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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Approve Minutes
a) March 20, 2007 (Shirtsleeve Session)
b) March 21, 2007 (Regular Meeting)
c) March 27, 2007 (Shirtsleeve Session)

MEETING DATE: April 4, 2007

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:
a) March 20, 2007 (Shirtsleeve Session)
b) March 21, 2007 (Regular Meeting)
c) March 27, 2007 (Shirtsleeve Session)

BACKGROUND INFORMATION: Attached are copies of the subject minutes, marked Exhibits A through C.

FISCAL IMPACT: None.

FUNDING AVAILABLE: None required.

Randi Johl
City Clerk

RJ/JMP

Attachments

APPROVED: _____
Blair King, City Manager

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MARCH 20, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, March 20, 2007, commencing at 7:00 a.m.

A. ROLL CALL

Present: Council Members – Hansen, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – Hitchcock

Also Present: Deputy City Manager Krueger, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Review and Discuss Status of Current Council-Appointed Boards and Commissions"

Mayor Johnson briefly introduced the subject matter of boards and commissions. Specific topics of discussion included the Animal Shelter Task Force, potential disbandment, specified terms, permanent commission status, the Greenbelt Task Force, and the Grape Bowl Ad Hoc Committee.

Mayor Pro Tempore Mounce stated she would not support disbandment, but would support making the shift to a permanent committee and changing the term limits.

Council Member Hansen stated he would not support disbandment, but would support making the shift to a permanent committee and changing the term limits. He also suggested the goals of the group be fine-tuned and provided some suggestions regarding the same.

Discussion ensued between Mayor Johnson, Mayor Pro Tempore Mounce, and Council Member Hansen regarding redefining the Task Force focus, volunteers, objectives, and involvement of People Assisting the Lodi Shelter (PALS) and Animal Friends and the goals and mission statement to be brought to Council by the Task Force.

Captain David Main stated if a permanent commission is created broader focus and goals would need to be set because the one task that the Task Force was originally created for is completed.

Discussion ensued between Mayor Johnson, Mayor Pro Tempore Mounce, and Council Member Hansen regarding staggered two and four year terms.

Council Member Hansen suggested one member from PALS and Animal Friends be appointed to the commission. David Main also suggested a veterinarian be appointed to the commission.

In response to Lodi Arts Commissioner Judy Bader, Council Member Hansen stated the City does not give grants to the Animal Shelter. Mayor Pro Tempore Mounce stated 501(c)(3) status may be necessary to receive grants.

In response to Mayor Johnson's inquiry regarding the Greenbelt Task Force, Mayor Pro Tempore Mounce stated she agreed with Mayor Johnson that the number of members should be scaled down to five or six with a representative from each group and the Task Force should sunset when the zoning is changed and/or a decision is made.

Community Development Director Randy Hatch stated last week he received a copy of the proposed zoning change from the Armstrong Road property owners, which was submitted to the County through their representative Steve Hørum. Mr. Hatch stated the property owners do not want City participation at this point. He stated the Task Force will eventually sunset because the matter will become a part of the overall General Plan.

In response to Council Member Hansen, Mr. Hatch stated some members are frustrated with the process and others have similar feelings about being able to sunset the group.

Mayor Pro Tempore Mounce suggested a sunset of the group at the end of the six-month period ending May 2007. Council Member Hansen questioned whether the matter would be resolved by then. He also suggested having Council Member Hitchcock participate in the discussion.

Mayor Johnson suggested addressing the item in May 2007 when the matter is scheduled to come off hiatus.

In response to Mayor Johnson's inquiry regarding the Grape Bowl Ad Hoc Committee, Council Member Hansen stated that, if the Committee continues to exist past July, the terms and appointments should be specified.

In response to Mayor Johnson, Deputy City Manager Krueger provided a brief overview of the Lodi Tourism Business Improvement District Advisory Board, stating that there is an annual report requirement per the Streets and Highways Code.

In response to Mayor Pro Tempore Mounce, Mr. Krueger stated he did not believe there were set eligibility requirements for membership and believed it was tied to tourism. Mr. Krueger stated he will research with staff the potential of meeting the report requirement through staff and bring the matter back to Council.

In response to Council Member Hansen, Mayor Pro Tempore Mounce stated she serves as the Council representative to the Youth Commission. She also stated it was important to have a member of the Council on the Youth Commission to encourage and support the community's youth. Liaison Brad Vanderhamm agreed with Mayor Pro Tempore Mounce.

City Clerk Randi Johl provided a brief overview of the San Joaquin Emergency Food and Shelter Program Committee. Mr. Hatch suggested a member of the Council and/or staff serve as the representative to the Committee because it may be connected with Community Development Block Grant or other funding. Council Member Hansen suggested a staff liaison.

City Clerk Johl provided a brief overview of the Sister City Committee. Discussion ensued between Council Member Hansen, Mayor Pro Tempore Mounce, and City Clerk Johl regarding the Committee's ability to continue usage of public facilities for meetings and Stockton's handling of its Sister City Program. Council Member Hansen stated he could support eliminating the requirement of meeting attendance with the understanding that the City would still make itself available to the Committee for any events, visits, etc.

Arts Commissioner Judy Bader spoke in support of making the Arts Commission liaison position held by Deanie Bridewell into a full-time position instead of the part-time, 25-hour per week position it currently is.

Lodi Improvement Committee Member Eileen St. Yves spoke in support of receiving further direction from the Council and staff so that the Committee can legally provide beneficial service to the community. Mayor Pro Tempore Mounce suggested making information available to citizens, with the help of staff, so that citizens can help themselves. Council Member Hansen also suggested the use of a facilitator. Deputy City Manager Krueger stated staff will research the matter of utilizing a facilitator.

Continued March 20, 2007

In response to Council Member Hansen, Senior Services Coordinator Ann Areida-Hintz stated the Senior Citizens Commission can provide annual and/or bi-annual reports to the Council at City Council meetings as requested.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:01 a.m.

ATTEST:

Randi Johl
City Clerk

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, MARCH 21, 2007**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of March 21, 2007, was called to order by Mayor Johnson at 5:30 p.m.

Present: Council Members – Hansen, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – Hitchcock

Also Present: City Manager King, City Attorney Schwabauer, Fire Chief Pretz, Public Works Director Prima, and City Clerk Johl

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Review of Council Appointees – City Manager and City Attorney – pursuant to Government Code §54957
- b) Actual Litigation: Government Code §54956.9(a); One Case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al., United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- c) Actual Litigation: Government Code §54956.9(a); One Case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- d) Actual Litigation: Government Code §54956.9(a); one case; County of San Joaquin v. City of Stockton et al., San Joaquin County Superior Court, Case No. CV029651

C-3 ADJOURN TO CLOSED SESSION

At 5:30 p.m., Mayor Johnson adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:55 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:01 p.m., Mayor Johnson reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following actions.

Item C-2 (a) was discussion only with direction to agendaize for open session at the next regular City Council meeting.

Items C-2 (b) and C-2 (c) were not discussed, and Item C-2 (d) was discussion only.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of March 21, 2007, was called to order by Mayor Johnson at 7:01 p.m.

Present: Council Members – Hansen, Hitchcock, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. INVOCATION

The invocation was given by Reverend David S. Hill, Grace Presbyterian Church.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Johnson.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 (a) Mayor Johnson presented a proclamation to Richard Jones, Executive Director of the Lodi Boys and Girls Club, proclaiming the week of March 25 – 31, 2007, as “National Boys and Girls Club Week” in the City of Lodi.

D-2 (b) Mayor Johnson presented a proclamation to Nancy Martinez, Library Services Director, proclaiming the month of April 2007 as “One Book, One San Joaquin 2007” in the City of Lodi.

D-3 Presentations – None

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Mayor Johnson, Mounce second, unanimously approved the following items hereinafter set forth **except those otherwise noted:**

E-1 Claims were approved in the amount of \$6,248,896.22.

E-2 The minutes of March 6, 2007 (Shirtsleeve Session), March 6, 2007 (Special Meeting), March 7, 2007 (Regular Meeting), March 8, 2007 (Special Joint Meeting w/Library Board of Trustees), and March 13, 2007 (Shirtsleeve Session) were approved as written.

E-3 Adopted Resolution No. 2007-42 granting signature authority to certain City staff for investment of monies in the Local Agency Investment Fund.

E-4 Approved the plans and specifications and authorized advertisement for bids for Elm Street Overlay 2007, Lower Sacramento Road to Mills Avenue and Hutchins Street to Ham Lane.

E-5 “Accept Donation of Framed Vintage Aerial Photograph of Lodi from Dr. Floyd Zastrow and Frames & Fine Things” was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**

E-6 Adopted Resolution No. 2007-43 authorizing the purchase and installation of 14 mobile data computers from Data 911, of Alameda, in the amount of \$87,956.11, and Emergency Vehicle Solutions, of Menlo Park, in the amount of \$6,440.00, and appropriated funds in the amount of \$94,397 in accordance with staff recommendation.

E-7 Adopted Resolution No. 2007-44 awarding the purchase of 20,000 feet of #1/0 15kV concentric-neutral, ethylene propylene rubber-insulated underground cable to the low bidder, The Okonite Company, of San Ramon, in the amount of \$46,440.25.

E-8 Adopted Resolution No. 2007-45 awarding the contract for the Blakely Park “South” Pool Deck Improvements, 1050 South Stockton Street, to 100% Concrete, Inc., of Lathrop, in the amount of \$71,420.

E-9 Accepted improvements under contract for Elm Street Paving Stone Replacement Project, School Street to Sacramento Street.

E-10 Adopted Resolution No. 2007-46 authorizing the City Manager to execute Task Order with Treadwell & Rollo for groundwater modeling work for Lodi Central Plume PCE remediation design and appropriated funds in the amount of \$125,000.

- E-11 Adopted Resolution No. 2007-47 ratifying the Memorandum of Understanding with Lodi City Mid-Management Association for Calendar Year 2007.
- E-12 Set public hearing for April 4, 2007, to consider approval of the following items:
- a) Approve Negative Declaration 06-03 for the General Plan amendment and change in zoning for the Gini Project (expansion of auto-related businesses) and approve Negative Declaration 06-04 for the General Plan amendment and change in zoning for the Lodi Memorial Hospital Project (new south wing addition and other related facilities);
 - b) Amend the General Plan designation for 1333 and 1325 South Central Avenue from Eastside Residential to General Commercial (Gini Project) and for 1201, 1139, 1133, 1127, 1121, and 1115 West Cardinal Street from Low Density Residential to Office (Lodi Memorial Hospital Project);
 - c) Rezone 1333 and 1325 South Central Avenue from RE-1, Single Family Residential Eastside, to C-2, General Commercial (Gini Project); and
 - d) Rezone 1201, 1139, 1133, 1127, 1121, and 1115 West Cardinal Street from Low Density Residential to Office and approve Development Plan (Lodi Memorial Hospital Project).

ACTION ON ITEM REMOVED FROM CONSENT CALENDAR

- E-5 "Accept Donation of Framed Vintage Aerial Photograph of Lodi from Dr. Floyd Zastrow and Frames & Fine Things"

Mayor Pro Tempore Mounce pulled the item.

City Manager King provided an overview of the content of the photograph.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Hansen second, unanimously accepted the donation of a framed vintage aerial photograph of Lodi from Dr. Floyd Zastrow and Frames & Fine Things.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Jaime Watts, representative of the Downtown Lodi Business Partnership, stated a certified accountant provided a report, introduced the new banner, and discussed volunteer membership. Mayor Pro Tempore Mounce thanked Ms. Watts for the report.

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Hansen reported on his attendance at the San Joaquin Council of Government Executive Board meeting, the American Public Power Association conference, and the town hall meeting regarding Highway 12. Specific topics discussed included funding for nine projects, the competitive process for bond money, the lack of funding approval for the I-5 widening, \$25 million award for I-205 auxiliary lanes, meeting with Congressman McNerney regarding security costs for the Central Valley project, climate control, and Assembly Bill 112 addressing Highway 12.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager King introduced new Community Center Director Jim Rodems.

I. PUBLIC HEARINGS

I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Johnson called for the public hearing to consider the following:

- a) Certification of the Lodi Annexation Environmental Impact Report as adequate California Environmental Quality Act analysis for the Westside Project; and
- b) Approval of the Westside Project, which includes annexation, pre-zoning, Development Agreement, and amendments to the Bicycle Transportation Master Plan and Westside Facilities Master Plan to incorporate 151 acres into the City of Lodi to allow construction of 745 dwelling units, 3 neighborhood/community parks, and a public elementary school at 351 East Sargent Road, 70 East Sargent Road, 212 East Sargent Road, and 402 East Sargent Road.

NOTE: This item is a quasi-judicial hearing and requires disclosure of ex parte communications as set forth in Resolution No. 2006-31.

Council Member Hansen stated he is abstaining from the matter because of a conflict of interest with respect to the location of his property.

City Manager King briefly introduced the subject matter of the Westside Project.

Mayor Johnson, Mayor Pro Tempore Mounce, and Council Member Hitchcock disclosed that they have not had recent contact with the applicant apart from that which was previously disclosed several months ago.

Community Development Director Hatch provided a PowerPoint presentation (filed) regarding the proposed Westside Project. Specific topics of discussion included history of the project, Land Use Plan, requested approvals, subsequent discretionary approvals required at later date, pre-zoning, annexation, Development Agreement, project benefits for the City, amendment to Facilities Master Plan, Bicycle Master Plan amendment, recommended actions on the Environmental Impact Report (EIR), Planning Commission actions on project entitlements, staff recommendations, California Environmental Quality Act, significance criteria, EIR findings, certification of EIR, and EIR related questions and concerns regarding inconsistency with the Facilities Master Plan, agricultural mitigation, traffic and transportation, and water supply and demands.

In response to Council Member Hitchcock, Mr. Hatch stated the proposed project does meet the City's 2% growth management as illustrated on page 16 of the presentation.

In response to Mayor Pro Tempore Mounce, City Manager King stated that, with respect to the rehabilitation of eastside homes, the developer has an option of contributing a set amount or per home. He stated there may be an opportunity that money would be aggregated and leverage other funds to use to rehabilitate less desirable multifamily units.

In response to Mayor Johnson, City Manager King stated the requirements are similar to the Reynolds Ranch project and the only difference is there is an increase in the amount of money and decrease in the number of units, making the overall amount approximately the same.

Hearing Opened to the Public

- Tom Terpstra, representative from FCB Homes, spoke in support of the proposed Westside Project and generally discussed project benefits, the development agreement, and Local Agency Formation Commission (LAFCO) approval.

- Tom Doucette, president of FCB Homes, spoke in support of the proposed Westside Project and generally discussed working with various interest groups. He also stated they will be contributing toward improvements on the east side of town and aggregating funds may be the favorable approach. In response to Mayor Johnson, Mr. Doucette and Mr. Hatch stated they have not heard of any recent concerns from residents to the south of the proposed project.
- Mike Manna spoke of the adjustments farmers are making in light of the new rules and regulations and suggested homeowner notifications be provided for those moving adjacent to farming operations. In response to Mayor Johnson and Mayor Pro Tempore Mounce, Mr. Manna stated he does farm some nut crops, which cause a large amount of dust. He stated he has addressed complaints by using limited chemicals, farming at night, and providing notification regarding when they will be farming to surrounding property owners.
- Brian Jungeblut spoke in opposition to the project, based on his concerns regarding the lack of a buffer between the proposed project and the property upon which he farms nut crops.
- Brandon and Brian Jungeblut spoke in opposition to the project, stating that the presence of a buffer will help the farming operations and adjacent homeowners better deal with air pollution matters caused by the dust from the nut crops.
- Debbie Jungeblut spoke in opposition to the project, based on her concerns regarding the lack of a buffer and the method by which the proposed project is being handled.
- Kathleen O'Conner spoke in support of the proposed project and requested fencing for the adjoining property. In response to Mayor Johnson, Ms. O'Conner stated her family farms the back 25 acres on the west side of the adjoining property.
- Tom Terpstra stated the originally presented plans were conceptual and changes may occur as plans move from conception to inception. He stated the current plan provides better drainage and disclosures are in place for new homeowners. In response to Council Member Hitchcock, Mr. Terpstra stated further changes would require additional process through the Planning Commission and City Council. Council Member Hitchcock suggested looking at longer lot sizes for homes abutting the surrounding farm land.

In response to Mayor Johnson, Community Development Director Hatch and City Manager King stated disclosures are provided to homeowners when the home is purchased and recorded documentation, including ordinances, run with the land. City Attorney Schwabauer stated similar to earthquake disclosures, certain signatures acknowledging awareness are required, and where there is no signature, a certification is provided stating the homeowner was notified.

Public Portion of Hearing Closed

RECESS

At 8:59 p.m., Mayor Johnson called for a recess, and the City Council meeting reconvened at 9:10 p.m.

I. PUBLIC HEARINGS (Continued)

I-1 MOTION #1:
(Cont'd.)

Council Member Hitchcock made a motion, Katakian second, to adopt Resolution No. 2007-48 certifying the final Lodi Annexation EIR (EIR-05-01), adopting Findings and Statement of Overriding Considerations, and adopting the Mitigation Monitoring and Reporting Program for the Westside Annexation Project.

DISCUSSION:

Mayor Pro Tempore Mounce stated she could not support the motion without the buffer requirement.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Hitchcock, Katzakian, and Mayor Johnson
Noes: Council Members – Mounce
Absent: Council Members – None
Abstain: Council Members – Hansen

MOTION #2 / VOTE:

The City Council, on motion of Council Member Hitchcock, Katzakian second, adopted the following resolutions:

- Resolution No. 2007-49 approving and forwarding to LAFCO for action the request of Tom Doucette, FCB, for an annexation of 151 acres of land into the corporate limits of the City of Lodi (Westside Project);
- Resolution No. 2007-50 approving the request of Tom Doucette, FCB, for an amendment to the Bicycle Transportation Master Plan to implement the Westside Project; and
- Resolution No. 2007-51 approving the request of Tom Doucette, FCB, for an amendment to the conceptual Land Use/Circulation Plan of the Westside Facilities Master Plan.

The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Katzakian, and Mayor Johnson
Noes: Council Members – Mounce
Absent: Council Members – None
Abstain: Council Members – Hansen

MOTION #3 / VOTE:

The City Council, on motion of Council Member Hitchcock, Johnson second, introduced Ordinance No. 1793 approving the request of Tom Doucette, FCB, for pre-zoning to PD (Planned Development) on 151 acres (Westside Project). The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Katzakian, and Mayor Johnson
Noes: Council Members – Mounce
Absent: Council Members – None
Abstain: Council Members – Hansen

MOTION #4 / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, introduced Ordinance No. 1794 adopting a Development Agreement pertaining to the development of 151 acres located on the west side of Lower Sacramento Road between the Woodbridge Irrigation District canal and Vine Street (Westside Project) (Development Agreement GM-05-002). The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Katzakian, Mounce, and Mayor Johnson
Noes: Council Members – None
Absent: Council Members – None
Abstain: Council Members – Hansen

NOTE: Council Member Hansen returned to his seat at the dais.

- I-2 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Johnson called for the public hearing to consider resolution establishing area of benefit and reimbursable costs for Lower Sacramento Road (Kettleman Lane to Harney Lane) improvements. *NOTE: This item is a quasi-judicial hearing and requires disclosure of ex parte communications as set forth in Resolution No. 2006-31.*

City Engineer Wally Sandelin provided a brief overview of the proposed improvements involving the Lodi Shopping Center, Olive Drive Group, Peterson Group, and the Southwest Gateway Group. He also discussed the cost of the improvements and the revised resolution.

In response to Council Member Hitchcock's inquiry regarding the email received from a surrounding landowner, Mr. Sandelin and City Attorney Schwabauer stated the reimbursements will only affect the subject properties in the future if they subdivide and begin to use the services.

Hearing Opened to the Public

None

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Johnson second, unanimously adopted Resolution No. 2007-52 establishing area of benefit and reimbursable costs for Lower Sacramento Road (Kettleman Lane to Harney Lane) improvements.

- I-3 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Johnson called for the public hearing to consider resolution approving new rates for solid waste collection.

Public Works Director Richard Prima provided a brief overview of the proposed rates for solid waste collection, reasonable rate increases over time, landfill costs operated by the County, fuel costs, and the franchise agreement.

In response to Mayor Pro Tempore Mounce, Mr. Prima stated he is not sure of the number of people utilizing the low-volume user program.

In response to Mayor Pro Tempore Mounce, Mr. Prima stated an interested citizen could participate in the program by using a 20-gallon can, calling the Finance Department at the City, and requesting the change.

In response to Mayor Johnson, Mr. Prima stated there is a mechanism in place to adjust rates, both up and down, in light of fluctuations in gas, fuel, and the index.

Discussion ensued between Council Member Hansen, Tom Sanchez of Central Valley Waste Management, and Mr. Prima regarding the competitiveness of the City's rate based on the comparison chart of rates in surrounding communities.

Hearing Opened to the Public

- Ann Cerney stated there is a difference between all urban and western urban indexes. Mr. Prima stated the City utilizes the Bay Area-Urban index because the western index includes areas of California.

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously adopted Resolution No. 2007-53 approving new rates for solid waste collection.

J. COMMUNICATIONS

J-1 Claims Filed Against the City of Lodi – None

J-2 Appointments – None

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 “Receive Electric Utility, Wastewater, and Water 2nd Quarter Fiscal Year 2007 Financial Reports”

Electric Utility Director George Morrow provided a PowerPoint presentation (filed) regarding the subject matter. Specific topics of discussion included a second quarter summary, financial results, electric expenses by series, power supply, Northern California Power Agency general operating reserves, sales, open position, pilot reduction, pilot history, financials, rate comparison, discount programs, electric utility discount programs, projected discounts, and neighboring agency discount programs.

In response to Council Member Hansen, Mr. Morrow stated one reason to have reserves is to offset fluctuating conditions such as low snow packs, fuel costs, market values, and portfolios. Mr. Morrow affirmed that rates cannot be reduced automatically if there is some reserve because those funds are needed to ride out peaks and valleys.

Discussion ensued between Council Member Hansen and Mr. Morrow regarding the City's rates and usage among the different tiers as compared to Pacific Gas & Electric rates and tiers.

In response to Council Member Hitchcock, Mr. Morrow stated the industrial users received a 37% increase and still appear to be a bit under the cost of service because they originally started at such a low amount.

In response to Council Member Katzakian, Mr. Morrow stated there are only a few industrial users and the difference is a break of about a kilowatt.

In response to Council Member Hansen, Mr. Morrow stated the industrial rate is a bit below, while the residential rate is a bit more, and the goal is to keep rates competitive for new businesses.

In response to Council Member Katzakian, Mr. Morrow stated industrial users utilize approximately 33 1/3% of the entire system's power.

In response to Council Member Hitchcock, Mr. Morrow stated staff is reviewing options for the administration of the medical discount program and will bring back options for Council consideration.

In response to Mayor Pro Tempore Mounce, Mr. Morrow stated staff is reviewing as much structure and specificity as possible for administering the medical discount program and determining eligibility. City Manager King stated there is about a \$1 million discount for approximately 2,500 customers and they are reviewing procedures for collecting payment.

In response to Mayor Pro Tempore Mounce, City Manager King stated information regarding the source of the 25% senior discount for Roseville will be brought back to Council.

Deputy City Manager Krueger provided an overview of the water and wastewater funds. Specific topics of discussion included a wastewater and water summary, financials for 2006, and operating expenses by series.

In response to Mayor Pro Tempore Mounce, Deputy City Manager Krueger stated they can review a pilot program for differing sewer and water rates for vacant properties. He stated there would be a need to adjust rates and currently they are still working on keeping the rates stabilized.

Discussion ensued between Council Member Hansen, City Manager King, and Mr. Prima regarding obtaining the permit for upgrades to the sewage treatment plant, regional board communications, permit timing and limitations, and solidity standards.

Discussion ensued between Council Member Hitchcock, City Manager King, and Mr. Prima regarding vacancy rates, comparing methods from other cities, meter installation, programming financial systems, tiered systems, base rate for infrastructure, standby charges, and Proposition 218.

MOTION / VOTE:

There was no Council action taken on this matter.

- K-2 "Authorize Contingency Fee Contract with Folger Levin and Kahn, LLP for the Hartford Litigation"

City Attorney Schwabauer provided a brief overview of the proposed contract.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Hansen second, unanimously authorized the contingency fee contract with Folger Levin and Kahn, LLP for the Hartford litigation.

- K-3 "Repeal Resolution 2007-40 and Adopt Resolution Approving the Revised Distribution of the 2007-08 Federal Allocation of Community Development Block Grant and HOME Program Funds and the Reallocation of Available Funds from Previous Program Years"

City Manager King provided a brief overview of the changes to the previous Community Development Block Grant allocation from the last regular Council meeting based on additional receipt of grants.

In response to Council Member Hansen, Mr. Wood stated the amount allocated to the Loel Center is the same; only the funding source has changed.

In response to Mayor Johnson, Mr. Wood stated they have received two applications in the first quarter for the down payment assistance program.

In response to Council Member Hitchcock, Mr. Wood stated the payment assistance and repayment amounts are based on affordable income limits and County standards. He stated the loans are reviewed every five years to determine repayment and deferment capacity. Mr. Wood stated the requested amount is \$60,000 at 2% interest for repayment. He stated many of the loans are paid off during the five years or when the house is sold, so that the money goes back into the program.

Discussion ensued between Mayor Johnson, City Manager King, and Mr. Hatch regarding the amount of down payment assistance, the types of properties available, applicant profile for applicants, and income requirements.

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously repealed Resolution 2007-40 and adopted Resolution No. 2007-54 approving the revised distribution of the 2007-08 Federal allocation of Community Development Block Grant and HOME Program funds and the reallocation of available funds from previous program years.

- K-4 “Approve Expenses Incurred by Outside Counsel/Consultants Relative to the Environmental Abatement Program Litigation and Various Other Cases being Handled by Outside Counsel (\$285,696.86)”

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously approved expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation and various other cases being handled by outside counsel in the amount of \$285,696.86, as detailed below:

Folger Levin & Kahn - Invoices Distribution

Matter No.	Invoice No.	Date	Description	Water Acct. Amount
8002	100362	1/31/2007	People v. M&P Investments	\$ 37,327.42
				-700.00
8003	100361	1/31/2007	Hartford Insurance Coverage Litigation	\$211,159.60
				-1,100.00
8008	100363	1/31/2007	City of Lodi v. Envision Law Group	\$ 25,365.24
	14329	1/31/2007	PES Environmental-Keith O'Brien	\$
457.50				
	14406	1/25/2007	PES Environmental-Keith O'Brien	\$
<u>3,712.50</u>				
Total				\$276,222.26

Kronick Moskovitz Tiedemann & Girard - Invoices Distribution

Matter No.	Invoice No.	Date	Description	100351.7323
11233.026	231044	02/25/2007	Lodi First v. City of Lodi	\$ 1,007.40
11233.027	231044	02/25/2007	Citizens for Open Government v. City of Lodi	\$ 627.20
11233.029	231044	02/25/2007	AT&T v. City of Lodi	\$ 4,034.10
11233.032	231044	02/25/2007	CFD Formation	\$ 1,491.20
Total				\$ 7,159.90

MISCELLANEOUS

Invoice No.	Date	Description	Water Account Amount
20061059	2/22/2007	LegalLink, Inc.	\$ 927.50
20061058	2/22/2007	LegalLink, Inc.	\$ 385.00
57286	2/23/2007	Sarnoff Court Reporters	\$ 183.45
325946	2/22/2007	Barkley Court Reporters	\$ 818.75
Total			\$ 2,314.70

L. ORDINANCES

None

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:51 p.m.

ATTEST:

Randi Johl, City Clerk

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MARCH 27, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, March 27, 2007, commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Hitchcock, Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – Hansen

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Overview of Governmental Accounting Standards and Practices"

City Manager King briefly introduced the subject matter.

Deputy City Manager Krueger provided a PowerPoint presentation (filed) regarding governmental accounting. Specific topics of discussion included accounting overview, definition of accounting, vocabulary, accounting process-recording, accounting process-classifying, accounting processing-reporting, cash and accrual basis reconciliation, audit process, and miscellaneous accounting topics including cash pooling basics, budget basics, interfund transactions, and accounting software and hardware.

In response to Council Member Hitchcock, Mr. Krueger stated one of the definitions of accounting came from a textbook he prefers and that there are several definitions in various textbooks and across the Internet.

City Manager King commented on the budget cycles, auditor processes, qualified versus unqualified opinions, standards for accounting and public dissemination of information, and certificate for compliance with standards.

In response to Council Member Hitchcock, Mr. King stated the opinion reflects the truthfulness of reporting regardless of what the organization's financial standing is and the opinion does not speak to whether management decisions are good decisions.

In response to Mayor Pro Tempore Mounce, Mr. Krueger stated the auditor does see the accrual basis accounting. He stated the City's practices are consistent with those of other communities and governmental accounting standards require accrual basis accounting. Mr. Krueger also stated that typically budget and mid-year reviews are not audited, but the numbers contained in the mid-year review are the same as those previously audited.

In response to Mayor Pro Tempore Mounce, Mr. Krueger stated auditor opinions are typically unqualified. He stated auditors rarely provide qualifications or refuse to issue an opinion unless there is a situation where an agency has difficulty closing its books.

In response to Council Member Hitchcock, Mr. Krueger stated that agencies had to make some adjustments that may have accounted for some accounting differences when Governmental Accounting Standards Board (GASB) 34 was adopted. Mr. Krueger provided a brief overview of GASB 34 implementation. City Manager King stated there was a great debate at the time GASB 34 was adopted regarding what methodology will better inform the public.

In response to Mayor Johnson, Mr. Krueger stated there was a focus on information services in the recent audit because there is an integral relationship between accounting records and information services. Mr. Krueger stated that because review of every transaction is highly cumbersome, there is a statistical method, which includes an internal control that auditors use to review certain transactions and compliance with requirements set forth in the Sarbane-Oxley Act.

In response to Mayor Johnson, Mr. Krueger stated the tax collector receives and processes payments throughout the year and disburses to local agencies as required, but not necessarily twice a year when payments are due. City Manager King stated many communities have a dry period and one benefit of reserves is to have cash available for those time periods. Mr. Krueger provided an overview of the pooling and portfolio investment process that many agencies use to operate on a year-round basis.

In response to Council Member Hitchcock, Mr. Krueger stated examples of temporary accounts include property taxes, sales revenue, and in lieu fees from the Department of Motor Vehicles. He stated the funding is seen on an annual basis, closed at the end of the year, and the difference transfers into the ending fund balance.

Discussion ensued between Mayor Pro Tempore Mounce, City Manager King, and Deputy City Manager Krueger regarding consistency and governmental accounting practices, the ability to stay on either a cash or accrual basis for both the Comprehensive Annual Financial Report (CAFR) and budget, case study regarding electric power contracts, ability to show liabilities and assets accurately in the budget, and similar practices used in Roseville.

In response to Council Member Hitchcock, Mr. Krueger stated Electric Utility and Public Works are the main situations for which a cash basis for budget more accurately reflects the current financial condition.

In response to Council Member Hitchcock, Mr. Krueger stated that a portion of the budget does reflect total balances of the Certificates of Participation, which are also shown in the CAFR.

In response to Mayor Johnson, Mr. Krueger stated the first time he was able to trace the current practice of showing cash basis on the budget was 1994 and there is the inference of cash basis accounting prior to that.

In response to Mayor Johnson, Mr. Krueger stated it is not difficult to alternate between cash and accrual basis accounting. Mayor Johnson suggested staying the current practices and procedures.

Council Member Hitchcock stated cash basis accounting is helpful for the budget accurately reflecting the current picture and suggested staying with the same.

Mayor Pro Tempore Mounce stated a single methodology of either cash basis or accrual accounting is best to reflect the accuracy of the financial condition.

Mr. Krueger stated transparency is important and the budget document could use improvement. He stated they will remove a reference to "accrual to cash basis adjustment" as the numbers for the same are referenced more clearly elsewhere in the document.

In response to Council Member Hitchcock, Mr. Krueger stated there are a variety of classes available on GASB 34 and 45 offered by finance officers' associations and the League of California Cities. City Manager King stated he believes presenting the budget on an accrual basis would not be reflecting an accurate picture of the current financial condition.

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In response to Mayor Johnson, Mr. Krueger stated the million dollar amount references only the software and the hardware will be approximately an additional \$100,000. He stated both the software and hardware will need to be replaced at the same time.

In response to Council Member Hitchcock, Mr. Krueger stated the green striped paper is no longer available due to printing costs, but the information is available at any given time both on the Internet and Intranet. He stated they can do a better job on the summaries, which is connected to the software.

Public Works Director Prima stated accrual basis accounting is not preferred from an operating standpoint.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:31 a.m.

ATTEST:

Randi Johl
City Clerk