

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, OCTOBER 15, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, October 15, 2013, commencing at 7:00 a.m.

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

Absent: Council Member Mounce

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

B. Topic(s)

B-1 Receive Policy and Rate Information Regarding Water, Wastewater, and Solid Waste Rate Schedules Subject to Proposition 218 Public Hearing to be Held December 18, 2013 (PW)

City Manager Bartlam briefly introduced the subject matter of water, wastewater, and solid waste policy and rate information subject to Proposition 218 processes.

Public Works Director Wally Sandelin and Consultant Bob Reed provided a PowerPoint presentation regarding water, wastewater, and solid waste policy and rate information. Specific topics of discussion included the meter charge schedule, vacant residential rates, rate update, models, Engineering News Record (ENR) Index and rate adjustments, previous rate adjustments, rate structure changes, flat rates, Proposition 218, rate structure changes, usage based rates, rate comparison, sample residential and non-residential bills, solid waste rates, and the adoption process.

In response to Council Member Johnson, Mr. Sandelin stated Santa Clara was included in the comparison because it was one of the few cities with a published meter schedule.

In response to Council Member Hansen, Mr. Sandelin stated that, while there was a rate cap on the wastewater side, there was no cap on the water side and the rate was whatever was published for ENR.

In response to Council Member Johnson, City Attorney Schwabauer stated rate increases not included in the original Proposition 218 notice would require a new Proposition 218 process.

In response to Council Member Hansen, Mr. Sandelin stated infrastructure replacement will be completed in 2017-2018 on the water side but not sure about the wastewater side, which includes sewer lining.

In response to Mayor Nakanishi, Mr. Sandelin stated other agencies are just now beginning to make the infrastructure related decisions that the Lodi City Council made in 2004.

In response to Council Member Johnson, Mr. Sandelin stated the bond issue proposed for debt retirement was \$30 million.

In response to Council Member Hansen, Mr. Sandelin stated the \$11.4 figure in the model includes upgrades for the conveyance facilities and storage ponds and new development is also considered in the model.

In response to Council Member Johnson, Mr. Sandelin stated the City is expecting that the Regional Board is going to require improvements to the conveyance facilities at a cost of \$1.4 million and \$10 million will be used for storage pond construction so that the City no longer needs to discharge to the Delta thereby resulting in a cost savings.

In response to Mayor Nakanishi, Mr. Sandelin stated the previous rate increase included infrastructure upgrades and new debt service for improvements at the White Slough facility.

In response to Council Member Hansen, Mr. Sandelin stated that, while the old financial model was complex and contained errors which required ongoing consultant work, the current model is simplified and tested quarterly by City staff. Mr. Sandelin stated he is confident that the needs of the City are in line with the charges.

In response to Council Member Hansen, Mr. Sandelin confirmed adjustments include factors such as inflation, material costs, and unfunded mandates. A brief discussion ensued between Mr. Sandelin and Mr. Hansen regarding how other communities compare in infrastructure replacement efforts and rates. Mr. Schwabauer confirmed that the rate structure does not include additional revenue generation but rather a redesign of how payment is made from different rate payers in light of water meter usage.

In response to Council Member Johnson, Mr. Sandelin confirmed that staff will be speaking with the City's larger users regarding proposed rates prior to implementation.

In response to Mayor Pro Tempore Katakian, Mr. Schwabauer stated fuel would be included in 100% of the Consumer Price Index (CPI) for solid waste purposes but is not necessarily included in 80% of CPI and tipping fees could be considered separately if necessary.

In response to Mayor Nakanishi, Mr. Sandelin stated there will be a mobile home park rate discussion at a Shirtsleeve Session in December.

In response to Mayor Pro Tempore Katakian, Mr. Bartlam confirmed that the rate structure adjustment will shift costs now mostly born by single-family residential equally amongst all ratepayers. Mr. Schwabauer confirmed a new rate adjustment would be needed for larger unforeseeable circumstances in the future similar to the state mandated White Slough facility improvements. A brief discussion ensued between Mayor Pro Tempore Katakian and Mr. Schwabauer regarding ongoing PCE/TCE remediation and monitoring efforts.

Larry Haverty spoke in regard to his concerns about the City paying for water for the farmers near the White Slough facility at a detriment to Lodi residents at large. Mr. Sandelin and Mr. Schwabauer explained that farming near White Slough is not a revenue generator per se but rather a necessary part of the treatment process to reduce nitrates to allow current discharge into the Delta. They also confirmed that the farming operations currently being conducted are done at a cost savings because it would cost the City significantly more money to farm land.

Shirley Plath spoke in regard to her concerns about billing for water services at a mobile home park based on a bedroom system and the costs associated with water usage by an individual resident at the mobile home park versus a larger group of residents such as a family.

Thomas Sanchez, representing Waste Management, spoke in support of the proposal to base solid waste rates off of 100% of the CPI thereby eliminating individual charges for fuel and tipping, which are currently charged separately in addition to 80% of CPI. Mr. Sanchez stated there may be some decisions made by the County in the next month that may affect his thoughts on the proposal but he is generally in support of the concept.

John Slaughterback spoke in regard to his concerns about facility improvements and upgrades being completed as a result of new development impacts on the system and developers paying their share of the same. Mr. Slaughterback also spoke in support of the City having various programs to help the less fortunate pay for services in difficult times.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:30 a.m.

ATTEST:

Randi Johl-Olson
City Clerk