

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, MAY 19, 2009**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 19, 2009, commencing at 7:02 a.m.

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

Absent: None

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

B. Topic(s)

B-1 General Presentation - Fiscal Year 2009/2010 General Fund Revenue Estimates and Various Funds' Fund Balance Estimates (CM)

City Manager King provided a PowerPoint presentation regarding the fiscal year 2009-10 Draft Budget General Fund Revenue Estimates. Specific topics of discussion included unemployment rates in March, poor job market, sales tax in decline, steep drop in retail sales, business closures, 13-year sales history, businesses hurting, property values declining, little home buying, State woes, Educational Revenue Augmentation Fund (ERAF) shift, fiscal sustainability, average general fund revenues, general fund reserve history, City policy regarding reserves, general fund by major sources, general fund history, property tax, property tax per capita, property tax distribution, sales and use tax, sales tax per capita, in-lieu franchise for electric (PILOT), in-lieu vehicle license fees (VLF), business license tax, transient occupancy tax (TOT), cable television franchise, natural gas franchise, fund balances, and department overviews of 2009-10 budget.

In response to Mayor Hansen, Mr. King stated the VLF used to be 1% and the current difficulty lies with both the back fill amount and the amount the State is charging to do the backfill.

In response to Council Member Mounce regarding Stephen Qualls' email requesting the City Council contact legislators, Mr. King stated the City Council does have scheduled at the next Council meeting for adoption a formal resolution opposing State take aways from local government.

In response to Council Member Johnson, Mr. King stated he is not sure how quickly the State will act if the propositions on the special election ballot do not pass as it is difficult to predict what the State will do and when.

In response to Mayor Hansen, Mr. King stated the proposed change to the State budget represents about \$6 billion if the propositions do not pass, with an additional amount for the gap through February. Council Member Mounce stated it is her understanding that the Governor does have two budgets ready to go: one if the propositions pass and one if they do not, which is of real concern to cities.

In response to Council Member Mounce, Mr. King stated the electric reserve for Lodi still remains below the average in comparison with other agencies and may be a consideration if the State takes away additional funding from the City. Council Member Mounce requested a listing of electric reserves for other agencies.

In response to Mayor Pro Tempore Katzakian, Mr. King stated the sales tax numbers for the in-lieu VLF is reflective of both County numbers and per capita numbers.

In response to Mayor Hansen, Mr. King stated staff is hopeful that the VLF number may go up if the dispute with the State over the amount and administration fee is resolved.

In response to Mayor Hansen, Mr. Bartlam stated the new Holiday Inn Express is under construction and a completion date is not yet available.

In response to Council Member Hitchcock, Mr. King stated staff is trying to be conservative with the budget based on what are realistic numbers for projections, without being overly conservative. Mr. King stated with respect to TOT numbers, Visit Lodi is using some of the same numbers and, while the Hampton Inn is rack rate based, the Holiday Inn Express is occupancy based.

In response to Mayor Hansen, Mr. King stated the City does not receive TOT from Flag City hotels as it goes to the County, but a bid assessment does go to the Lodi Conference and Visitors Bureau.

In response to Mayor Hansen, Deputy City Manager Jordan Ayers stated receipts for Flag City show about \$130,000 is revenue for both hotels for approximately a month.

In response to Council Member Mounce, Mr. Schwabauer stated the agreement with Flag City created about \$60,000 for the Conference and Visitors Bureau through the assessment.

In response to Mayor Hansen, Mr. King confirmed that Universal AT&T is the second cable company that pays the City a franchise fee other than Comcast.

In response to Mayor Hansen, Mr. Schwabauer stated a trench cut ordinance was previously considered by the City but it was not a priority. Mr. Schwabauer stated an additional 1% infrastructure fee could be charged to the cable companies.

In response to Council Member Mounce, Mr. Schwabauer stated the Legislature declared that AT&T cannot red line, although the legislation has no enforcement teeth so the practice continues.

In response to Mayor Hansen, Mr. Schwabauer confirmed that Universal AT&T is already an up and running cable company.

In response to Mayor Hansen, Mr. King stated the price of natural gas is going down which is the reason the corresponding number went down in the budget.

In response to Council Member Hitchcock, Mr. Schwabauer stated in 2008-2009 the gas prices went up due to events such as Katrina.

In response to Council Member Hitchcock, Mr. King stated for Police the department percentage compared to other departments increased, but the raw dollars decreased.

In response to Council Member Hitchcock, Mr. King stated the \$21,000 increase in non-departmental refers generally to transfers and debt service, which remains fixed although other numbers may fluctuate some.

In response to Mayor Hansen, Mr. Bartlam stated there have been approximately four housing starts this fiscal year.

In response to Mayor Hansen, Mr. Bartlam stated remodels and permits are up, however the value of the permits is down.

In response to Council Member Johnson, Mr. King stated the Library Trust Fund numbers are included in the Library Fund.

In response to Mayor Hansen, Mr. King stated for the Library the air conditioning was put in, remodel is continuing, new checkout counter is on its way, and there were some additional contributions to the youth area.

In response to Mayor Hansen, Mr. King stated Proposition 42 was enacted approximately seven years ago and the City has seen funds from that source perhaps once or twice at the most.

In response to Mayor Hansen, Mr. King confirmed the City Council could as policy strategically remove mistletoe infested trees in designated areas as opposed to other trees.

In response to Council Member Hitchcock, Mr. King confirmed the tree trimming contract is approximately \$40,000.

In response to Mayor Hansen, Mr. King stated the next street project is anticipated to start in August or September based on CalTrans desire to pothole along the railroad line for toxic substances.

In response to Mayor Hansen, Mr. Morrow stated the City should see some federal stimulus money in the next 90 days or so, on June 3 staff will be bringing forth some economic stimulus projects for Council consideration, and the application is due June 26.

In response to Council Member Hitchcock, Mr. King stated economic stimulation is coming through predesignated programs, such as the Justice Assistance Grant and Community Oriented Policing Services grants, and there is no general assistance coming for cities.

In response to Council Member Johnson, Mr. King stated the Department of Justice grant was initially based on crimes and population; although, later everyone in the County had to come together and decide within one month as to how the funding would be split. Mr. King stated the energy grant was based on per capita numbers.

In response to Council Member Hitchcock, Mr. King stated the stimulus money could be used for projects, and not necessarily operations, and there is a problem with not knowing how much money will be received or when.

In response to Council Member Hitchcock, Mr. King stated he is not aware of any guaranteed money from the stimulus programs other than police, although the amount will not be received until September. He stated that money will likely be used to fill vacancies.

In response to Council Member Hitchcock, Mr. King stated that, while the City expects to retain its range of services, the service levels will likely decline. Mr. King stated the services that may decline could include browning out an engine, a response with a truck or engine rather than both, delayed report generation in Police, and a continuation of the Friday Library closure.

In response to Mayor Hansen, Mr. King stated a summary of the service level reductions will be incorporated into the budget departmental presentations.

C. Comments by Public on Non-Agenda Items

Myrna Wetzel asked staff to look into the dying trees on Church Street between Kettleman Lane and the Vine/Tokay Street area.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:24 a.m.

ATTEST:

Randi Johl  
City Clerk