Measure L
Citizens Oversight Committee

Wednesday September 21, 2022
For several years prior to Measure L being passed (March 2020), the city’s expenditures were growing faster than revenues

- Three reasons: loss of local control of our funding, flattening of revenues and rising cost of doing business
The Challenge: Preserving the “Lakewood Way”

• Maintaining our local quality of life, keeping local property values high, keeping our streets well-maintained, maintaining our quality parks and recreational programs and protecting our public spaces and neighborhoods that keep our community a desirable place to live, do business and raise a family
Lakewood’s Fiscal Responsibility

• In keeping with Lakewood’s tradition of living within our means, the City had to make cuts and delays to critical projects to make ends meet.

• On top of that, there is also a critical need to maintain our existing infrastructure that was literally falling apart.
After considering all options on the table, the City Council decided to place the ballot measure for the voters to decide.

Measure L passed with 64% of the vote.

Revenues received from Measure L are intended to maintain the quality of life in Lakewood, including preservation of the Lakewood Way and to address infrastructure needs.
6932. Citizens Oversight. The City Council shall appoint a Citizens Oversight Committee to review revenues generated pursuant to this Chapter, and the expenditure thereof, as part of the City’s budget preparation process.

Committee’s Mission: To provide additional transparency through oversight of Measure L by reviewing revenues and expenditures generated by the measure.
A Field Guide to Local Governments

Cities
✓ general purpose
✓ essential frontline services tailored to needs of their communities
✓ are funded mostly by locally enacted revenues
✓ provide land use planning & control

Special Districts
✓ “dependent” / “independent”
✓ Enterprise: water, irrigation, sanitation
✓ & not: parks & rec, mosquito abatement, fire
✓ many get a cut of the property tax

Counties
✓ Hybrid local/state
  ▪ state/federal health & social services (CalWORKS, foster care, IHSS, etc.)
  ▪ countywide local services (jails, courts, elections, indigent aid, etc.)
  ▪ “city” services to unincorporated areas
✓ More mandates, less discretionary $
Where Your Property Tax Goes

City 21%
County 27%
Local Schools 45%
Special Districts 7%

Shares Vary!
- Non-Full service cities: portion of city shares go to special districts (e.g. fire)
- Pre-prop13 tax rates

Typical homeowner in a full service city not in a redevelopment area. Includes Property Tax in-lieu of VLF.

Source: Author’s computations from Board of Equalization and State Controller data.
Where Your Sales Tax Goes

- City: 1%
- State General Fund: 4.1875%
- County Realignement: 1.5625%
- Proposition 172 1/2%: 0.50%
- County Transportation: 0.25%
- Co Realign: 1.5625%
- State GF: 3.9375%
- Total Base: 7.25%

* For taxable sales in unincorporated areas, the local 1% rate goes to the county.

** Does not include the temporary ¼% Prop30 state sales tax which expires 12/31/2016.
State General Revenues
including state income tax, state sales tax
How much goes to your city?

To cities: less than 1/5 of 1%

Major programs supported by state general funds include schools, colleges, health & human services, prisons, tax relief, courts.
California City Revenues

- Utility Fees (Water, Sewer, Refuse, Electr, Gas, etc.) 29%
- Other Fees 12%
- Other 6%
- Not Restricted 36%

- Property Tax 14%
- Sales Tax 7%
  - BusnLicTax 2%
  - Utility User Tax 3%
  - TransOccTax 2%
  - Other OccTax 2%
  - Franchises 2%
  - Other 3%

- Federal Grants 5%
- State Grants 4%
- Benefit Assessments 2%
- Special Taxes 3%
- Investments, Rents, Royalties 1%
- Fines & Forfeitures 1%
- Devpt Fees & Permits <1%
- Licenses & Permits <1%

Source: Author's computations from data from California State Controller.
Discretionary Revenues and Spending
Typical Full Service City

Revenues
- Property Tax
- Sales & Use Tax
  - Franchises
  - Utility User Tax
  - BusnLic Tax
  - Hotel Tax
  - Other

Expenditures
- Fire
- Police
  - Parks&Rec
  - Library
  - Streets
  - Planning
  - Other

Source: Author’s computations from State Controller reports
Lakewood Budget Principles

- Prudent Fiscal Management
- Strong Financial Oversight
- Living Within Our Means
Historic Budget Strategy

- Provide city services at a level consistent with available resources...keep spending on annual operations well below revenue

- Generate a surplus each year to be used for capital improvements

- Utilize save-then-spend capital financing strategy, as opposed to debt financing
Fiscal Environment – Prior to Measure L

- Constrained resources & increased costs of doing business
- City took difficult but needed actions to balance the budget
- March 2020: Initially, significant COVID-19 triggered economic downturn
- July 1, 2020: Measure L brings new revenue source & provides stability
Fiscal Environment – After Passage of Measure L

- Maintain core services and programs
- Addresses infrastructure needs
- Allows focus on long-term perspective
## CITY OF LAKEWOOD: General Fund Budget

<table>
<thead>
<tr>
<th></th>
<th>Final Estimate FY 2021-22</th>
<th>Adopted FY 2022-23</th>
<th>Adopted FY 2023-24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sources:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues/Transfers In</td>
<td>$68,595,748</td>
<td>$69,616,740</td>
<td>$71,780,362</td>
</tr>
<tr>
<td>Total Sources</td>
<td>68,595,748</td>
<td>69,616,740</td>
<td>71,780,362</td>
</tr>
<tr>
<td><strong>Uses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental Expenditures</td>
<td>59,995,197</td>
<td>62,914,056</td>
<td>63,717,909</td>
</tr>
<tr>
<td>CIP Set-aside</td>
<td>3,000,000</td>
<td>3,500,000</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Total Uses</td>
<td>62,995,197</td>
<td>66,414,056</td>
<td>66,717,909</td>
</tr>
<tr>
<td>Employee labor adjustment costs</td>
<td>-</td>
<td>750,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Projected Surplus</strong></td>
<td>$5,600,551</td>
<td>$2,452,684</td>
<td>$5,062,453</td>
</tr>
</tbody>
</table>
Financial Outlook

- FY 2021-22 Projected surplus: $5.6 million
  - Actual amount will be known in late October
  - Reserves: over $37.1 million available
- Measure L: Not too late….or too soon
  - Continuation of City services
  - $3-$3.5 million in CIP funding each year
- Future year-end surplus amounts provide long-term fiscal security
FY 2022-23: General Fund Revenues

$69.6 Million

- Sales Tax - BB, $16.8
- Sales Tax - Local, $13.5
- UUT, $2.8
- Other Taxes, $2.6
- License & Permits, $1.3
- Transfer In, $4.3
- Fines & Forfeitures, $0.8
- Use of money & Property, $0.6
- From Other Agencies, $11.1
- Current Service Charges, $9.3
FY 2023-24: General Fund Revenues

$71.8 Million

From Other Agencies, $11.6
Use of money & Property, $0.7
Fines & Forfeitures, $0.8
Transfer In, $4.3
License & Permits, $1.4
Other Taxes, $2.6
UUT, $2.8
Sales Tax - Local, $13.9
Current Service Charges, $9.7
Property Tax, $6.8
Sales Tax - BB, $17.2
Sales Tax Revenue History
FY 2009 to FY 2024
(in millions of $)

Fiscal Year ending June 30th

- 2009: $11.3
- 2010: $11.4
- 2011: $11.8
- 2012: $12.8
- 2013: $13.1
- 2014: $13.2
- 2015: $14.0
- 2016: $14.4
- 2017: $14.2
- 2018: $14.5
- 2019: $13.4
- 2020: $14.8
- 2021: $16.4
- 2022*: $13.5
- 2023*: $13.2
- 2024*: $13.9

*Estimate

Sales Tax (Bradley-Burns)
Sales Tax (Measure L)
FY 2022-23: Departmental Expenditures

$62.9 Million

Pub. Safety, 25%

Rec & Com Svcs, 22%

Pub Works, 28%

Finance & Admin, 11%

Com. Dev., 6%

Administration, 8%
FY 2023-24: Departmental Expenditures

$63.7 Million

- Pub. Safety, 24%
- Administration, 9%
- Rec & Com Svcs, 22%
- Pub Works, 29%
- Finance & Admin, 11%
- Com. Dev., 5%
Budget Summary

- City is well-positioned financially
- Maintain City programs/services
- Annually setting aside funds for needed infrastructure improvements
- Budget surpluses anticipated & part of long-term stabilization strategy
Measure L
Citizens Oversight Committee

Wednesday September 21, 2022