

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JUNE 14, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 14, 2011, commencing at 7:05 a.m.

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

Absent: None

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

B. Topic(s)

B-1 Receive Presentation from John Johns, Financial Consultant for the Lodi Professional Firefighters Association Regarding Revenue Creation Ideas (CM)

City Manager Bartlam and Firefighter Brad Doell briefly introduced the subject matter of the presentation by John Johns, financial consultant for the Lodi Professional Firefighters Association, regarding revenue creation ideas.

John Johns provided a presentation regarding revenue creation ideas as outlined in the Council Communication. Specific topics of discussion included Mr. Johns' professional background, analysis and findings regarding the 2011/12 fiscal year budget, realizing a prior year budgetary surplus, participation in the CalPers pension pre-payment program, business license canvassing and enforcement, recapturing wastewater enterprise contributed capital, and budgeted versus actual funds and reserves.

In response to Mayor Pro Tempore Mounce, Mr. Johns stated the typical reserve amount for cities in normal economic times is 12% to 24%, or about \$5 million for Lodi. He stated in abnormal times he has seen reserve amounts from zero to 15%.

In response to Council Member Hansen, Deputy City Manager Jordan Ayers stated the prior year budgetary surplus reference refers to a budgetary variance, which may or may not be cash in the pocket. Mr. Ayers stated the actual fund balance is cash in the pocket and the variance is the difference between what was budgeted and what was actually generated as revenue or spent as expenditures.

In response to Council Member Hansen, Mr. Bartlam and Mr. Ayers stated the CalPers pre-payment program gives entities an opportunity to pre-pay the employer's share in exchange for a discount, the number is calculated based on payroll numbers from two years prior, and depending upon the variance an entity will have either pre-paid an additional amount or owe more. Mr. Ayers stated that the program may not be viable because the number of employees in the City has declined over the last two years.

In response to Council Member Nakanishi, Mr. Bartlam stated lower rates may or may not be beneficial as the 2014-2015 rate of return for CalPers remains unknown and in the case of a shortage the City will need to make up the difference.

In response to Council Member Nakanishi, Mr. Bartlam stated the City does pay in advance in lump sum in some cases such as debt service.

In response to Council Member Nakanishi, Mr. Bartlam stated there is a balance between the reserve amount for utilities and the general fund, cash flow, operations, and the policy decisions associated with the same.

In response to Mayor Johnson, Mr. Johns stated the amount of the employer's share is known, the amount of the program discount is known, and the utilities would recover the amount borrowed for the pre-payment over a 12-month period, during which the General Fund would make monthly payments to the utility funds.

In response to Council Member Hansen, Mr. Johns stated Santa Clara County and a few other cities in the State are taking advantage of the pre-payment program and benefiting at the expense of others not participating in the program.

In response to Council Member Nakanishi, Mr. Johns stated that, while he has not researched the option, the City may have the ability to go outside and borrow for the pre-payment, although it would not incur additional cost if it borrowed internally instead from utilities.

In response to Mayor Johnson, Mr. Johns stated he is not aware of anything unusual in the case of Los Angeles and San Francisco airports or the Stockton Redevelopment Agency participating in the capital contribution program.

In response to Council Member Hansen, Mr. Johns stated he did not factor into his analysis for the capital contribution program current capital projects including the new treatment facility, pipe replacement project, or water meter installations.

In response to Council Member Hansen, Mr. Ayers provided a brief overview of the business license enforcement efforts through a program with the Franchise Tax Board. Mr. Ayers stated the amount of revenue generation from the program is unknown at the current time.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam stated staff will bring back to Council an update on the proposed suggestions after the numbers have been reviewed in more detail.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:05 a.m.

ATTEST:

Randi Johl
City Clerk