

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MARCH 2, 2010**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, March 2, 2010, commencing at 7:02 a.m.

Present: Council Member Hansen, Council Member Johnson, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Absent: Council Member Mounce

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

B. Topic(s)

B-1 Receive Information Regarding Water Meter Extended Payment and Payment Deferral Options Plan (PW)

City Manager King provided a brief introduction to the subject matter of the Lodi water meter program.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the extended payment and payment deferral options for the property owners for the Lodi water meter program. Specific topics of discussion included proposed recommendation, discussion items, defining a meter service, meter set components, meter service cost basis, installation, meter installation costs, payment options for lump sum and extended term, monthly installment payments, benefit assessment district option, bond financing, cash flow model alternatives, and meter program time frame compared to other cities.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated in a new subdivision the developer is responsible for constructing and providing service from the main to the box and house. Further, Mr. Sandelin stated if an older home is purchased, the new owner is responsible for the service and the former property owner would have installed from the main to the house.

In response to Council Member Hansen, Mr. Sandelin confirmed staff will need to inspect every parcel including pre-1992 homes to ensure proper installation and it will take approximately five years through phases. Mr. Sandelin stated door hangars will be used for notification purposes.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the rich box class includes the five inch diameters with cast iron assembly around the valves and there are approximately 10,000 in the City.

In response to Council Member Johnson, Mr. Schwabauer and Mr. King confirmed that a proposed benefit assessment district would be subject to Proposition 218 requirements and need an affirmative vote to pass. Further, Mr. Schwabauer stated if long-term efforts were successful by way of an affirmative vote, the City could sue the State for reimbursement since the water meter installation is an unfunded mandate with a cost that was not able to be passed down to the ratepayers.

In response to Council Member Hansen, Mr. Sandelin stated the 4% inflation annual adjustment was arrived at using a conservative estimate as the wastewater side is running approximately 3.5%.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin and Mr. King stated that the City Council can modify the alternatives if it so chooses and it is not anticipated that the proposed deficit will reach \$9 million.

In response to Council Member Johnson, Mr. Sandelin stated most of the 3,600 property owners that have the rich box system would qualify for Community Development Block Grant (CDBG) funding, although he is not sure of the exact amount of those eligible.

In response to Council Member Johnson, Mr. Sandelin stated this is the first time he has seen a reduction in the Consumer Price Index and staff will closely monitor funding and inflation for adjustment purposes as the current numbers are based on certain assumptions.

In response to Council Member Hansen, Mr. Sandelin stated the proposed payment plans were tested in the model to arrive at the suggested numbers, six and seven year options were not looked at, and in general the longer the term the slower the recovery because payments come in at a slower rate.

In response to Council Member Hansen, Mr. Sandelin stated for the individual rate payer, it is less of a cost per month for the bond option as opposed to the pay as you go option but the sum of bond payments is almost double than the pay as you go option.

In response to Mayor Katzakian, Mr. Sandelin stated the total cost of the project is \$35 million, of which \$15 million is paid by the property owners and \$20 million is paid by the City.

In response to Council Member Hansen, Mr. Sandelin stated there may be approximately \$3 million available through CDBG funding but he is not sure of that number and would need to confirm with Community Development. Further, Mr. Sandelin stated approximately 3,623 homes are in the \$2,000 category, this is relatively new information because the original \$1,200 cost may not have included everything, and to keep costs low the utility is carrying the design and construction costs.

In response to Council Member Johnson, Mr. Sandelin stated he does not expect the 3,623 number to fluctuate more than plus or minus five percent.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated in a seven-year program, the estimated \$34 dollar amount would likely come down to approximately \$15 and the other numbers would adjust as well.

In response to Council Member Johnson, Mr. Sandelin confirmed that the average single-family home of three bedrooms pays approximately \$40 per month for water.

C. Comments by Public on Non-Agenda Items - None

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:00 a.m.

ATTEST:

Randi Johl
City Clerk