subject. After reviewing the citizen input on this matter, the Lindsay City Council will make a determination on the rates. Citizens may file a written protest with the finance department on or before the scheduled time of the Public Hearing. Written protests will also be accepted prior to the closing of the Public Hearing on April 13, 2004. A valid written protest by the majority of property owners in the community will result in the rates not being changed. Data and supporting documentation regarding the proposed rate adjustment is available for public viewing in the Finance Department located at Lindsay City Hall, 251 East Honolulu Street, Lindsay California.

Water Fund Expenses

Actual Expense FY 2011	Actual Expense FY 2012	Actual Expense FY 2013	Council Approved FY 2014	YTD EXPEND. FY 2015
1,771,420	1,548,332	1,718,347	1,393,043	998,196

Water Fund Revenues

Actual Revenue FY 2011	Actual Revenue FY 2012	Actual Revenue FY 2013	Actual Revenue FY 2014	YTD Revenue FY 2015
1,954,731	1,815,599	2,127,802	1,658,749	830,354



FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
183,311	267,267	409,455	265,706	-167,842

Net Comparison Over /Short
Revenues less Expenses

NOTE #1: FY15 includes CIP of \$236,336 for Laurel Avenue Improvement Project

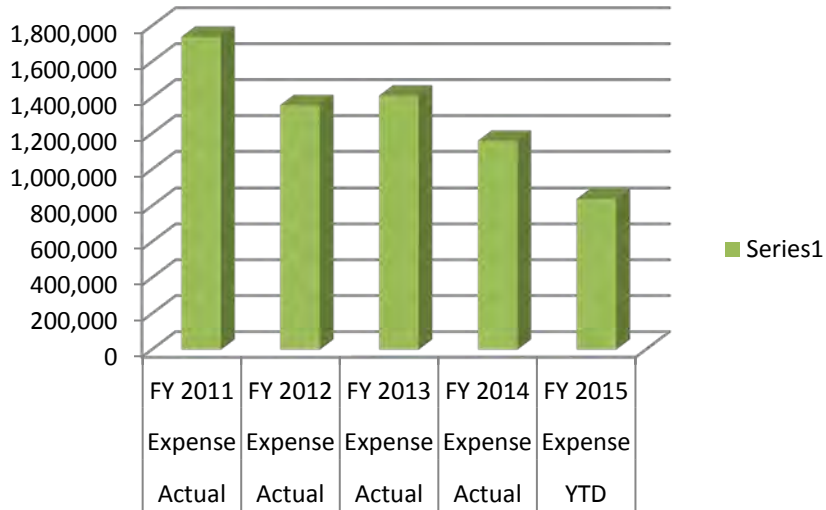
NOTE #2: FY13 includes \$154, 507 in surplus water sales and \$34, 154 for penalties

Net Gain/Loss 4 years 1,125,739
Includes on FY11 - FY14

Average Net Gain/Loss per year 281,435

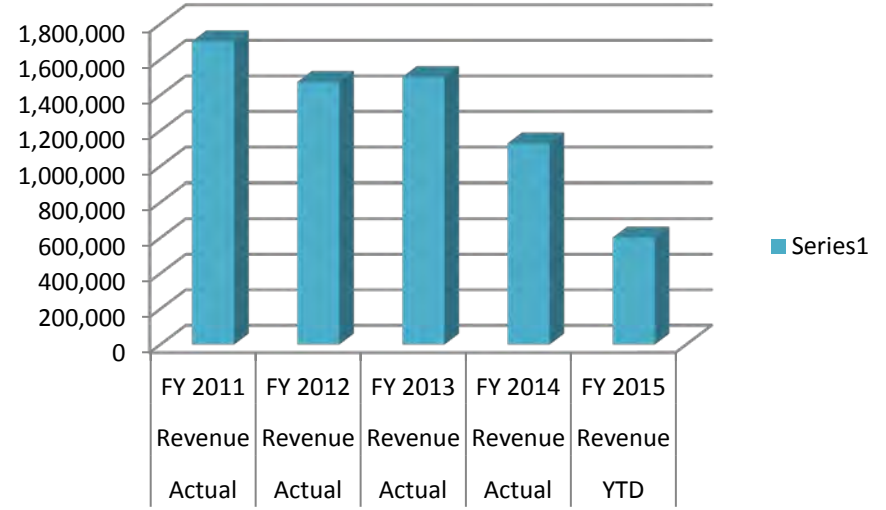
Sewer Fund Expenses

Actual Expense FY 2011	Actual Expense FY 2012	Actual Expense FY 2013	Actual Expense FY 2014	YTD Expense FY 2015
1,737,980	1,357,770	1,410,071	1,158,541	838,560



Sewer Fund Revenue

Actual Revenue FY 2011	Actual Revenue FY 2012	Actual Revenue FY 2013	Actual Revenue FY 2014	YTD Revenue FY 2015
1,701,575	1,472,274	1,500,474	1,126,825	600,335



Net Comparison Over /Short
Revenues less Expenses
Net Gain/Loss 4 years
Includes on FY11 - FY14

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
-36,405	114,504	90,403	-31,716	-238,225

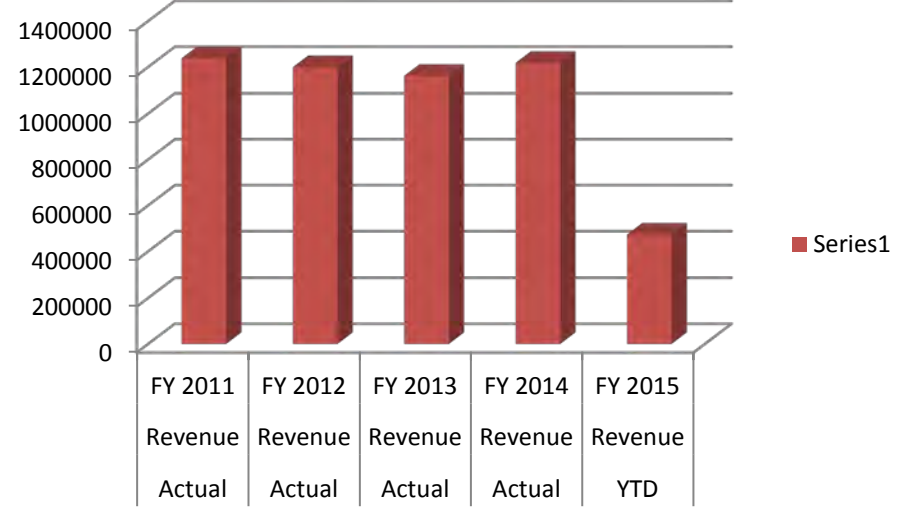
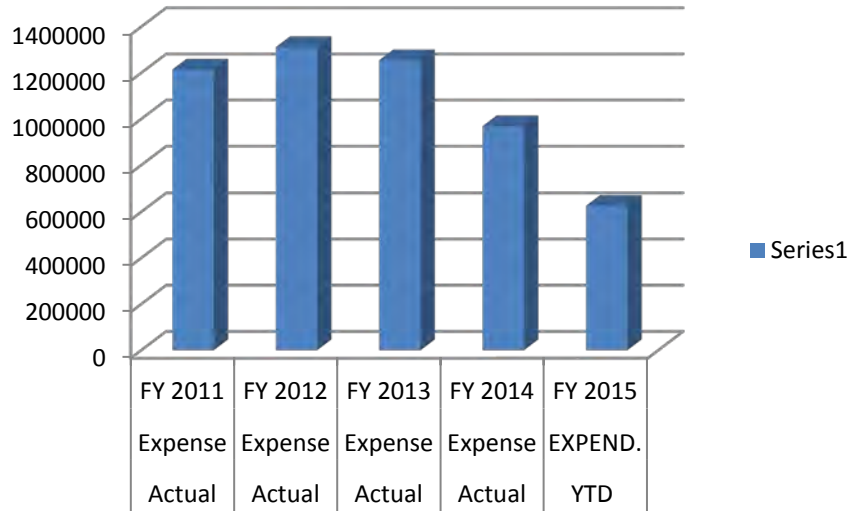
136,786

Refuse Fund Expenses

Actual Expense FY 2011	Actual Expense FY 2012	Actual Expense FY 2013	Actual Expense FY 2014	YTD EXPEND. FY 2015
1,213,697	1,310,734	1,254,081	968,194	625,479

Refuse Fund Revenues

Actual Revenue FY 2011	Actual Revenue FY 2012	Actual Revenue FY 2013	Actual Revenue FY 2014	YTD Revenue FY 2015
1,237,585	1,199,166	1,161,286	1,217,505	472,868



FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
23,888	-111,568	-92,795	249,311	-152,611

Net Comparison Over /Short
Revenues less Expenses

NOTE: FY14 Included a Transfer In from the Street Improvement Fund of \$336,888 in order to offset the negative Fund Balance

Net Gain/Loss 4 years Includes on FY11 - FY14	68,836
Less Supplement	(336,888)
Net Gain/Loss	(268,052)