CITY OF LANCASTER
FISCAL YEAR 2014-2015

BUDGET
&
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM

CITY COUNCIL MEMBERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Term Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>R. Rex Parris</td>
<td>Mayor</td>
<td>2016</td>
</tr>
<tr>
<td>Marvin E. Crist</td>
<td>Vice-Mayor</td>
<td>2018</td>
</tr>
<tr>
<td>Ronald D. Smith</td>
<td>Council Member</td>
<td>2018</td>
</tr>
<tr>
<td>Kenneth G. Mann</td>
<td>Council Member</td>
<td>2016</td>
</tr>
<tr>
<td>Sandra Johnson</td>
<td>Council Member</td>
<td>2016</td>
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CITY OFFICIALS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Mark V. Bozigián</td>
<td>City Manager</td>
</tr>
<tr>
<td>Allison E. Burns</td>
<td>City Attorney</td>
</tr>
<tr>
<td>Jason D. Caudle</td>
<td>Deputy City Manager</td>
</tr>
<tr>
<td>Kelvin Tainatongo</td>
<td>Assistant to the City Manager</td>
</tr>
<tr>
<td>Barbara Boswell</td>
<td>Finance Director</td>
</tr>
<tr>
<td>Elizabeth Brubaker</td>
<td>Housing &amp; Neighborhood Revitalization Director</td>
</tr>
<tr>
<td>Britt Avrit</td>
<td>City Clerk</td>
</tr>
<tr>
<td>Beverly Glode</td>
<td>Human Resources and Risk Management Director</td>
</tr>
<tr>
<td>Vern Lawson</td>
<td>Economic Development Director</td>
</tr>
<tr>
<td>Ronda Perez</td>
<td>Parks, Recreation, and Arts Director</td>
</tr>
<tr>
<td>Brian S. Ludicke</td>
<td>Planning Director</td>
</tr>
<tr>
<td>Robert C. Neal</td>
<td>Public Works Director</td>
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City of Lancaster
VISION
The vision for the City of Lancaster is to be a most desirable place to live, work, visit, and play.

~

VALUES
The values of the City of Lancaster are $I^2$ CARE,
Integrity, Involvement, Courage,
Accountability, Respect and Excellence

~

MISSION
The mission of the City of Lancaster is to achieve our vision through the delivery of highly effective public services for the common good.
# FISCAL YEAR 2014-2015
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To: Honorable Mayor, Council Members, and Residents of Lancaster

Welcome to the 2014-2015 fiscal year. We are proud to present this comprehensive financial plan. This is the City’s most important policy document—not just a series of numbers or a list of planned expenditures. The budget is a road map to our continued goals. It is a promise to our valued residents, business owners, and visitors. This budget reflects the Mayor and City Council’s unshakable dedication to fiscal responsibility, long-term financial stability, and service to our community.

We are now nearly six years beyond the start of the Great Recession. Although the national economy has gradually strengthened and our top revenues have begun to increase, we continue, as we always have, to treat the City’s finances conservatively. For example, we never budget anticipated revenues from new businesses until the City grants a certificate of occupancy. We must be certain of a revenue source, not just hope for it.

Department budgets are maintained at a level needed to provide essential services. Staff are moved between departments and divisions to take the pressure off of certain funds, especially the general fund, and to provide for enhanced, efficient service. Spending on operations, on average, has been held flat or reduced for several years.

In Lancaster conservative budgeting also goes hand-in-hand with creative project planning. Through bold, fearless Council leadership and effective management we consistently demonstrate that Lancaster is the City of “firsts.” Lancaster is the first city in California to initiate the purchase of streetlights from Southern California Edison. The Council recently approved the initiation of our Community Choice Aggregation (CCA) program. This program is available within the service areas of investor-owned utilities, such as Southern California Edison, which allows cities to purchase and/or generate electricity for their residents and businesses.

While Lancaster has always maintained reserve funds (our “savings” account), staff are taking further steps to ensure long-term financial stability. As the health of the local economy improves, we will replenish our reserve funds which helped the City to not only survive but thrive through the Great Recession. We are developing new revenue sources to help insulate us from “boom and bust” economic cycles.

The story of this year’s adopted budget is much more than a spending plan for fiscal year 2015 or a review of our accomplishments in the previous fiscal year. It is the story of refusing to allow tough times to block creative solutions. It is the story of laying the foundation for a successful future not just in FY 2014-2015 but for the years to come inspired by the visionary leadership of the Mayor and City Council.
Creative Solutions – Operational Efficiencies

Operational efficiency is not just about reducing costs; other objectives, including service quality and expansion, must be achieved in order to fulfill our responsibilities to our residents. Many cities have been too concerned with costs and are not aware that public trust can be severely damaged if efficiency measures are approached purely as a cost cutting exercise.

Lancaster continues to implement new ways to further lower our service costs, while also continuing to provide excellent service to our residents. We believe there are always opportunities for improvement. Our dedicated staff continue to identify them in a proactive manner.

For example, the City recently adopted the Pavement Preservation Program to increase the longevity of streets while also maximizing the number of streets we can rehabilitate each year. The program is an innovative alternative to more expensive traditional methods which have been used by cities for years.

The program incorporates a number of cost saving street conservation techniques. It is focused on applying routine, successive, and low cost treatments to improve streets and extend pavement life. Doing so at reduced expense allows the City to address an increased number of streets thereby improving the entire street network condition.

Under the program, all work is completed by City staff. Bringing such maintenance-level pavement preservation work in-house allows the City to significantly reduce overall costs as compared to contracting for the same services, thereby increasing the total number of streets maintained by 200%. The equipment needed to perform the Pavement Preservation Program is already owned by the City, and maintenance staff has received the training needed to make the repairs.

Two of the many street maintenance techniques the Pavement Preservation Program utilizes include chip seals and seal coats. Chip seals significantly extend the life of a road anywhere from six to eight years, and can delay the need for more costly street renovations. Seal coats cost less than 25% of the cost of a traditional overlay, and less than 10% of the cost of a total reconstruction. Given the cumulative reduced costs associated with the program, the City expects to more than triple the number of lane-miles addressed per year to 195 in FY 2014-2015 (in comparison to previous years).

A number of stretches of the City’s roadways have already benefitted from dramatic improvements as a result of the program, including: Avenue L from 60th to 90th Street West; 30th Street West from Avenue H to J; 70th Street West from Avenue J to L; 60th Street West from Avenue G to I; and 50th Street West from Avenue G to I.

Creative Solutions – Partnerships

Partnerships are key to increasing services without increasing the City budget. For Lancaster, successful partnerships mean much more than engaging a business for one event. Our partnerships are enduring relationships with the community, our residents, businesses, and City
employees. The BLVD Association is a great example of an innovative partnership which serves as a driving force in the ongoing revitalization of the downtown area. The Association has enhanced its ongoing efforts to build a vibrant downtown by partnering with the City to form a Property-Based Improvement District, or PBID. The PBID is a special benefit assessment district designed to raise substantially more funds than the existing BID for the promotion and improvement of the district.

Funds generated by the assessment are used by The BLVD Association for the benefit of its member businesses, which also serve as the source of the fees. These funds help to promote the downtown area in a variety of ways, including joint marketing efforts; training opportunities for businesses; and hosting BLVD Association special events. One hundred percent of the fees collected via this assessment go directly to The BLVD Association; the City merely collects the funds on the Association’s behalf and disburses them to the Association.

Lancaster’s ongoing efforts to increase commerce throughout the community have yet another ally in Destination Lancaster, the official destination marketing organization for the City. Born out of a public-private partnership between the City, the Antelope Valley Fair, and local hotels and businesses, Destination Lancaster seeks to dramatically increase the level of tourism the City enjoys by means of advertisement and promotion of local businesses and attractions. Please visit the Destination Lancaster website at: http://www.destinationlancasterca.org/.

By partnering with such local attractions as the Antelope Valley Fairgrounds, Lancaster Performing Arts Center, The BLVD, Willow Springs Raceway and Lancaster Jethawks baseball, Destination Lancaster often brings in tourists from far beyond the region.

Realizing the potential increase in business anticipated as a result of Destination Lancaster, seven Lancaster hotels recently joined together to form the Lancaster Tourism Business Improvement District (TBID), providing funding for Destination Lancaster via a small self-assessment on the hotels. The organization is expanding its outreach, while providing a tremendous benefit to businesses, particularly those in the lodging industry. By coordinating with advertising agencies, various specialists, and businesses, Destination Lancaster is enhancing the tourism industry in Lancaster with long term goals such as the development of new special events, and coordination amongst hotels to increase visits during the off-season.

Two incredibly popular events this year exemplified the City’s success securing important partnerships, Field of Drafts and the Los Angeles County Air Show. In November 2013, with the generous support of several sponsors including two local craft breweries, Lancaster hosted our first Field of Drafts beer festival at The Hangar – Lancaster Municipal Stadium, an event where live music, sports entertainment and a large selection of brews was provided. Over 40 City staff and spouses volunteered at the event in a wide variety of capacities. Craft beer connoisseurs came from all parts of California to enjoy more than 60 types of beer. The City provided an environment where citizens could come together, have a great time and drink responsibly. This sold-out event is sure to be a signature festival of the Antelope Valley for years to come.
Our commitment to safety was clear to see. Designated Drivers were admitted for free, and had to show proof of a driver’s license at time of admission. In addition to the availability of Designated Drivers, security was onsite to guard vehicles left overnight. Taxis were also available for patrons requiring a lift home. U.S. military veterans and seniors also received a $10 discount off of general admission tickets.

In March 2014, the inaugural Los Angeles County Air Show took place at the General William J. Fox Airfield. The show welcomed more than 103,000 spectators over the two-day event. Not only did Lancaster serve as the title sponsor, a number of City staff volunteered to make this event a rousing success. With the compressed schedule to put this event on (4 months instead of 10 to accommodate the U.S. Navy Blue Angels availability), the non-profit committee putting on the air show needed a miracle. They got one in the form of the City of Lancaster staff. Led by our Parks, Recreation, and Arts, Public Safety, and Public Works departments, the City took on parking, traffic control, event safety, traffic safety, and VIP safety (no small feat when you are responsible for the safety of the Blue Angel team). This allowed the committee to focus on the event.

The following sponsors and community partners generously contributed to the 2014 Los Angeles County Air Show: City of Lancaster, Southern California Toyota Dealers, Lockheed Martin, Destination Lancaster, Northrop Grumman, California Compaction Corporation, Waste Management and Time Warner Cable.

Not only was it a great activity for our community, it also reminded attendees what America is all about—innovation, pushing the limits of our own capabilities, and taking pride in our country. The Blue Angels embody this spirit of patriotism and innovation. It was an honor to
have them in Lancaster for their first event of 2014 after losing their 2013 season to federal sequester budget cuts.

The Los Angeles County Air Show Board of Directors announced that this inaugural event exceeded expectations and provided a significant boost to the local economy. Additionally, the proceeds from the event will fund several scholarships to regional youth and provide seed money for the 2015 Air Show.

The boost to the local economy and outlying area was significant. Initial projections show $6.6 million in direct economic impact with indirect impact numbers currently being determined. A monetary stipend was also awarded to more than 20 local non-profit groups who provided assistance to the master concessionaire. In the near future, the Air Show board will announce the Los Angeles County Air Show Regional Scholarship Program and its application process for individuals interested in pursuing a career in the areas of science, technology, engineering, math (STEM) or aerospace.

Creative Solutions – Alternative Energy

While many of the environmental problems we face are indeed global, Lancaster has recognized that most environmental solutions must begin at the local level. Someone must get the momentum started. In 2011, that person was Mayor Parris who announced his net zero goal for Lancaster. Becoming net zero, producing more electricity than Lancaster uses, is just part of the City’s overall agenda. We also see Lancaster emerging as a central hub in the new energy economy.
Starting this year all new single-family homes must, on average, include a 1.0 kilowatt solar system. Taking advantage of falling cost of solar photo-voltaics, Lancaster began working with the local representatives at KB Homes to develop a net zero home.

Now every KB home has a solar option which significantly lowers monthly payments for the house. In Lancaster, KB unveiled their first Zero House 2.0 that not only produces more electricity than it uses but also cuts a third of the gas and 40% of the water consumption. The first of these homes were unveiled this February in Lancaster and it is estimated to generate $4,452 in energy and water costs annually.

Lancaster has also achieved national recognition for simplifying the permitting, interconnection, and inspection process for installing solar. This area – known as PII – is a ‘soft cost’ that makes rooftop solar more expensive and time-consuming than it needs to be in almost any other city than Lancaster. In some cases, it can take months to get a system approved, with multiple agencies involved in the process. In Germany, by contrast, municipalities have a one-stop shopping permitting process. Lancaster was the first U.S. jurisdiction to put a similar approach in place which has now been adopted by many other local governments.

Now solar panel permits for homes in Lancaster are over the counter in just one visit. Beyond the City’s residential needs we’ve addressed community infrastructure, pushing for solar wherever feasible. 97% of our municipal buildings are solar and all our schools are solar. Savings to taxpayers are approaching one million dollars. Even at our baseball field – a state of the art stadium – 97% of the power comes from the sun as well.

Many firms have found that Lancaster is an ideal location for “greentech” companies to set up shop. sPower recently celebrated the company’s progress on its 17-MW Summer Solar Facility located west of Avenue G and 90th Street West. In addition, sPower continues to develop a vast array of projects throughout the Antelope Valley totaling 35MW.

The Summer Solar Facility constitutes a significant contribution towards Lancaster’s goal of becoming the world’s first net-zero city. In addition, this project serves as a showcase for new dust mitigation measures. As illustrated in the photo below, alfalfa and other growth beneath the solar panels has been left undisturbed to help keep dust down.
Budget Summary

The City budget, proposed at $108.0 million including one-time grants and $1.2 million more than the fiscal year 2013-2014 adopted budget is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Actuals FY 12/13</th>
<th>Adopted FY 13/14</th>
<th>Estimated FY 13/14</th>
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<td>$99,504,207</td>
<td>$106,787,633</td>
<td>$123,296,049</td>
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Adjustments to the adopted FY 13/14 budget, including capital projects that carried forward and grants continuing from FY 12/13 result in the FY 13/14 estimated budget increasing from the adopted budget.
Ninety-three (93) vacant positions are recommended to remain unfilled throughout the year. We will evaluate each future vacancy that occurs, and fill only those that require specialized knowledge or expertise that we do not have with existing staff.

Lancaster is continuously challenged by the economy and actions taken by the federal, state, and county governments. We face these difficulties head-on, attempting to mitigate costs and limiting the impacts to our community wherever possible. Our City Council is at the forefront of these issues, influencing policy, and advocating initiatives that most benefit our residents.

In order to effectively respond to economic challenges, five years ago, Council identified the need for new, non-traditional revenue sources and partnerships, in addition to standard municipal revenues, to fund continued City operations, enhance City services and programs, and help insulate us as much as possible from boom/bust housing cycles. We also took a hard look at expenditures and made cuts, deferred maintenance, reduced staffing by 92.5 full time equivalent employees and staff benefits, and created operational efficiencies.

**How We Balanced the Budget**

This year’s financial plan reflects a firm commitment to fiscal responsibility and long-term financial stability. Department budgets were not increased over FY 2013-2014 and additional funding was not considered. Departments reallocated their operating budgets to meet current service needs and demonstrate a commitment to sustainability.

Lancaster retail sales are recovering. Sales tax, which is the largest single revenue source for the City, is up a modest 1.5% for the second quarter of 2013 from the prior year. This is the fourth year that sales tax has been up on a quarter to quarter basis. Lancaster auto sales have steadily increased since fourth quarter 2010. While we are encouraged by the recent upward trend, it is important to note sales tax revenues continue to be down 10% from FY 2006-07.

As a result of this positive activity in the housing market, we are finally seeing an increase in property values. Assessed property valuation is up 2.6% from the prior year, down 26% from the historic highs of 2008. Public safety costs have risen $3.8 million over the same period of time and is now 50% of the general fund budget.

The Council has not only made it a policy to maintain reserves, but a practice to maintain reserves well over the required 10% level. While the budget dips into reserves to cover a shortfall of $1.1 million, total reserves represent 18% of revenues, well over the required 10% policy. The City also maintains other reserves for specific purposes, such as equipment replacement and other contingencies, in addition to the general fund reserve.

Having sufficient reserves has enabled us to make thoughtful, rational reductions in our budget while still maintaining, and in some cases expanding public services. We are not there yet but as the economy continues to improve, a top priority must be to replenish our reserves in order to position us to be prepared to meet the challenges of the next economic downturn that will inevitably come in future years.

The City has once again deferred funding of the capital replacement reserve, as well as extended
the life of our vehicles. In early 2013, staff evaluated all City vehicles and their usage rates and swapped underutilized vehicles with ones over utilized. While not a permanent fix, this study and the resulting actions helped bring uniformity to vehicle usage.

We cannot indefinitely postpone funding the capital replacement reserve while maintaining financial stability, as a large portion of our fixed asset stock is aging and will need to begin to be replaced in the near future.

The cuts reflected in this budget are those that have a minimal amount of impact to our residents and businesses while achieving real budget reductions.

- Employees now redeem a limited amount of excess vacation hours. This change has already saved the City nearly $600,000 in fiscal year 2014 compared to 2012.

- Employees receive a fixed monthly amount to apply to health care premium benefits.

- City staff now share in the cost of their pension benefits. Full time employees hired on or after July 1, 2012, will pay the full employee share to CalPERS.

- Through two voluntary separation programs, the latest in December 2011, and normal attrition, 92.5 full-time equivalent positions remain unfilled, saving the City over $9 million annually.

- When additional staff position vacancies occur, we evaluate City work load and need prior to recruitment, with a strong predisposition towards keeping these vacancies unfilled or if a particular position is key, holding an internal or external recruitment.

Staff will continue to work as a team, utilizing resources wisely and effectively, to best serve residents, businesses and visitors to the City of Lancaster. This staff works better under pressure, and is more creative and adaptable than any group of employees I have ever served with. It is an absolute honor and privilege to work along such fine people.

**Budget Priorities**

To boost the City's financial footing and to meet the Council's primary policy directives, in FY 2014-2015, we are embarking on a number of innovative programs which include the “Next 50” Plan, Community Choice Aggregation, and the acquisition of City streetlights.

**The “Next 50” Plan**

The dissolution of redevelopment agencies coupled with the lingering recession’s effects have left many cities seeking new approaches to local economic and community development. The City of Lancaster is at the forefront of efforts to reap fiscal and economic benefits from sustainability programs such as energy efficiency, green infrastructure, potable water and wastewater management, a well-designed community, and other best practices. Our local leaders have not only realized the power of investing in sustainability, they’re making bold
steps to implement sustainable projects.

Our Architectural and Design Commission working in concert with the Planning Commission have initiated a number of programs that set future development on a sustainable path. Staff are busy working on the “Next 50” Plan, an interdepartmental effort where we take a detailed look at Lancaster 50 years hence focusing on productive, fiscally solvent land use patterns, and long-term priorities that encourage economic competitiveness and increase fiscal health.

**Community Choice Aggregation**

The City intends to establish a Community Choice Aggregator (CCA). The entity would procure and sell power to Lancaster businesses and residents at competitive rates, while also delivering a consumer-driven mix of energy choices featuring clean energy and local generation. Rates would be set by the City Council, thus providing for local control, as well as greater accountability for pricing. This is the next step towards a brighter energy future for Lancaster residents.

Southern California Edison (SCE) will continue to provide transmission, distribution, and billing services, as well as hold ownership of all physical power transmission assets. In addition, power outages and line repairs will continue to be handled by SCE.

One of the most attractive features for residents would be the ‘You-tility’ feature: the ability to select from two energy generation options that will include a renewable energy option at a slightly higher cost, as well as an economy package to maximize cost-savings for residents. Each option would be available for residents to freely choose. In addition the structure of ‘Clear Choice’ will give the City the opportunity to establish specialized economic development rates to aid in business attraction and job creation.

Assuming indicators continue to be positive for CCA formation; the first phase of enrollment would transfer only municipal City accounts to CCA service in May 2015. CCA services would be available for commercial, then residential accounts later in 2015. Customers who wish to remain with SCE can follow a simple opt-out procedure, while those who wish to be part of Choice Energy need to do nothing. The entire focus of the CCA is increasing consumer choice, thereby increasing competition in the marketplace and providing better service to the residents of Lancaster.

**City Streetlights**

In another bold initiative the City is working with SCE to cost effectively acquire Edison-owned street lights within Lancaster’s jurisdiction. Lancaster is the first California municipality to begin this process and hopes to be the first to complete it, paving the way for other cities looking for fixed cost savings. Lancaster has approximately 18,000 streetlights that we can purchase and maintain for a lower price than what Edison is currently charging. The cost for power will also be lower; we estimate an annual savings of $400,000. We are also exploring the possibility of converting lights from inefficient high pressure sodium to “green” LED lights with a solar power system.
Capital Improvement Program

The 5-year Capital Improvement Program (CIP) amounts to a total of $22 million funded this fiscal year by a variety of special and restricted funding sources. There is no General Fund money included in the CIP this year. Several new projects are funded in large part with state and federal grant funds and restricted funds. In addition, four freeway (SR-14) interchange projects (Avenues K, M, G, and J) continuing this year are funded entirely with Measure R Highway Equity funds.

Although we present a 5-year plan, only the first year is approved for appropriation.

<table>
<thead>
<tr>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
<th>FY 17/18</th>
<th>FY 18/19</th>
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<tr>
<td>Capital Projects</td>
<td>$22,585,265</td>
<td>$25,685,000</td>
<td>$53,998,509</td>
<td>$32,961,810</td>
<td>$23,045,772</td>
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Our priorities for the Capital Improvement Program this year are projects that reduce maintenance costs, promote community development, and improve safety. In addition, we’ve budgeted $6.7 million in street maintenance and management because we recognize that well maintained roads improve the appearance of our City and make travel safer and more efficient. The City maintains over 628 miles of roads. In 2011, we resurfaced 40 miles, in 2012, 14 miles of roads and 60 miles of roads in 2013 and 2014. In the past year, some of the major streets we re-surfaced were:

- 10th Street West, Avenue H to Avenue G
- 60th Street West, Avenue G to Avenue F
- Avenue J, 40th Street East to 50th Street East
- Avenue K, 50th Street East to 65th Street East
- Avenue K, 60th Street West to 85th Street West

As we begin the 2014-2015 fiscal year, we will improve:

- 20th Street East, Avenue J to Avenue K
- Avenue I, Sierra Hwy to 10th Street West
- Avenue J, 10th Street West to 20th Street West
- Avenue K, 10th Street West to 30th Street West
- Avenue K, Division to Challenger Way
- Avenue M, 20th Street West to 40th Street West

The $22 million Capital Improvement Program also includes the following parks improvements:

- Endeavor Middle School Pedestrian Improvements ($413,000)
- Dog Park at American Heroes Park (up to $50,000)
- 20th Street West Pedestrian and Street Improvements, Lancaster Blvd to Ave J ($1,180,000)
Since 2007, our City and community have met the challenges of economic uncertainties as well as a sometimes adversarial state government. Although we had to make sacrifices, through the leadership of the City Council and the ingenuity of staff we’ve accomplished things some cities only hope to. We did not let the dissolution of redevelopment slow our economic development activities and we’re seeing the fruit of these aggressive pursuits in BYD’s and Morton Manufacturing’s recent decisions to make Lancaster their manufacturing base, along with Kaiser Permanente.

Despite the reduction in staffing numbers, our employees are undeterred and seizing the moment to better the City. Whether it’s through landing competitive grants, gathering the community together with Downtown events and sports tournaments, or providing excellent customer service in all the “routine” functions of a city, Lancaster staff are always available to lend a hand. We hope after reading this message you have a sense of just how much City government is committed to the City of Lancaster.

This message is a brief overview of the budget and the City's priorities. The remainder of the budget book will provide the details. Please feel free to contact our staff if you have any questions, suggestions, or want to get involved in your local government.

This budget is the result of a lot of hard work and strategizing by the entire City staff. I want to particularly thank our Finance Director, Barbara Boswell, for her continued leadership in managing the City's finances, as well as her staff, Nicole Rizzo, Operations Manager, Pam Statsmann, Assistant Finance Director, Trevin Barber, Projects Assistant, and Tess Epling, Administrative Assistant. It will be a rewarding year. We are confident we as a community and team of Council, citizens, and staff are resilient and will work together to continue to make Lancaster a wonderful place to live, work, visit and thrive.

Sincerely,

Mark V. Bozigian
City Manager
City Statistics

Dedicated City staff perform a variety of functions which have significant positive impacts on our residents, visitors, and businesses. Below are just some of the projects, duties, and tasks performed in 2013 that help make Lancaster a truly wonderful place to live, work, visit and thrive.

<table>
<thead>
<tr>
<th>quantity</th>
<th>units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sent out press releases &amp; media advisories to main media list</td>
<td>417 press releases &amp; media advisories</td>
</tr>
<tr>
<td>Editions of e-News that went to approximately 15,000 contacts</td>
<td>56 editions</td>
</tr>
<tr>
<td>Collection of abandoned shopping carts</td>
<td>6,749 carts</td>
</tr>
<tr>
<td>Sweep City streets</td>
<td>18,220 curb miles</td>
</tr>
<tr>
<td>Assisted Customers at Front Counter (Development Services Combined)</td>
<td>8,316 customers</td>
</tr>
<tr>
<td>Construction projects completed</td>
<td>$5,533,234 dollars</td>
</tr>
<tr>
<td>Restore basin floor</td>
<td>52,590 square feet</td>
</tr>
<tr>
<td>Restore basins - side slopes</td>
<td>3,500 square feet</td>
</tr>
<tr>
<td>Apply crack seal materials</td>
<td>1,710 pounds</td>
</tr>
<tr>
<td>Apply street line painting - glass beads</td>
<td>39,107 pounds</td>
</tr>
<tr>
<td>Grub and grade earthen flow line</td>
<td>102,500 linear feet</td>
</tr>
<tr>
<td>Repair Potholes</td>
<td>9,296 potholes</td>
</tr>
<tr>
<td>Remove &amp; Replace concrete cross gutters &amp; splash aprons</td>
<td>28 yards</td>
</tr>
<tr>
<td>Maintain signs throughout the City</td>
<td>1,639 orders</td>
</tr>
<tr>
<td>Apply herbicide in right of ways</td>
<td>439 gallons</td>
</tr>
<tr>
<td>Respond to graffiti requests</td>
<td>5,824 locations</td>
</tr>
<tr>
<td>Apply street line painting - yellow paint</td>
<td>2,985 gallons</td>
</tr>
<tr>
<td>Process transportation work orders</td>
<td>29 orders</td>
</tr>
<tr>
<td>Street line painting - white paint applied</td>
<td>3,163 gallons</td>
</tr>
<tr>
<td>Apply asphalt for repairs, refurbishment &amp; potholes</td>
<td>240 tons</td>
</tr>
<tr>
<td>Refurbish yellow crosswalks</td>
<td>6,175 feet</td>
</tr>
<tr>
<td>Install yellow crosswalks</td>
<td>350 feet</td>
</tr>
<tr>
<td>Perform fleet repairs conducted outside safety inspections</td>
<td>405 repairs</td>
</tr>
<tr>
<td>Respond to illegal dumping sites (3,100 locations)</td>
<td>840 tons of debris removed</td>
</tr>
<tr>
<td>Apply herbicide in flow lines &amp; basins</td>
<td>4,025 basin flow lines</td>
</tr>
<tr>
<td>Perform safety Inspections on City fleet</td>
<td>623 inspections</td>
</tr>
<tr>
<td>Repair/replace signs damaged by graffiti</td>
<td>139 signs</td>
</tr>
<tr>
<td>Perform signs repairs</td>
<td>216 signs</td>
</tr>
<tr>
<td>Repair &amp; replace sidewalks, curbs &amp; gutters</td>
<td>496 yards</td>
</tr>
<tr>
<td>Shoulder reconstruction</td>
<td>8 miles</td>
</tr>
<tr>
<td>Grade shoulder miles</td>
<td>225 miles</td>
</tr>
</tbody>
</table>
Perform fleet lubrication service
Trim trees covering signs - sign staff
Repair sign/street markings reported through Comcate/CRM (citizens)
Maintain street markings throughout the City
Perform fleet repairs due to safety inspections
Test and certify backflow devices
Perform fleet field service calls
Repair signs due to traffic collisions
Respond to high priority concrete repair jobs
Install/repair/replacement street sweeping signs
Process Engineering generated work orders for signs/street markings
Street curb & gutter replacement - slot back operations
Respond to grinding and patching service requests
Arrange smog inspections
Clear properties acquired by the Redevelopment Agency
Install/remove Neighborhood Watch signs
Provide delineation support for special events
Clean sewer lines
Inspected sewer manholes
Hydro-Clean sewer lines
Responded to sewer system overflows
Camera sewer lines
Hydro Cut sewer lines
Hydro-Flush/Jet storm drain pipes
Clean drainage catch basins
GIS database development
Dig Alerts Marked
E-Waste Recycled
Waste Oil Recycled
Income from E-Waste
Income from Waste Oil
Utility Scale Solar Approved
Utility Scale Solar Approved
Total MW Solar Operational/Under Construction
Residential tracts
Conditional Use Permits
Tentative Administrative Parcel Maps
Lot Line Adjustments

<table>
<thead>
<tr>
<th>quantity</th>
<th>units</th>
</tr>
</thead>
<tbody>
<tr>
<td>289</td>
<td>services</td>
</tr>
<tr>
<td>21</td>
<td>trees</td>
</tr>
<tr>
<td>184</td>
<td>requests</td>
</tr>
<tr>
<td>506</td>
<td>orders</td>
</tr>
<tr>
<td>55</td>
<td>repairs</td>
</tr>
<tr>
<td>334</td>
<td>devices</td>
</tr>
<tr>
<td>68</td>
<td>calls</td>
</tr>
<tr>
<td>107</td>
<td>signs</td>
</tr>
<tr>
<td>53</td>
<td>service requests</td>
</tr>
<tr>
<td>90</td>
<td>signs</td>
</tr>
<tr>
<td>1</td>
<td>requests</td>
</tr>
<tr>
<td>154</td>
<td>tons of asphalt</td>
</tr>
<tr>
<td>156</td>
<td>service requests</td>
</tr>
<tr>
<td>39</td>
<td>inspections</td>
</tr>
<tr>
<td>67</td>
<td>lots</td>
</tr>
<tr>
<td>31</td>
<td>signs</td>
</tr>
<tr>
<td>100</td>
<td>events</td>
</tr>
<tr>
<td>274,431</td>
<td>linear feet</td>
</tr>
<tr>
<td>791</td>
<td>each</td>
</tr>
<tr>
<td>152,579</td>
<td>linear feet</td>
</tr>
<tr>
<td>3</td>
<td>each</td>
</tr>
<tr>
<td>124,517</td>
<td>linear feet</td>
</tr>
<tr>
<td>121,852</td>
<td>linear feet</td>
</tr>
<tr>
<td>14,832</td>
<td>linear feet</td>
</tr>
<tr>
<td>1,190</td>
<td>each</td>
</tr>
<tr>
<td>450</td>
<td>layers/maps</td>
</tr>
<tr>
<td>1,572</td>
<td>each</td>
</tr>
<tr>
<td>510,809</td>
<td>pounds</td>
</tr>
<tr>
<td>12,385</td>
<td>gallons</td>
</tr>
<tr>
<td>$103,309</td>
<td>Total Funds</td>
</tr>
<tr>
<td>$16,593</td>
<td>Total Funds</td>
</tr>
<tr>
<td>2</td>
<td>Projects</td>
</tr>
<tr>
<td>43</td>
<td>MW</td>
</tr>
<tr>
<td>112</td>
<td>MW</td>
</tr>
<tr>
<td>4</td>
<td>number of lots plan checked</td>
</tr>
<tr>
<td>10</td>
<td>applications processed</td>
</tr>
<tr>
<td>2</td>
<td>applications processed</td>
</tr>
<tr>
<td>1</td>
<td>applications processed</td>
</tr>
<tr>
<td>Quantity</td>
<td>Units</td>
</tr>
<tr>
<td>----------</td>
<td>------</td>
</tr>
<tr>
<td>Site Plan Reviews</td>
<td>4 applications processed</td>
</tr>
<tr>
<td>Director's Reviews</td>
<td>105 applications processed</td>
</tr>
<tr>
<td>General Plan Amendments/Zone Changes</td>
<td>1 applications processed</td>
</tr>
<tr>
<td>Home Occupations with Business Licenses</td>
<td>250 permits issued</td>
</tr>
<tr>
<td>Preliminary Reviews</td>
<td>12 applications processed</td>
</tr>
<tr>
<td>Safe Routes to School Master Plan</td>
<td>19 schools completed</td>
</tr>
<tr>
<td>Extension Requests</td>
<td>2 applications processed</td>
</tr>
<tr>
<td>TOD Overlay District:</td>
<td>1 steering committee meeting</td>
</tr>
<tr>
<td>TOD Overlay District:</td>
<td>2 public workshops</td>
</tr>
<tr>
<td>TOD Overlay District:</td>
<td>2 ADC meetings</td>
</tr>
<tr>
<td>TOD Overlay District:</td>
<td>2 Planning Commission meetings</td>
</tr>
<tr>
<td>Solar Rooftop Permits</td>
<td>753 Total Permits</td>
</tr>
<tr>
<td>Residential Rooftop MW</td>
<td>4 MW</td>
</tr>
<tr>
<td>Process and record road deed/easements</td>
<td>57 deeds/assessments</td>
</tr>
<tr>
<td>Process lot line adjustments</td>
<td>18 lot line adjustments</td>
</tr>
<tr>
<td>Process certificates of compliance</td>
<td>27 certificates</td>
</tr>
<tr>
<td>Curb miles accepted</td>
<td>11 miles</td>
</tr>
<tr>
<td>Inspect monuments for private developments</td>
<td>15 developments</td>
</tr>
<tr>
<td>Offer Lancaster Performing Art Center low or no cost Programs for students/youth</td>
<td>15,100 Participants</td>
</tr>
<tr>
<td>Process class registrations (all classes)</td>
<td>5,908 Registrants</td>
</tr>
<tr>
<td>Coordinate the Traveling Trunk Museum Program</td>
<td>6,000 Participants</td>
</tr>
<tr>
<td>Offer 6 museum exhibits</td>
<td>9,400 Participants</td>
</tr>
<tr>
<td>Coordinate After School Programming</td>
<td>1,000 Participants</td>
</tr>
<tr>
<td>Organize summer day camp program</td>
<td>750 Campers</td>
</tr>
<tr>
<td>Organize a softball tournament season</td>
<td>590 Teams</td>
</tr>
<tr>
<td>Organize 3 adult softball seasons</td>
<td>519 Teams</td>
</tr>
<tr>
<td>Organize one (1) season of youth basketball</td>
<td>329 Participants</td>
</tr>
<tr>
<td>Recruitment of volunteers for Prime Desert Woodlands</td>
<td>5 Volunteers</td>
</tr>
<tr>
<td>Offer Lancaster Performing Art Center live performances</td>
<td>54 Performances</td>
</tr>
<tr>
<td>Organize two (2) seasons of adult basketball</td>
<td>63 Teams</td>
</tr>
<tr>
<td>Coordinate City's special events and programs</td>
<td>19 Events</td>
</tr>
<tr>
<td>Maintain park land</td>
<td>462.8 acres</td>
</tr>
<tr>
<td>Maintain City facilities</td>
<td>18 Buildings</td>
</tr>
<tr>
<td>Test and certify backflow devices</td>
<td>259 devices</td>
</tr>
<tr>
<td>Accept street trees</td>
<td>200 trees</td>
</tr>
<tr>
<td>Receive, process and respond to tree trimming service requests</td>
<td>875 requests</td>
</tr>
<tr>
<td>Trim trees throughout the City</td>
<td>546 trees</td>
</tr>
<tr>
<td>Replacement of City trees - contracted service</td>
<td>23 trees</td>
</tr>
</tbody>
</table>
Maintain City landscaping 6,415,868 square feet
Inspect and Accept additions to the Lancaster Maintenance Districts 35,776 square feet
Annual arrests 11,702 arrests in 2013
Arrests made by Targeted Oriented Policing (TOP) Team – reducing Part 1 crime rate 1,243 arrests in 2013
Arrests made by LAN-CAP team 497 arrests in 2013
Reduce the number of burglaries made by 6-man Burglary Suppression Team 373 arrests in 2013
Process payroll checks 12,794 checks
Process accounts payable checks 6,633 checks
Process accounts receivable invoices 1,632 invoices
Issue business licenses - renewals 4,381 licenses
Issue rental housing licenses - renewals 3,663 licenses
Process new business licenses 1,242 licenses
Issue new rental housing licenses 689 licenses
Open purchase orders issued 158 purchase orders
Specific purchase orders issued 584 purchase orders
Total purchase orders processed 1,084 purchase orders
Process employment applications 663 applications
Process City Property Damage Claims 54 claims
Process Requests for Public Records 530 requests
Destroy Boxes of Records per Retention Schedule 225 boxes
Prepare Agenda Packets 55 packages
Process Agreements 153 agreements
Job Creation +1,400 New Jobs in the City of Lancaster
Percent Decrease in Unemployment Rate -1.5%
Change in Unemployment Rate

Non-Residential Construction +120,000 Non-Residential Space Constructed
Retail Revitalization Efforts +6% Change in Taxable Sales 2012
Real Estate Growth +10% Change in Median Price of Homes

City of Lancaster
GUIDE TO THE
2014-15 BUDGET & FIVE-YEAR CAPITAL IMPROVEMENT
PROGRAM

At first glance the budget can be overwhelming to a non-finance person. However, it is specifically
designed to give a variety of information about the financial operations of the City that will be
understandable to those with no finance background, while providing insightful information to people
with many years of budget experience. This guide will assist you with understanding the majority of
this document.

The City Manager’s Message is the letter from the City Manager that highlights major aspects of the
budget that he feels are most important to present to the Council and the citizens of Lancaster.

The Community Profile section provides historical data and information about the City. This section
assists both residents and non-residents to put Lancaster’s budget in perspective.

The Budget Summary gives you a quick picture of the revenues and expenditures for the upcoming
year. It includes a three-year comparison: last year, the year just completed, and our proposed budget
for the new year. It will give you the ‘big picture’ before delving into the more in-depth detail, history,
and projections. Read this if you want to know everything at a high level and don’t have time for the
details.

The Fund Balance Summary shows in summary form the status of the General Fund, and the rest of
the funds (component units) that comprise the comprehensive financial unit of the City of Lancaster.
These are the same units that are included in the City’s Comprehensive Annual Financial Report, the
other main City financial report.

The Budget Overview takes you briefly through the four purposes of the budget (policy document,
financial guide, operations guide, and communications device), gives you some insight into the
economic climate that the City will be facing in the upcoming year (included with a historical
perspective), how the budget was developed, and the flexibility molded into it to accommodate
relatively minor changes in the upcoming year.

The Budget Process gives an outline form of how the budget is developed from beginning to adoption,
along with a graphic representation of the process.

The Financial Policy Guidelines sets forth both the long-term goals and policies, and some of the
specific short-term goals that are used in developing the programs and financial plans.

The Revenue Summary lists the actual and anticipated revenues in all of the City’s funds.

The Narrative and budget summary (Department Sections) provide information on the programs
(services, budget trends, and staffing) that make up the operating budget. This section is segregated into
departments, and the divisions within the departments. Each program is laid out the same way. The
components are:

- Program Description or Department Function - mission of the unit;
• Budget Goals for the year - goals for meeting the overall policies set for the City;
• Accomplishments for the previous year - progress towards goals;
• Line Item Detail - dollars allocated for the operation of the program; and
• Performance Objectives - tasks necessary to meet the goals.

The Other Funds identifies those funds listed in the summary in more detail.

The Capital Improvement Program contains the Five Year Capital Improvement Program (CIP) for the City. This section includes the CIP policy, summary pages, detail of each capital improvement project with a map, and expenditure plan for the current year and five years into the future.

The Work Force Analysis presents a two year history of staffing by position and proposed changes for the next fiscal year.

The Revenue Sources explains the source of the revenue, how it is determined, the basis for estimating it, and any restrictions placed on its use.

The Glossary helps translate some of the unfamiliar budget jargon into more understandable terms and provides a listing of all object codes, funds and definitions.

To find any of this information, please refer to the Table of Contents.

For a copy of this budget document, or for any information not covered here, please refer to the City’s website at: www.cityoflancasterca.org or call Lancaster’s Department of Finance, Barbara Boswell, Finance Director, at (661) 723-6035.
The California Society of Municipal Finance Officers (CSMFO) again awarded an Operating Budget Excellence Award to the City of Lancaster for Fiscal Year 2013-2014. The detailed judging criterion includes the organization, layout, and ease of comprehension of various financial reports, financial schedules, budget detail pages, and the use of graphics and charts.

The CSMFO promotes excellence in financial management through innovation, continuing education and the professional development with honesty, integrity, and adherence to the highest standards of ethical conduct. CSMFO members are deeply involved in the key issues facing cities, counties, and special districts in the State of California.

The City began receiving awards beginning with the 1991-92 budget and is proud to continue developing an award winning budget. This year’s budget is also being submitted to the Government Finance Officers Association and the CSMFO for their review.

---

**California Society of Municipal Finance Officers**

**Certificate of Award**

**Operating Budget Excellence Award**

**Fiscal Year 2014**

**Presented to the**

**City of Lancaster**

For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 11, 2014

Pauline Marx
CSMFO President

Ken Brown, Chair
Professional Standards and Recognition Committee

Dedicated Excellence in Municipal Financial Reporting
INVESTMENT POLICY

The City’s temporary idle cash, those funds that are not immediately needed to pay current bills and not governed by bond indentures or bond resolutions, is invested in accordance with the City’s adopted Investment Policy. The City Council reviews this policy annually, with the latest policy adopted July 23, 2013, by Resolution No. 13-47.

We designed the City's cash management system to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible within the guidelines of this Investment Policy. The City attempts to achieve the highest yield obtainable through a diversified portfolio, only after meeting the criteria established for safety and liquidity, in that order. The principal investment objectives of the City are:

1. Preservation of capital and protection of investment principal
2. Maintenance of sufficient liquidity to meet anticipated cash flows
3. Attainment of a market rate of return
4. Diversification to avoid incurring unreasonable market risks
5. Compliance with the City’s Municipal Code and with all applicable City resolutions, California statutes and Federal regulations

The City’s portfolio is a short-term and intermediate-term fixed income portfolio. The maximum maturity of any investment is 5 years, with consideration of anticipated cash flow requirements and known future liabilities. The City contracts with an investment advisory service (Cutwater Asset Management) to assist in the effort to maximize the return on the City portfolio. The City investments include publicly traded Treasury notes, Treasury Bills, Federal Agency Investments, Time Deposits, and Local Agency Investment Fund (LAIF) under the auspices of the State Treasurer for investment. Funds invested in the LAIF are available within 24 hours, and other investments are available upon maturity at full face value. These investments enable the City and Agency to meet its expenditure requirements for the next six months, as required by state law.

The City’s investments are governed by Sections 53600 et. seq. of the California Government Code. Additional limitations have been placed on the City’s authorized investments by the City’s Investment Policy (a copy is available in the Finance Department or from the City Clerk).