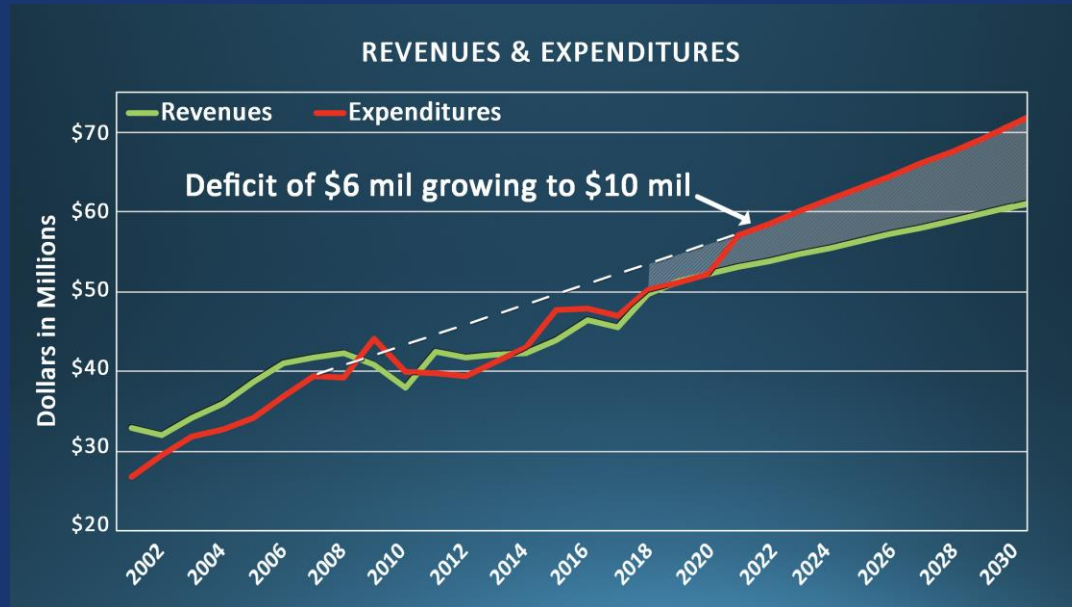




# **Measure L Citizens Oversight Committee**

**Wednesday September 21, 2022**

# Measure L Background



- 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



# Measure L

- 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

# Measure L Citizens Oversight Committee

*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 abtmt, fire
- ✓ many get a cut of the property tax

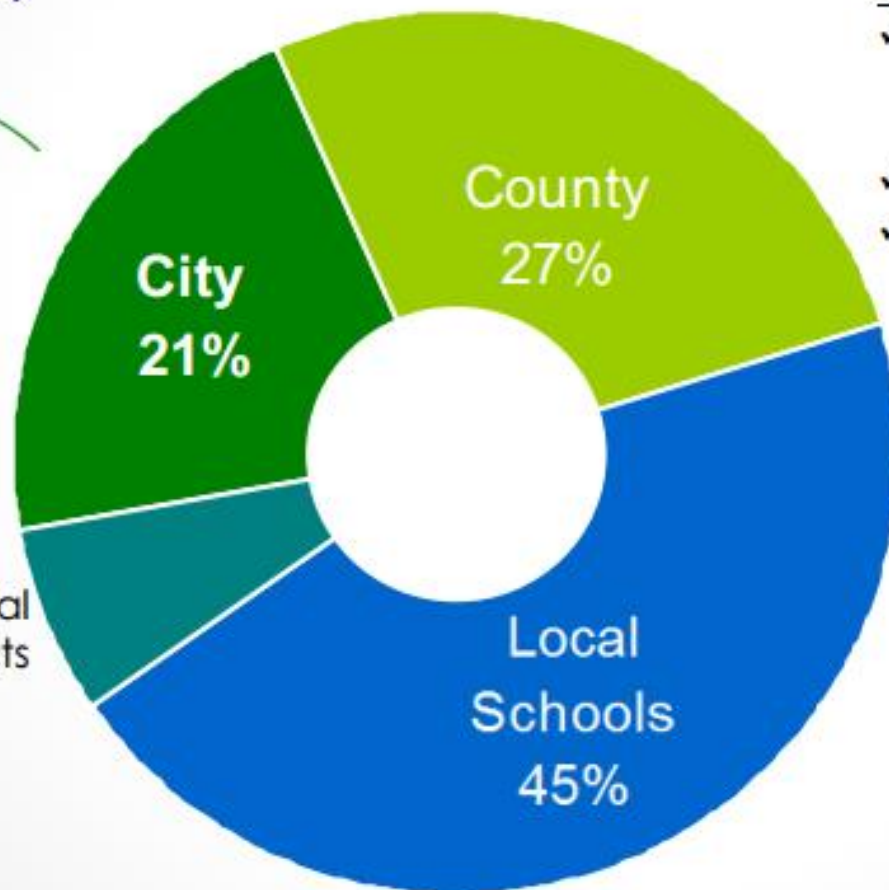
## Counties

- ✓ Hybrid local/state
  - state/federal health & social svcs (CalWORKS, foster care, IHSS, etc.)
  - countywide local services (jails, courts, elections, indigent aid, etc.)
  - “city” services to unincorp. areas
- ✓ More mandates, less discretionary \$





# Where Your Property Tax Goes

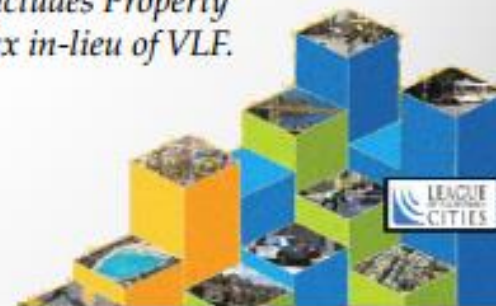


## Shares Vary!

- ✓ Non-Full service cities: portion of city shares go to special districts (e.g. fire)
- ✓ Pre-prop13 tax rates
- ✓ Everyone gets Prop-Tax In Lieu of VLF shares – except new cities since 2004.

*Typical homeowner in a full service city not in a redevelopment area.*

*Includes Property Tax in-lieu of VLF.*

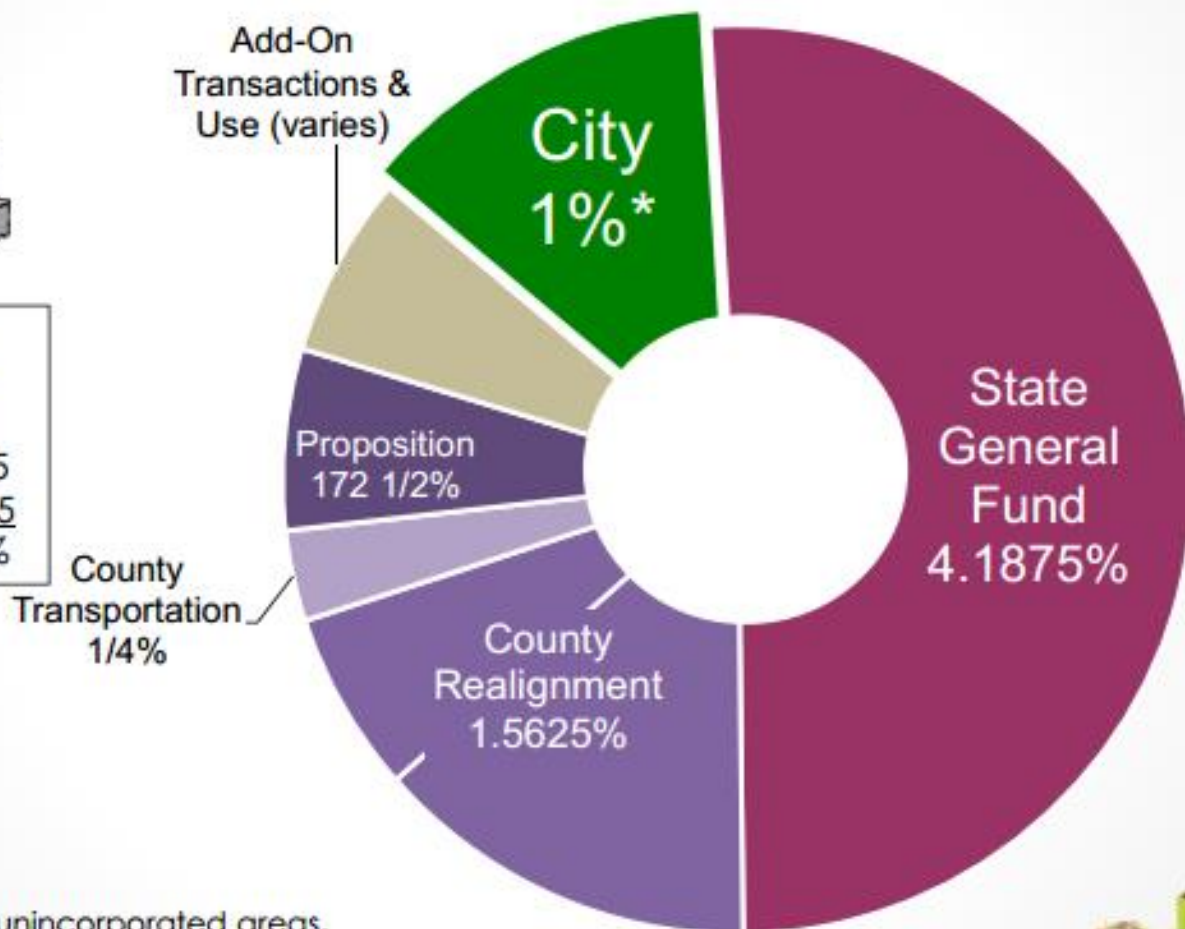




# Where Your Sales Tax Goes



City*	1.00
Co Transp	0.25
Prop172	0.50
Co Realign	1.5625
State GF	<u>3.9375</u>
Total Base	7.25 %



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

\*\* Does not include the temporary 1/4% Prop30 state sales tax which expires 12/31/2016

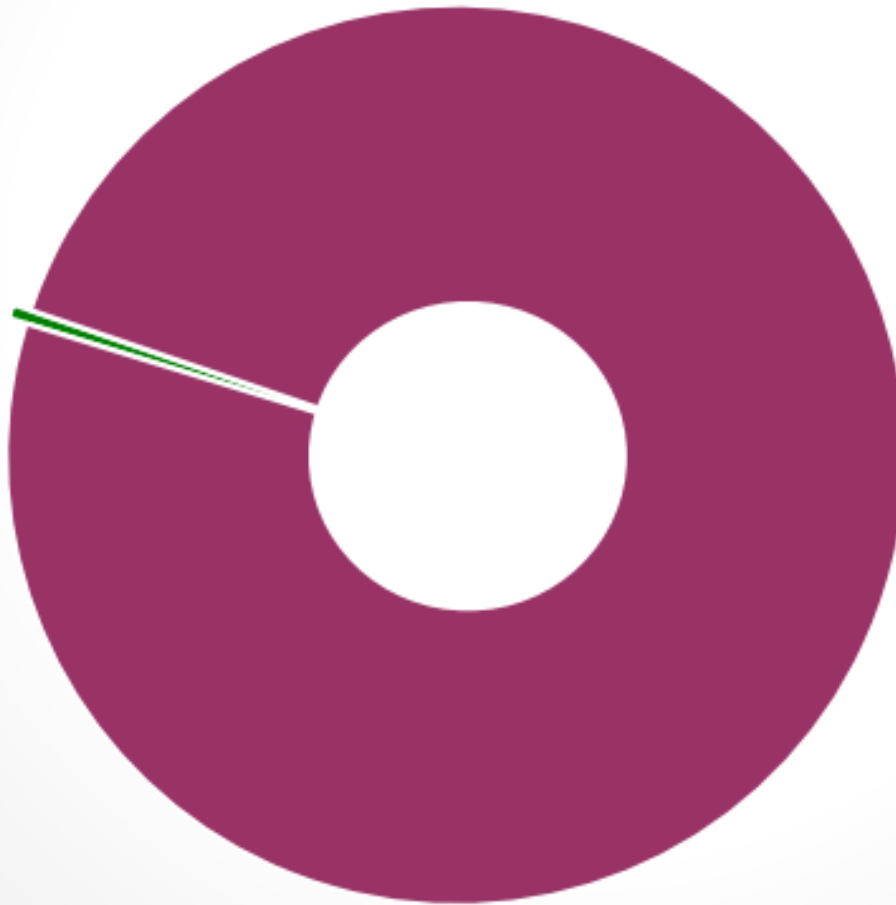


# State General Revenues

including state income tax, state sales tax

## How much goes to your city?

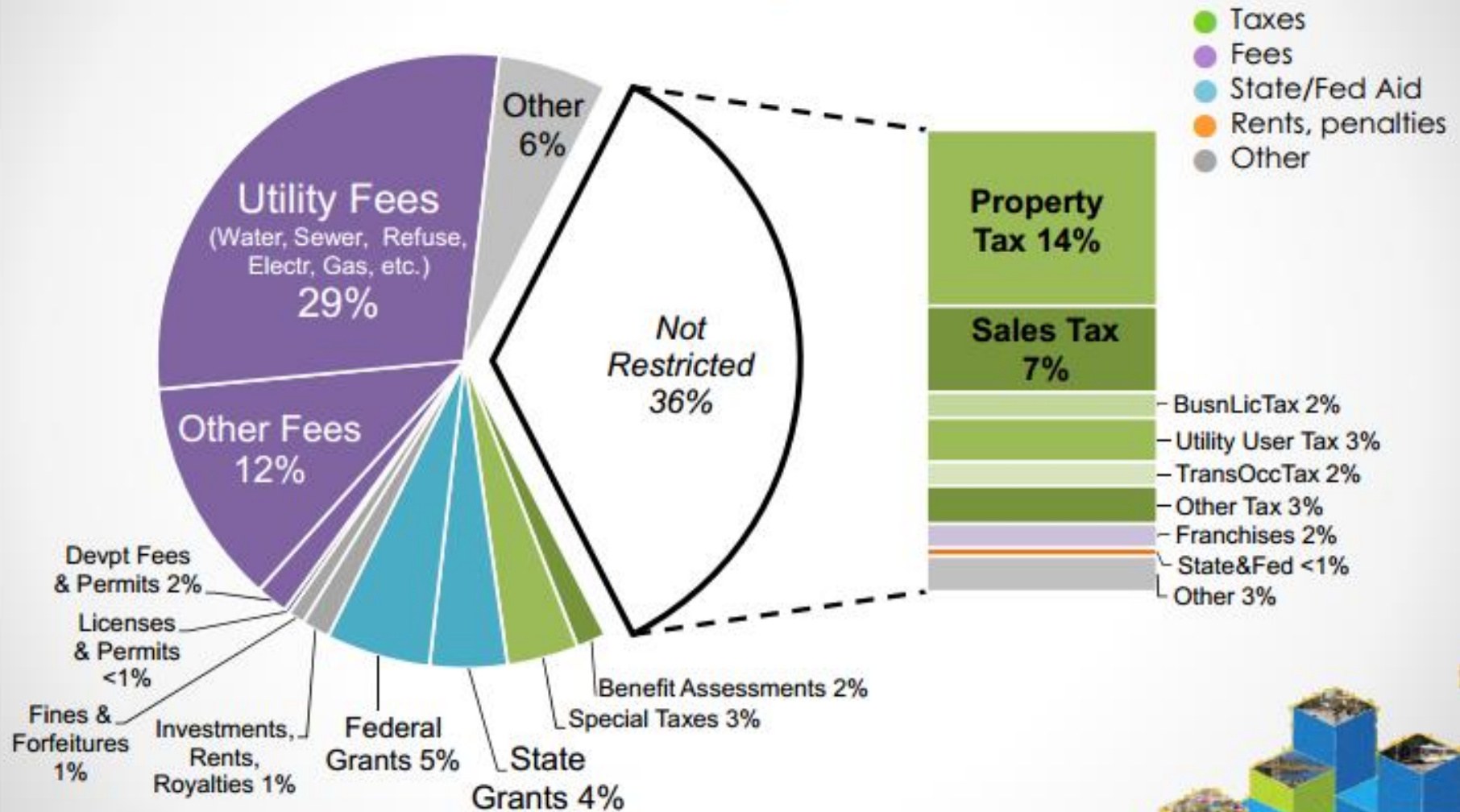
To cities: less  
than 1/5 of 1%



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



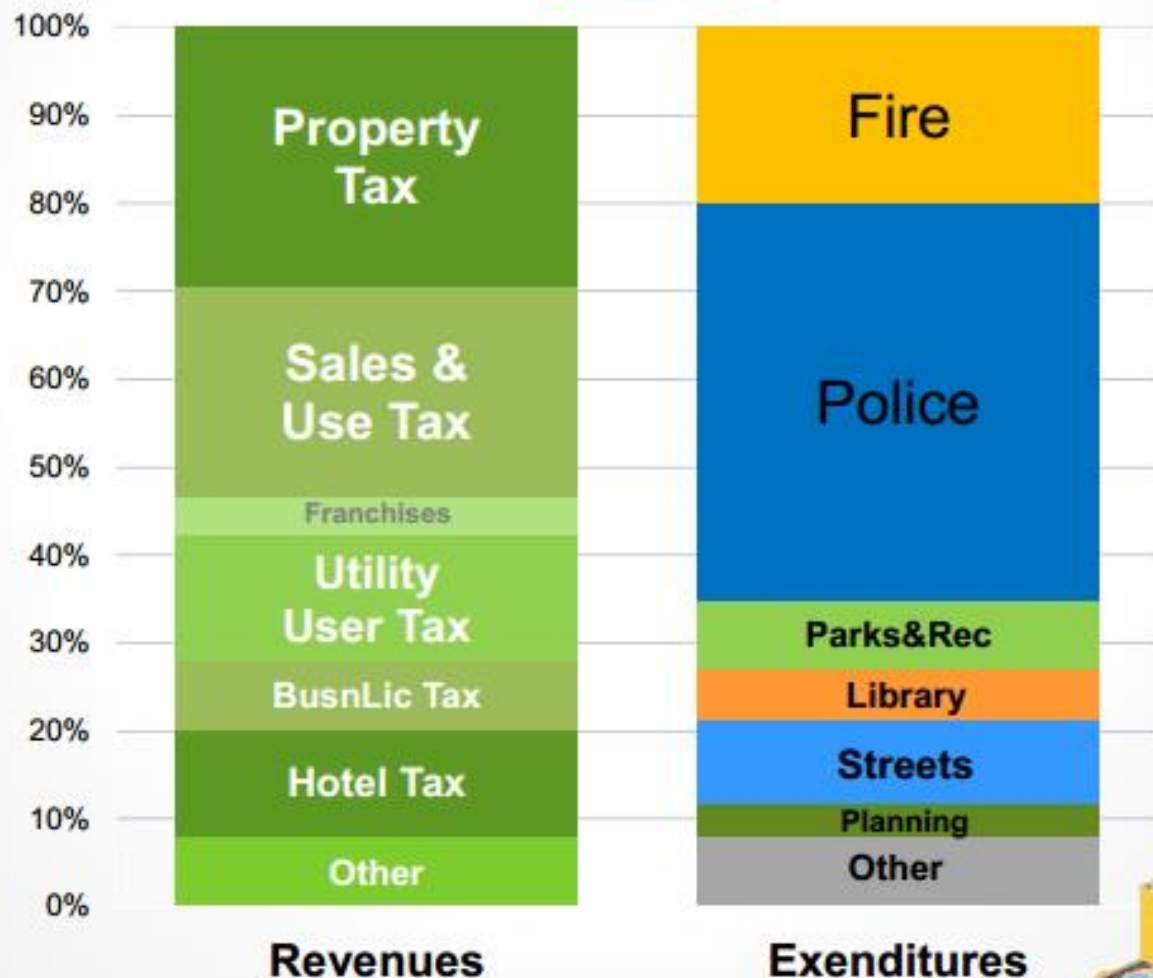
# California City Revenues





# Discretionary Revenues and Spending

Typical Full Service City



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

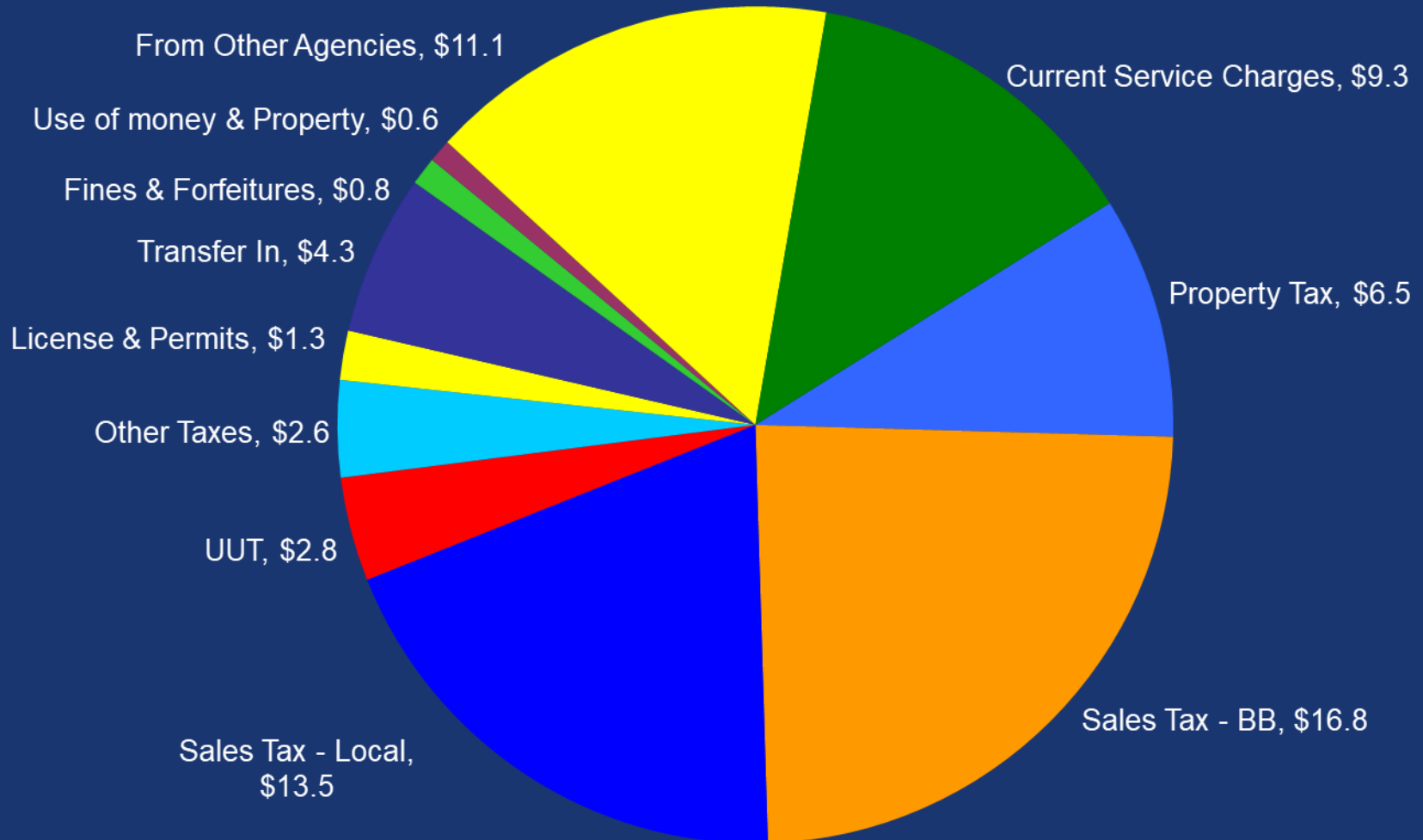
	Final Estimate FY 2021-22	Adopted FY 2022-23	Adopted FY 2023-24
Sources:			
<u>Revenues/Transfers In</u>	<u>\$ 68,595,748</u>	<u>\$ 69,616,740</u>	<u>\$ 71,780,362</u>
Total Sources	68,595,748	69,616,740	71,780,362
Uses:			
Departmental Expenditures	59,995,197	62,914,056	63,717,909
<u>CIP Set-aside</u>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

# 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

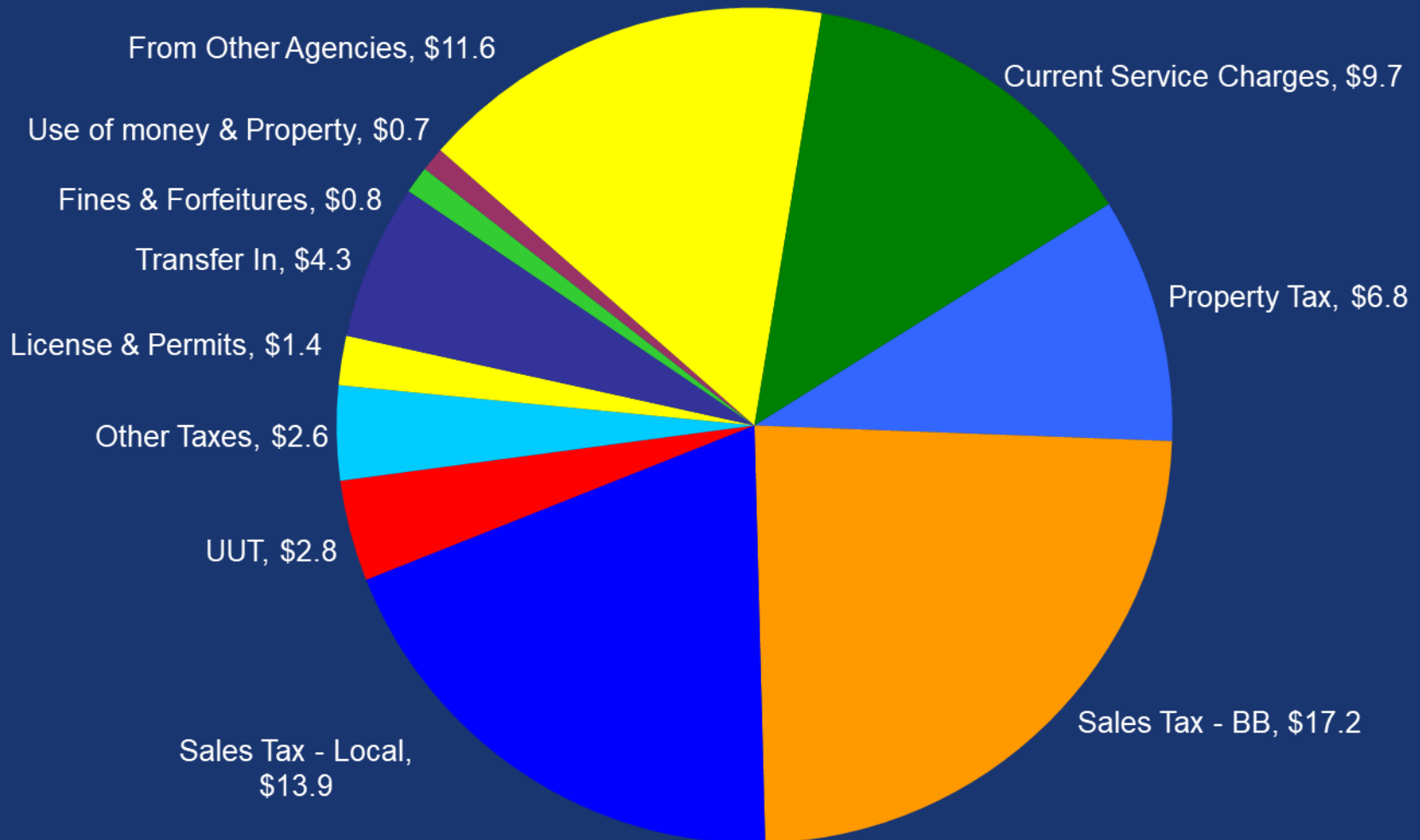
# FY 2022-23: General Fund Revenues

**\$69.6 Million**



# FY 2023-24: General Fund Revenues

**\$71.8 Million**

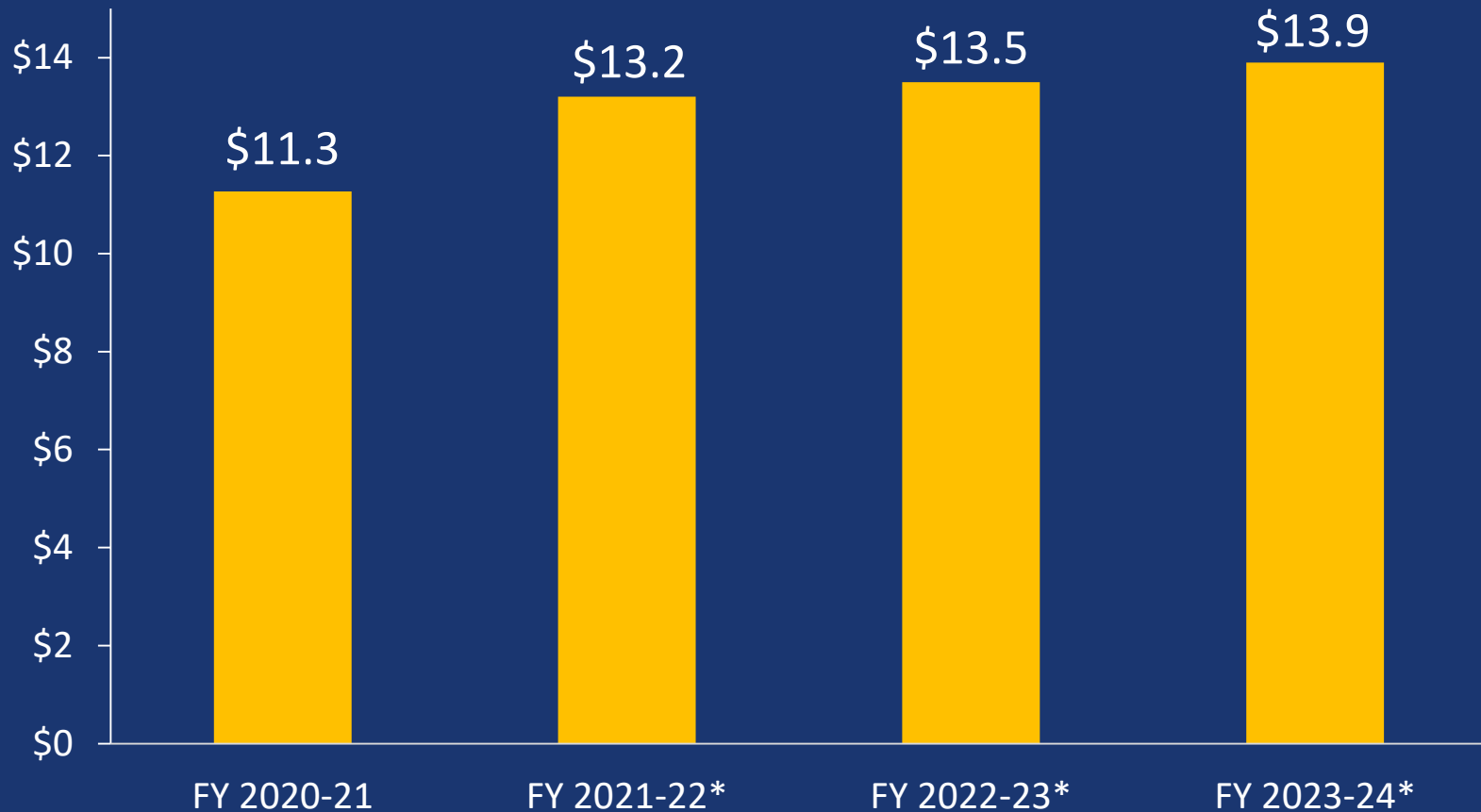




# Measure L

## Sales Tax Revenue

(In Millions of \$)

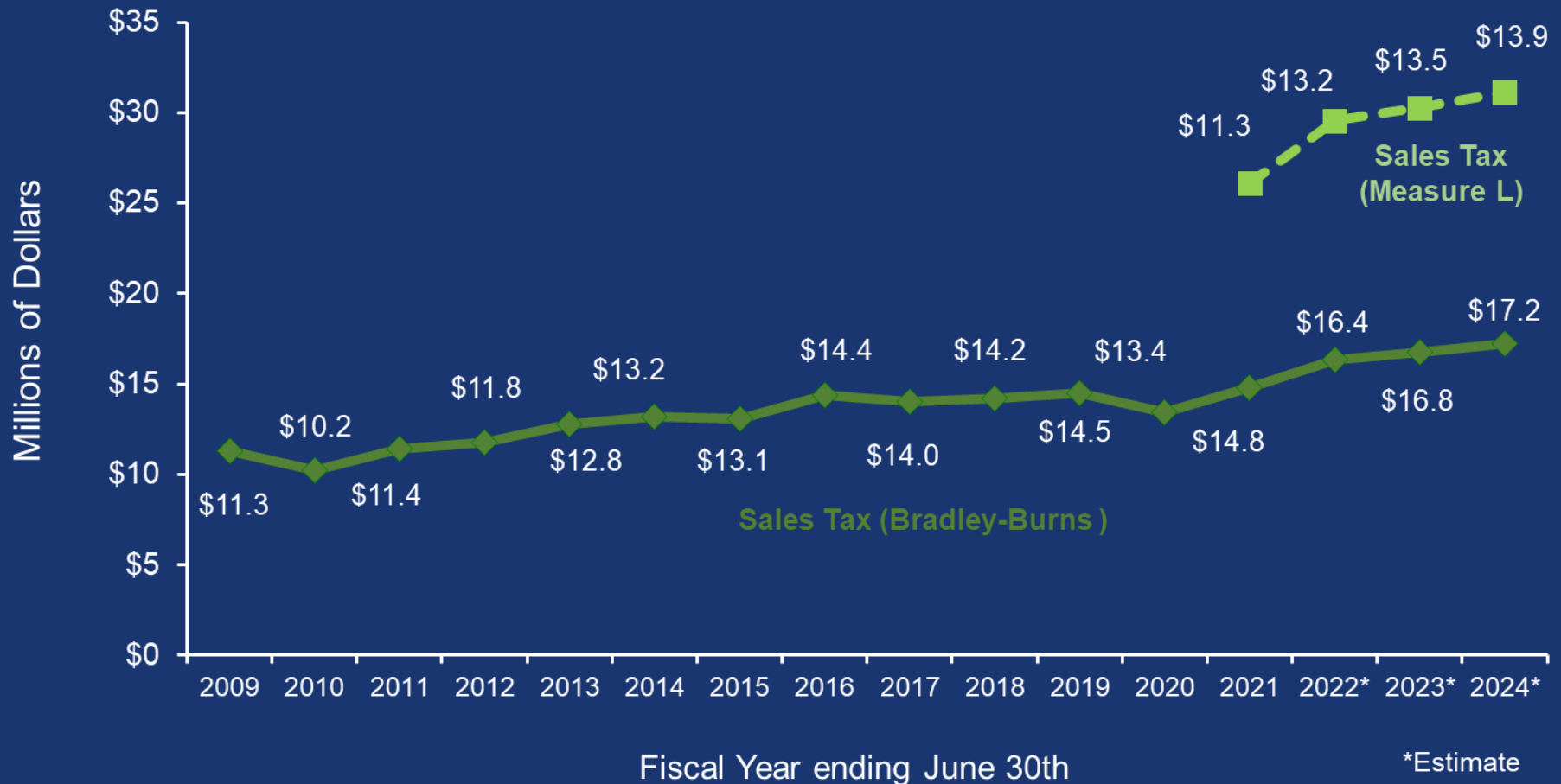


\*Budget

# Sales Tax Revenue History

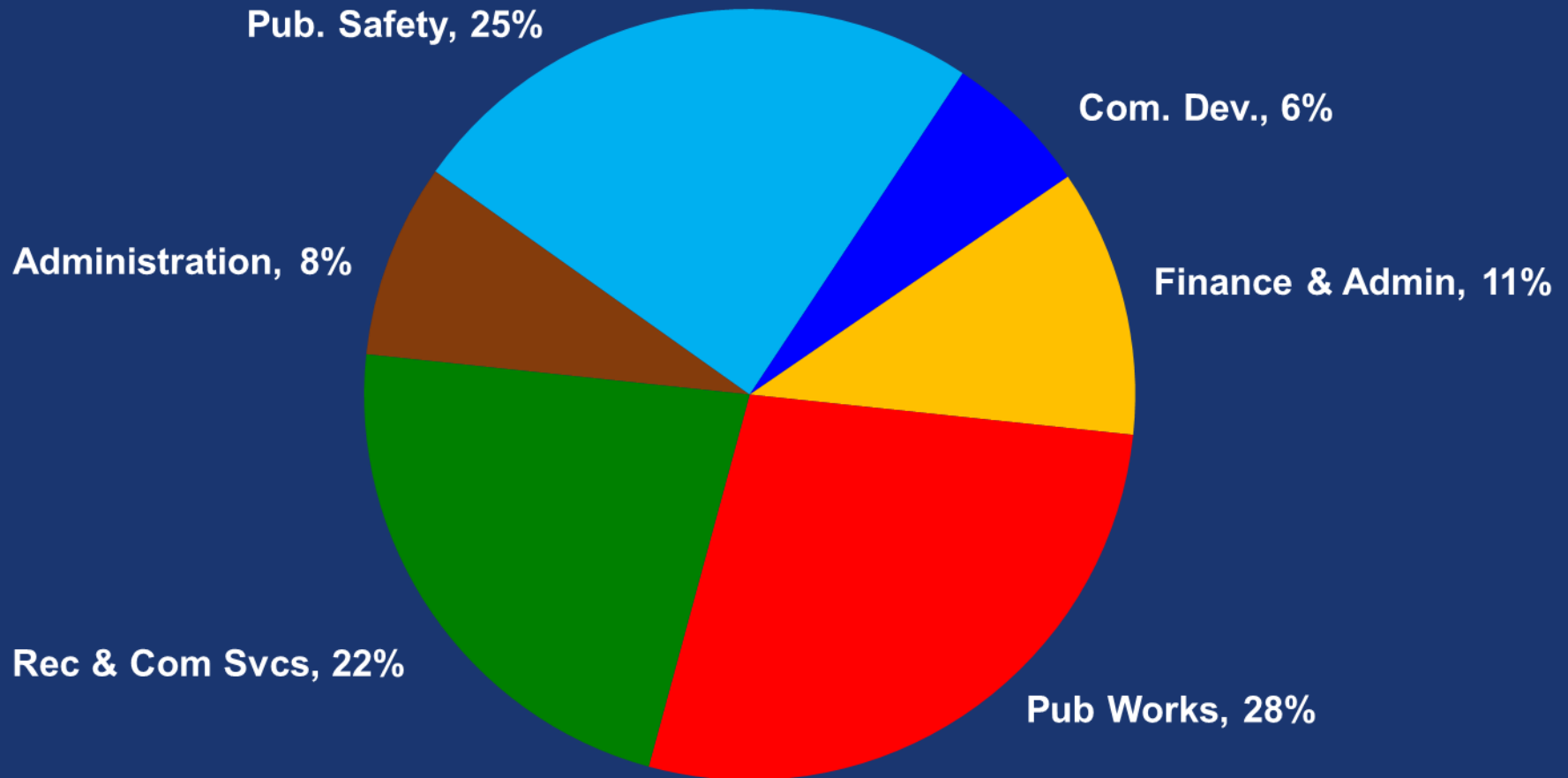
## FY 2009 to FY 2024

(in millions of \$)



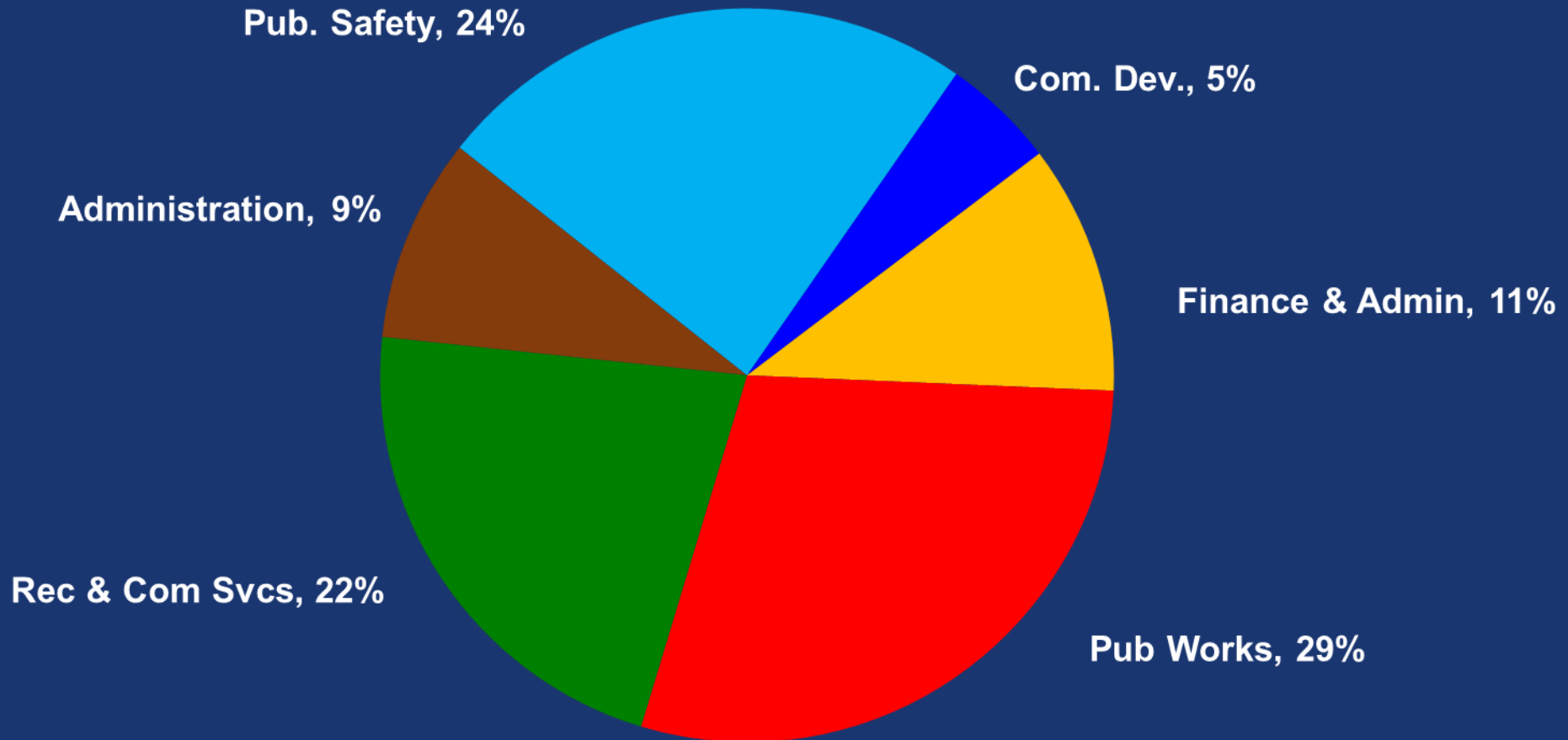
# FY 2022-23: Departmental Expenditures

**\$62.9 Million**



# FY 2023-24: Departmental Expenditures

**\$63.7 Million**



# 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**