

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, JUNE 9, 2010**

A. Roll call

The Special City Council meeting of June 9, 2010, was called to order by Mayor Katzakian at 6:00 p.m.

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

Absent: None

Also Present: Interim City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Regular Calendar

B-1 Discussion Regarding the Possibility of Preparing a New Redevelopment Plan (CM)

Interim City Manager Rad Bartlam provided a PowerPoint presentation regarding the possibility of preparing a new redevelopment plan. Specific topics of discussion included why redevelopment and what is the objective, tools to address community needs, relevant redevelopment law, other cities that have redevelopment agencies, tax increment opportunities, property tax distribution, and options for spending additional funds.

In response to Council Member Mounce, Mr. Bartlam stated there are 398 active redevelopment agencies and it is fairly common for redevelopment agencies to have more than one project area.

In response to Council Member Mounce, Mr. Bartlam stated he is not sure of how many total project areas the City of Stockton has because it has recently combined some project areas in an effort to utilize tax increment more broadly in different project areas.

In response to Council Member Mounce, Mr. Bartlam stated he is not familiar with the specific issues in the Gilroy and Gardenia communities where redevelopment was voted down.

In response to Council Member Mounce, Mr. Bartlam confirmed that tax increment cannot be used for Police and Fire.

In response to Mayor Katzakian, Mr. Bartlam stated the 20% set aside for affordable housing must be used for that purpose only, it can accumulate for one project or be used for multiple affordable housing projects, and the projects would be similar to those currently using Community Development Block Grant funding.

In response to Council Member Johnson, Mr. Bartlam stated staff has not looked at a specific cost analysis for multiple properties in the east and west side of town. He stated factors to be taken into account with that type of an analysis would be the age of the structure and the likelihood of the property turning over.

In response to Council Member Johnson, Mr. Bartlam stated over the past few years there has been limited turn over on the east side of town and rental property turns over less because it is an investment property.

In response to Council Member Johnson, Mr. Bartlam stated approximately 5,000 postcards were

mailed out and 101 were returned as of June 7, 2010.

In response to Council Member Hansen, Mr. Bartlam stated the sewer improvements may have been rated lower on the response cards because some improvements were already made, the sewer system is largely unseen, and the system appears to be working properly.

In response to Council Member Hansen, Mr. Bartlam stated over the last ten years approximately \$12 million was spent on projects on the east side of town including Cherokee Lane, water and wastewater improvements, handicap ramps, sidewalk repairs, Lodi Avenue reconstruction, and various alley projects.

In response to Council Member Mounce, Mr. Bartlam stated the alley lighting project may have been completed before 2000 in conjunction with Electric Utility.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated there was a 4% assumption made for the tax increment division chart, which included 2% for the State allowance and 2% for new development.

In response to Council Member Mounce, Mr. Bartlam confirmed it is possible that starting from a lower number would create negative tax increment.

In response to Mayor Katzakian, Mr. Bartlam confirmed that, even if there were no economic activity at all, generally the City would still see 2% on the increment.

In response to Mayor Katzakian, Mr. Bartlam stated the County Assessor is typically a few years behind on values and using the City as a whole there may have been a decrease in the increment given the current financial climate.

In response to Council Member Hansen, Mr. Bartlam stated in 2008 the tax was \$9.2 million and in 2009 it was \$8.8 million so the negative increment would be fairly small.

In response to Mayor Katzakian, Mr. Bartlam stated Manteca's redevelopment agency is about 15 to 20 years old and generates about \$14 to \$15 million increment for community services despite the decrease in values.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated the 4% increment is considered typical in comparison with the City's plan for 2001, which was very conservative.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated if the proposed redevelopment plan was for infrastructure only the City would need to use a very conservative number like 2%.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated in looking at the 2007 Plan discretionary tax increment not included in the housing set aside cumulatively would be about \$819 million over its lifetime, which equates to approximately \$17 to \$20 million per year.

In response to Council Member Hansen, Mr. Bartlam stated the County and School District are supportive of redevelopment plans because, while they will see a decrease in actual funds received, they see long-term benefit in project areas on an annual basis and there is a windfall pay day at the sunset of the redevelopment time period.

In response to Mayor Katzakian, Mr. Bartlam stated he is not sure of the percentage of properties on the east side of town that are pre-Proposition 13 properties.

In response to Council Member Mounce, City Attorney Schwabauer stated an advisory vote does

not authorize a redevelopment agency and Council would need to take further action.

In response to Council Member Johnson, Mr. Bartlam stated if the City Council took action to adopt a redevelopment plan it would be subject to referendum as it has been in the past.

In response to Council Member Mounce, Mr. Schwabauer stated Ordinance Nos. 1775 and 1776 were adopted prior to redevelopment being considered in the City in response to the United States Supreme Court Kelo decision outlining how cities could use government funds in context of eminent domain and the property could be used as a result. Mr. Schwabauer stated eminent domain could not be used at all under the 2007 Plan.

In response to Council Member Johnson, Mr. Bartlam stated the City would have to start from scratch with a new redevelopment plan with a new base year.

Mayor Katakian asked for public comments.

Arlene Farley spoke regarding her concerns about the security of redevelopment funds in light of recent State action, specific projects listed in the plan, revenue generation, and the specific areas to be affected.

Steve Jarrett spoke regarding his concerns about needing a strong economic engine through private businesses to drive the redevelopment project success. In response to Council Member Johnson, Mr. Jarrett stated he is not sure about how multi-family units and commercial property will affect the proposed revenue generation numbers he provided to Council based on the sale of single family homes in the proposed project area. In response to Mayor Katakian, Mr. Jarrett stated his proposed numbers do not take into account Proposition 13 properties or the base year. In response to Council Member Mounce, Mr. Jarrett stated he used to be in the residential real estate business but is now doing commercial. In response to Mayor Pro Tempore Hitchcock, Mr. Jarrett stated he believes there will be another round of foreclosures for commercial, the market has not yet hit bottom, and recovery will occur in approximately three years.

Pat Patrick spoke regarding his concerns about a proposed plan bringing the community together, providing a compromise, and creating jobs and economic development.

Mike Carouba spoke in regard to his concerns about compromising too much whereby the proposed redevelopment plan is no longer effective.

Phyllis Roche spoke in regard to her concerns about bigger projects in redevelopment agencies that have a history of failing.

Karen Dillard spoke in regard to her concerns about eminent domain and property that is labeled as blight in the redevelopment project area. In response to Mayor Pro Tempore Hitchcock, Ms. Dillard stated the eminent domain issue is based on emotion and not logic and the residents need a comfort level with understanding the eminent domain issue. In response to Council Member Johnson, Ms. Dillard stated the difference between other cities and Lodi is active individuals such as Ms. Mounce and Mr. Talbot educating the public on eminent domain.

In response to Council Member Mounce, Mr. Schwabauer and Mr. Bartlam stated that, while there is no specific requirement for public outreach, a future City Council cannot implement eminent domain in one meeting as a minimum of five public hearings and two ordinance readings would be needed.

John Beckman spoke in regard to his concerns about finding a compromise, which includes prioritized infrastructure projects and private business incentives. Discussion ensued between

Council Member Mounce and Mr. Beckman regarding the need to do improvements on the east side first and then provide some business incentives after the infrastructure needs have been met.

Mayor Katzakian closed the public comment period.

In response to Council Member Hansen, Mr. Schwabauer stated a future ballot could potentially include eminent domain and prohibit what the ordinances already prohibit although he would need to conduct additional research to ensure the process and legalities are the same.

In response to Mayor Katzakian, Mr. Schwabauer stated the only eminent domain scenarios he can think of since he has been City Attorney is the Elm Street parking garage and Police Department building, which settled.

In response to Council Member Johnson, Mr. Schwabauer stated friendly eminent domain is possible and it gives the property owner additional time to reinvest the income from the sale without tax consequences. Mr. Schwabauer stated he is not sure about the Elm Street parking garage, but the Police Department facility did use the friendly eminent domain option.

In response to Council Member Johnson, Mr. Schwabauer confirmed that in most cases a municipality pays more than the market value of the condemned property to move forward.

In response to Mayor Pro Tempore Hitchcock, Mr. Bartlam stated a City Council has complete discretion and can craft as specific or as broad a proposed redevelopment plan with respect to the project area and activities permitted in that area.

A majority of the City Council provided general direction to the Interim City Manager to continue the discussion of a proposed redevelopment plan.

C. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:45 p.m.

ATTEST:

Randi Johl
City Clerk