

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 26, 2015**

A. Call to Order / Roll Call

The Special Goal Setting meeting of the City Council of May 26, 2015, held at Hutchins Street Square, 125 South Hutchins Street, Lodi, was called to order by Mayor Johnson at 6:07 p.m.

Present: Council Member Kuehne, Council Member Nakanishi, Mayor Pro Tempore Chandler, and Mayor Johnson

Absent: Council Member Mounce

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

B. Topics(s)

B-1 City Council Goal Setting (CM)

City Manager Schwabauer explained that the purpose of the meeting is to follow-up from the first goal setting session, at which Council, staff, and the public provided input on Citywide priorities, and give Council an opportunity to rank the priorities based on the outcome of the first session. From that meeting, the priorities were arranged into eight categories: economic development, downtown, homeless, public safety, gangs, fiscal sustainability, asset preservation, and "other." Mr. Schwabauer cautioned that the upcoming fiscal year budget is near completion and that any projects or priorities that Council directs this evening would likely come back as a mid-year budget adjustment. He stated that \$775,000 in one-time funding, as a result of the end of the "triple flip," is the available resource for funding priorities.

Mayor Johnson expressed disappointment in the lack of public turnout at both goal setting sessions and suggested a third session to discuss a narrowed-down list and, hopefully, encourage greater public input. Mayor Pro Tempore Chandler and Council Member Nakanishi believed a subsequent session was unnecessary.

In response to Council Member Nakanishi, Mr. Schwabauer explained that a Number 1 was the highest rank in the previous exercise. In further response, Mr. Schwabauer reiterated that none of the items on the list are included in the budget; projects would need to be addressed during mid-year budget adjustment; and the purpose of this meeting is to rank the priorities and not to determine funding, process, and timeline for each priority.

Council reviewed each of the categories.

Economic Development & Downtown

Mayor Pro Tempore Chandler stated there was overlap in the goals as many were similar, and Council Member Kuehne suggested consolidating some of the listed items.

Mayor Johnson explained his goal regarding an economic development incentive program, stating the City should be ready to assist new businesses relocating or expanding in Lodi by offering rebates on electricity, water, and wastewater or reducing permit fees. He would like a plan in place as a starting point for staff to assist businesses as soon as an inquiry is received.

Council Member Kuehne suggested the homelessness issue be removed as a category because significant effort is being made by the Homeless Solutions Committee to develop a strategy to address the homeless. At this point, there is no action necessary on the City's part, and if a solution is discovered, he hoped it would not cost the City much, other than a potential property to address the serious lack of housing. Council Member Nakanishi concurred with the

suggestion.

Mayor Johnson agreed, stating that an economic development business attraction plan would include a dollar figure on what it would take to annex and make industrial land "shovel ready" so there is full awareness of costs and steps needed to make land available; whereas, placing a dollar figure on the homeless situation is difficult because the cost and timeline are unknown factors.

Mr. Schwabauer suggested creating a separate category for "opportunity cost items," to include homelessness and other priorities that are important and need staff attention but lack specific dollars and timelines.

Mayor Pro Tempore Chandler expressed support for the suggestion, agreeing that the homeless situation is a high priority, but it lacks a precise strategy. He further suggested that several of the items listed under economic development were similar and should be consolidated and/or eliminated.

Mr. Schwabauer suggested that the priority relating to Lodi's fiber optic system be placed in the "opportunity cost items" category and that staff continue working toward that endeavor.

Mayor Johnson agreed with removing the priority relating to the Vision 2020 goals and suggested combining the four goals relating to jobs, business attraction, economic incentives, and infrastructure into one common priority.

In response to Mayor Johnson, Mr. Schwabauer stated that staff understands that Council is looking for projects that make it possible for businesses to locate in Lodi without the need to annex land, prepare environmental documentation, work with various agencies, and build electrical infrastructure.

In response to Council Member Nakanishi, Mr. Schwabauer confirmed that Lodi's infrastructure is largely in decent shape, but some effort is necessary on electrical infrastructure, which is currently starting to be addressed. In terms of water, wastewater, and streets, Lodi's ratings are extremely high in comparison to a majority of the country, especially with streets, and he stated that all of the outdated water and wastewater lines will be replaced within the next couple of years. Infrastructure on the water delivery and wastewater collection level are ready to serve new business; however, electric utility infrastructure, particularly with substations and lines, is inadequate for growth on the east side of Lodi. In addition, an environmental impact report (EIR) is not in place to allow annexation of land in that area. Mr. Schwabauer provided examples of the Reynolds Ranch project, stating it cost \$750,000 to implement a full EIR, and the attempted Delta College satellite campus, which was estimated at \$7 million for water, wastewater, and electric utility infrastructure, in addition to environmental and attorney fees. He added that smaller-scale annexations may be easier to manage and less expensive because they would likely not require a full EIR.

Council Member Kuehne stated that economic development should also include streamlining the process for business owners locating in town to include concessions on electric utility and researching existing buildings that are underutilized and getting them compliant with Americans with Disabilities Act (ADA) regulations or demolished in some cases. Mr. Schwabauer concurred that there are a number of underutilized buildings and an incentive program would make it economically feasible for a business to utilize it. Council Member Kuehne stated that staff in Community Development should have a list readily available of vacant properties, along with the size and requirements necessary to make the building user-ready and related incentives to make the endeavor worthwhile to the incoming business. He further stated that a potential business owner should be able to accomplish much of its efforts at one counter, rather than having to move from one department to another.

In response to Mayor Johnson, Council Member Kuehne stated that his suggestion is different than business incentives and attractions involving annexation of land, EIRs, and infrastructure. Mayor Johnson suggested encapsulating that into the downtown category.

Council Member Kuehne stated that both goals are important and should be made the top two priorities: incentive program for businesses coming into town for commercial, industrial, and retail; and annexation of small acreage to be "shovel ready." Mr. Schwabauer stated that staff will encapsulate economic development for "shovel ready" projects as one category and economic incentive programs for underutilized properties as another category.

In response to Mayor Johnson, Mr. Schwabauer stated that the downtown property based improvement district can be added to the "opportunity cost items" category.

Council Member Kuehne stated he would like to pursue the issue of WiFi in the downtown area, as well as music during special events and weekends. Further, Council Member Kuehne suggested using Transient Occupancy Tax (TOT) revenue to beautify the underpass at Harney Lane and fund a portion of the wayfinding signage program as this would be an investment in tourism by making the entries into the community more attractive.

In response to Mayor Pro Tempore Chandler, Mr. Schwabauer stated that Caltrans would need to cede its obligation to maintain the freeway rights-of-way and he believed Caltrans would agree under the condition and by agreement that it be in perpetuity and that the City indemnify and hold Caltrans harmless. He stated that Lodi's TOT is 6 percent, which is lower than most of the surrounding communities, and Visit Lodi! charges an additional 3 percent. Mr. Schwabauer stated that Lodi placed an initiative on the ballot in early 2000 to adjust the TOT, but it failed because voters did not understand who would pay the tax and how the money would be used. He believed a better effort could have been made to educate voters on the measure.

Mayor Johnson suggested another attempt to place the matter on a future ballot, along with an education piece, to which Mr. Schwabauer replied that staff could accomplish that with a relatively limited expenditure of staff time and resources. He further stated that he would be willing to speak on the matter at service clubs and further educate the public; however, the City is strictly prohibited from using City resources to promote a measure and encourage people how to vote. The City can, however, use resources to educate the public with fliers and informational pieces on what the measure means, how much money could be raised, and how the money would be spent. In addition, Council Members and staff can individually educate and promote the measure on their own time, and an agency such as Visit Lodi! could use resources to promote the measure.

In response to Council Member Kuehne, Mr. Schwabauer stated that staff is already in progress with the downtown property based improvement district effort; Council has dedicated resources to the downtown, including lighting and sidewalk cleaning and repairs; he and the Mayor have attended meetings with downtown business owners to promote this proposal; and Business Development Manager Adam Brucker will begin setting up meetings and preparing a layout of the program. The previous partnership with the downtown was a promotions-based program, but based on meetings with the owners, they would prefer a maintenance-based program, and staff will develop a list of maintenance needs in the downtown area. He suggested the item be placed under the "opportunity cost items" category and stated he hopes to introduce a program and list of projects to Council by the end of the year.

Public Safety & Gangs

Mayor Johnson suggested that public safety and gangs be in the same category.

Council Member Nakanishi stated that, for the average citizen, public safety is a higher priority than economic development and the downtown. People want safe streets, fire and police protection, and gang prevention. In response to Council Member Nakanishi, Mr. Schwabauer stated that succession planning for the Fire Department includes encouraging staff to attend command college, management training, and classes and programs that would make them more eligible for promotion when opportunities arise. Council Member Nakanishi stated that the browned-out Engine No. 1 should be fully and permanently restored and expressed support for funding the Gang Reduction, Intervention, and Prevention (GRIP) program. Mr. Schwabauer stated that the fire engine was funded in the budget at \$275,000 and next year Council can

evaluate the success of the allocation and whether it was enough to keep the engine in full operation. Further, Mr. Schwabauer stated that, through the negotiation process, effort is being made to keep valuable employees in both Police and Fire so they are not perpetually understaffed.

Council Member Kuehne stated he would like to see the GRIP program funded as a regular budget item so that each year it is not a scramble to fund the program. Mr. Schwabauer stated that the officer element of the program is being funded going forward.

In response to Mayor Pro Tempore Chandler, Captain Tod Patterson stated that the Police Department's budget calls for 71 officers; however, with retirements occurring over the next few weeks and officers on injury leave, the number of available officers is 64. He added that a recent recruitment will add two new officers in early June. Captain Patterson stated the Department is using saved overtime money to initiate a downtown walking beat on Tuesdays and Thursdays and designating a downtown bike officer to the weekly Farmers' Market and on Saturdays. In addition, while School Resource Officers are on break from school for the summer, their time will be allocated to certain divisions, patrol, or as bike officers.

In response to Council Member Kuehne, Captain Patterson stated that, with regard to recruitment, there are currently six applicants in background check, but that is a lengthy process. He hopes to be at 71 officers by July 1. In further response, Captain Patterson stated that the Department is authorized for 71 officers; 25 years ago, the Department was authorized for 85 officers; and any increase over 71 would be a benefit to the Department.

Mr. Schwabauer pointed out that the difficulty for the Police Department is that it rarely remains fully staffed for a long period of time due to retirements and injuries. Staff is looking into methods or programs to address impending retirements in order to be overstaffed for a short period of time, allowing the Department to continue downtown patrol or special projects. He stated it can be risky to allow a department to become overstaffed; however, it would be for a short, limited time and the costs are not significant. Mr. Schwabauer explained that a potential program would encourage those nearing retirement to notify the Department early, require the officer to sign a binding notice of retirement, and hire an officer to work for a certain time period before the retiree leaves employment with the City.

In response to Mayor Johnson, Mr. Schwabauer agreed there is a risk with new hires because not every officer passes probation, but the benefit is that the speed of the recruitment process will be increased while the Department is at full, or close to full, staff before the retiree leaves.

Council Member Kuehne suggested that the sight of a parked Police car and presence of officers in an area would make an impact in discouraging crime.

In response to Mayor Johnson, Fire Chief Larry Rooney stated the Fire Department is similarly experiencing staffing difficulties. There are three openings with five to six applicants currently in background check who will begin the Fire academy through the City of Stockton in July. He stated that the majority of the Department is individuals new to their positions: command staff is 95 percent new and line personnel is 60 percent new, which is the driver behind succession planning. The Department had a high percentage of retirements and transfers to other agencies over the last few years alone, and Chief Rooney would like to see a Department where people remain and grow along with the Department by progressing through the ranks.

In response to Mayor Johnson, Neighborhood Services Manager Joseph Wood stated that the Youth Outreach Workers work with at-risk kids on campus during school sessions and over the summer break they continue to maintain contact and assist them with training, jobs, and activities that will keep them occupied and away from destructive elements.

Mayor Johnson suggested the Fire Department needs some attention to develop programs or schedules to allow new staff to develop and grow. Mr. Schwabauer pointed out that, despite having a high number of individuals serving in new capacities, they are all extremely experienced, intelligent, and energetic. Mayor Johnson agreed, stating he was primarily concerned with those

entering the department at the base level.

With regard to public safety, Mr. Schwabauer suggested grouping the category to include public safety, GRIP funding, and staffing as a priority. Council Member Nakanishi requested there be an emphasis on gangs and gang suppression.

Fiscal Sustainability

In response to Mayor Johnson, Deputy City Manager Jordan Ayers explained that asset management was initially suggested by the Fire Department to implement a true equipment replacement program that would incorporate, not solely vehicles and equipment, but also tools they use on a daily basis, such as turn-out gear, and that both scheduling and funding be a part of the program.

Council Member Kuehne stated that staff generally has an idea how long turn-out gear will last, based on how many washes reduce the fire retardant capability of the gear as well as damage during course of work, and that replacement should be incorporated into the budget. Mr. Ayers explained that historically the gear is replaced when necessary; however, funds are not typically set aside and allocated for future replacements.

Mr. Schwabauer stated the concept of allocating funds and developing a replacement schedule applies across the board for all City assets, including buildings.

Council Member Nakanishi suggested creating an ordinance that would require this concept so that the funding is secure and cannot be taken for other purposes. Mr. Schwabauer explained that the Council cannot tie the hands of future Councils, adding that a policy can be implemented, but it would be difficult to ensure a future Council would continue to abide by it. City Attorney Magdich stated that Council could implement a plan similar to the current reserve policy and create a new reserve for asset management, but she pointed out that, despite it being more formalized, it would still be subject to Council discretion.

In response to Mayor Johnson, Mr. Ayers stated that the entire section on fiscal sustainability relates to policies on how the City operates on a fiscal standpoint including management, replacement, and funding of all City assets, as well as a strategic plan relating to information technology. Mr. Schwabauer suggested the information technology strategic plan be listed under "opportunity cost items" and that staff will develop a program for Council consideration.

Council Member Kuehne expressed support for the suggestion, stating that such a policy is a sound business model that would enable the City to allocate money to replace its assets on a regular schedule.

In response to Mayor Pro Tempore Chandler, Mr. Ayers stated that currently California Public Employees Retirement System (Cal-PERS) prepares an actuarial study each year to notify cities what the minimum payment will be. The City opts to make the minimum payment; although, Cal-PERS allows an option for cities to pay more toward the unfunded liability, which is risky. Mr. Schwabauer used the City of Stockton as an example of one who used bonds to pay a higher amount toward the liability and, after the significant loss at the Cal-PERS level, it now owes a substantial amount.

In response to Mayor Johnson, Mr. Schwabauer stated that staff believes the Digital Infrastructure and Video Competition Act of 2006 funding may cover the replacement of the City's e-Records system in the next budget year, adding that it falls under the category of access to records relating to Council meetings and broadcasts.

In response to Mayor Johnson, Mr. Schwabauer stated that projects, including the Hutchins Street Square Roof, erosion at Lodi Lake, and the Fire Station kitchen remodel, would be included under the fiscal sustainability and asset management category.

In response to Council Member Kuehne, Mr. Schwabauer stated that on-going eastside issues include sidewalk gap closures and the alley program. He stated that Council Member Mounce

would like to see a housing rehabilitation program implemented on the east side, much like a business incentive program, in which those who improve their home would receive a rebate or incentive and have certain fees waived. In further response, Mr. Schwabauer stated that staff could put together a plan for Council consideration in a relatively short timeframe. He stated further research would be necessary to ascertain if an incentive program is possible to encourage less out-of-town home ownership and more homeowner occupied housing, adding that he and Council Member Mounce will be meeting with a local real estate representative to discuss potential programs.

In response to Council Member Kuehne, Mr. Wood stated that the mission behind Habitat for Humanity is to acquire and rehabilitate a home with the purpose of placing a homeowner into the residence. Housing rehabilitation has been identified in the City's five-year plan for Community Development Block Grant (CDBG) funding and over the next three years, \$150,000 will be applied toward code enforcement to assist property owners with minor code and life safety issues.

In response to Mayor Johnson, Public Works Director Wally Sandelin stated that the City has an eight-year alley rehabilitation program to replace water lines, but it is currently on hold so as not to conflict with the water meter program. Once the meter program is complete, there will be a significant investment in the area, as the east side is a priority and has funding allocated.

Mr. Schwabauer summarized the priorities and categories: 1) economic development for "shovel ready" land; 2) economic development and incentive program to focus on underutilized projects; 3) public safety, GRIP, training, and increase in staffing; 4) fiscal sustainability, asset preservation, Cal-PERS and Other Post Employment Benefits; and 5) east side rehabilitation, incentive programs, and infrastructure. Those without a category include: 1) homelessness; 2) downtown public WiFi and music; and 3) beautification of highway overpasses.

Council Member Kuehne suggested adding a tourism category, and Mr. Schwabauer agreed, stating those that do not fit in that category will be placed in the "opportunity cost items" category.

C. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 7:43 p.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk