

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, OCTOBER 19, 2016**

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of October 19, 2016, was called to order by Mayor Pro Tempore Kuehne at 6:16 p.m.

Present: Council Member Johnson, Council Member Mounce, and Mayor Pro Tempore Kuehne

Absent: Council Member Nakanishi, and Mayor Chandler

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

C-2 Announcement of Closed Session

- a) Actual Litigation: Government Code §54956.9(a); One Case; Andrew Perales v. City of Lodi, et al., U.S. District Court, Eastern District of California; Case No. 2:15-CV-01107-MCE-CKD (CA)

C-3 Adjourn to Closed Session

At 6:16 p.m., Mayor Pro Tempore Kuehne adjourned the meeting to a Closed Session to discuss the above matter. The Closed Session adjourned at 6:55 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:00 p.m., Mayor Pro Tempore Kuehne reconvened the City Council meeting, and City Attorney Magdich disclosed the following action.

Item C-2 (a) was discussion and direction only with no reportable action.

A. Call to Order / Roll Call

The Regular City Council meeting of October 19, 2016, was called to order by Mayor Pro Tempore Kuehne at 7:00 p.m.

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

Absent: None

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

NOTE: Mayor Chandler arrived at 7:28 p.m. during the discussion and vote of Item C-15 on the Consent Calendar.

B. Presentations

B-1 Domestic Violence Awareness Month Proclamation (CLK)

Mayor Pro Tempore Kuehne presented a proclamation to Melissa Amos, Youth Shelter Manager with the Women's Center of San Joaquin Youth and Family Services, proclaiming the month of October 2016 as Domestic Violence Awareness Month in the City of Lodi.

B-2 Sandhill Crane Association Proclamation (PRCS)

Mayor Chandler presented a proclamation to Lodi Sandhill Crane Association volunteers in recognition of the Association and its 20-year anniversary. Ken Nieland thanked the Committee members for their hard work and efforts and expressed appreciation to the City of Lodi for its partnership over the years. Mr. Nieland stated that the original mission 20 years ago was to focus attention on cranes and emphasize ecotourism in Lodi. Watershed Program Coordinator Kathy Grant announced that the Festival is November 4-6, 2016, at Hutchins Street Square; the conservation dinner is on Friday, November 6; and tickets can be purchased on-line.

B-3 Presentation of Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (CM)

Deputy City Manager Jordan Ayers announced that the City received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the 23rd year in a row and presented Certificates of Recognition to Financial Services Manager Ruby Paiste and Supervising Accountant Derrick Cotten.

C. Consent Calendar (Reading; Comments by the Public; Council Action)

Council Member Mounce made a motion, second by Mayor Pro Tempore Kuehne, to approve the following items hereinafter set forth, **except those otherwise noted**, in accordance with the report and recommendation of the City Manager.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne

Noes: None

Absent: Mayor Chandler

C-1 Receive Register of Claims in the Amount of \$9,708,649.80 (FIN)

Claims were approved in the amount of \$9,708,649.80.

C-2 Approve Minutes (CLK)

The minutes of September 13, 2016 (Shirtsleeve Session), September 20, 2016 (Shirtsleeve Session), September 21, 2016 (Regular Meeting), September 27, 2016 (Shirtsleeve Session), October 4, 2016 (Shirtsleeve Session), October 4, 2016 (Special Meeting), and October 5, 2016 (Regular Meeting) were approved as written.

C-3 Accept Improvements Under Contract for 2016 Extruded Traffic Stripes, Various City Streets (PW)

Accepted the improvements under the contract for 2016 Extruded Traffic Stripes, Various City Streets.

C-4 Accept Improvements Under Contract for Alley Improvement Project - Phase 5 (PW)

Accepted the improvements under the contract for Alley Improvement Project - Phase 5.

C-5 Accept Improvements Under Contract for Kofu Park Americans with Disabilities Act Improvements Project (PW)

Accepted the improvements under the contract for Kofu Park Americans with Disabilities Act Improvements Project.

C-6 Accept Improvements Under Contract for 2016 Storm Drainage Improvements (PW)

Accepted the improvements under the contract for 2016 Storm Drainage Improvements.

- C-7 Adopt Resolution Accepting Lodi Shopping Center Public Improvements; Receiving Dedication of Real Property Known as I-2 Storm Drain Basin (APN 058-03-018) and All Associated Offsite Public Improvements; Amending Traffic Resolution No. 97-148 by Approving Through Street on Westgate Drive from Kettleman Lane to the South Boundary of the Lodi Shopping Center and Further Approving No-Parking Zones on the West Side of Lower Sacramento Road from Kettleman Lane to South Boundary of the Lodi Shopping Center; and Appropriating Funds (\$252,763) (PW)

Adopted Resolution No. 2016-177 accepting Lodi Shopping Center Public improvements; receiving dedication of real property known as I-2 Storm Drain Basin (APN 058-03-018) and all associated offsite public improvements; amending Traffic Resolution No. 97-148 by approving a through street on Westgate Drive from Kettleman Lane to the south boundary of the Lodi Shopping Center and further approving no-parking zones on the west side of Lower Sacramento Road from Kettleman Lane to south boundary of the Lodi Shopping Center; and appropriating funds in the amount of \$252,763.

- C-8 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement for Regulatory Required Maintenance, Testing, and Repair of Altec-Equipped Vehicles and Equipment with Altec Industries, Inc., of Dixon, for a Five-Year Term (\$25,000 Annually) (EU)

Adopted Resolution No. 2016-178 authorizing the City Manager to execute a Professional Services Agreement for regulatory-required maintenance, testing, and repair of Altec-equipped vehicles and equipment with Altec Industries, Inc., of Dixon, for a five-year term, in the amount of \$25,000 annually.

- C-9 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement for Killelea Substation Bank No. 1 Power Transformer Relocation, Test, and Preparation for Long-Term Storage with Delta Star, Inc., of Lynchburg, Virginia (\$89,000) (EU)

Adopted Resolution No. 2016-179 authorizing the City Manager to execute a Professional Services Agreement for Killelea Substation Bank No. 1 Power Transformer Relocation, Test, and Preparation for Long-Term Storage with Delta Star, Inc., of Lynchburg, Virginia, in the amount of \$89,000.

- C-10 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, for Lodi Station Parking Garage Structural Management (\$66,300) (PW)

Council Member Johnson requested a brief explanation on this item.

Public Works Director Charlie Swimley stated that a Task Order was recently completed to evaluate the structural condition of the 15-year-old Lodi parking structure. The preliminary evaluation showed minor damage to the facility due to major vibrations from the nearby train system, and the consultant recommended improvements to the building.

Council Member Johnson questioned if the structure was safe, to which Mr. Swimley responded in the affirmative, stating that the assessment was intended to proactively repair failures, such as concrete cracks and elevator columns, well in advance to ensure problems do not worsen.

Adopted Resolution No. 2016-180 authorizing the City Manager to execute a Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, for Lodi Station Parking Garage structural management, in the amount of \$66,300.

- C-11 Adopt Resolution Authorizing City Manager to Execute Service Maintenance Agreement with Sungard Public Sector, Inc., of Lake Mary, Florida, and Further Authorizing City Manager to Execute Future Budgeted Annual Maintenance Agreements with Sungard Public Sector, Inc., on Behalf of the City of Lodi (\$151,921.38) (PD)

Adopted Resolution No. 2016-181 authorizing the City Manager to execute a Service Maintenance Agreement with Sungard Public Sector, Inc., of Lake Mary, Florida, in the amount of \$151,921.38, and further authorizing the City Manager to execute future budgeted annual maintenance agreements with Sungard Public Sector, Inc., on behalf of the City of Lodi.

C-12 Adopt Resolution Authorizing City Manager to Execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, for Environmental Consulting Services for PCE/TCE Groundwater Contamination Plumes (\$25,000) and Appropriating Funds (\$25,000) (PW)

Adopted Resolution No. 2016-182 authorizing the City Manager to execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, for environmental consulting services for PCE/TCE groundwater contamination plumes in the amount of \$25,000 and appropriating funds in the amount of \$25,000.

C-13 Adopt Resolution Authorizing Lodi Police Department to Participate in the Selective Traffic Enforcement Program Grant Funded by the Office of Traffic Safety and Further Authorizing City Manager to Execute the Grant Documents on Behalf of the City of Lodi (\$130,000) (PD)

Adopted Resolution No. 2016-183 authorizing the Lodi Police Department to participate in the Selective Traffic Enforcement Program Grant funded by the Office of Traffic Safety and further authorizing the City Manager to execute the grant documents on behalf of the City of Lodi, in the amount of \$130,000.

C-14 Adopt Resolution Approving First-Time Home Buyer Program Guidelines (CD)

Adopted Resolution No. 2016-184 approving First-Time Home Buyer Program Guidelines.

C-15 Adopt Resolution Approving City of Lodi Investment Policy and Internal Control Guidelines (CM)

NOTE: Mayor Chandler arrived during the discussion of this matter and prior to the vote.

This item was removed from the Consent Calendar at the request of Council Member Nakanishi for discussion purposes.

In response to Council Member Nakanishi, Deputy City Manager Jordan Ayers stated that by law public agency deposits must be collateralized up to 100 or 150 percent of the value. Under the City's current policy, staff is limited to one CD of \$250,000 in a single bank, which prevents staff from taking advantage of promotional rates or offers. The proposed policy language allows staff to open a second CD as long as the bank collateralizes the CD. If the bank were to fail, there are two mechanisms to protect the money: one is Federal Deposit Insurance Corporation insurance up to \$250,000, and the other is the bank's collateralized security up to 100 percent.

Council Member Nakanishi made a motion, second by Council Member Mounce, to adopt Resolution No. 2016-187 approving City of Lodi Investment Policy and Internal Control Guidelines.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

C-16 Adopt Resolution Rescinding Resolution No. 4304 and Approving Updated Public Works Tree Policy (PW)

Adopted Resolution No. 2016-185 rescinding Resolution No. 4304 and approving updated Public Works Tree Policy.

C-17 Adopt Resolution Approving Year 2016 Amendments to Conflict of Interest Code (Government Code Section 87306.5) (CA)

Adopted Resolution No. 2016-186 approving Year 2016 Amendments to Conflict of Interest Code (Government Code Section 87306.5).

C-18 Set Public Hearing for November 2, 2016, to Consider Adopting Resolution Approving Planning Commission's Recommendation to Authorize 28 Medium-Density Residential Growth Management Allocations for the Camper - Sacramento Street Subdivision (CD)

Set public hearing for November 2, 2016, to consider adopting resolution approving Planning Commission's recommendation to authorize 28 medium-density Residential Growth Management Allocations for the Camper - Sacramento Street Subdivision.

C-19 Set Public Hearing for November 2, 2016, to Consider Adopting Resolution Setting the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan Development Fees for 2017 and Updating the Fee Model for the Conservation Plan (CD)

Set public hearing for November 2, 2016, to consider adopting resolution setting the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan Development Fees for 2017 and updating the fee model for the Conservation Plan.

C-20 Set Public Hearing for November 2, 2016, to Consider Adoption of the 2016 California Building Code, Mechanical Code, Electrical Code, Plumbing Code, Residential Code, Green Building Standard Code, and Fire Code (CD)

Set public hearing for November 2, 2016, to consider adoption of the 2016 California Building Code, Mechanical Code, Electrical Code, Plumbing Code, Residential Code, Green Building Standard Code, and Fire Code.

C-21 Set Public Hearing for November 16, 2016, to Consider and Approve an Amendment of the 2016/17 Annual Action Plan to Accommodate the Reallocation of Community Development Block Grant Funds from Previous Years (CD)

Set public hearing for November 16, 2016, to consider and approve an amendment of the 2016/17 Annual Action Plan to accommodate the reallocation of Community Development Block Grant funds from previous years.

C-22 Set Public Hearing for November 16, 2016, to Consider Unmet Transit Needs in Lodi (PW)

Set public hearing for November 16, 2016, to consider unmet Transit needs in Lodi.

C-23 Set Public Hearing for November 16, 2016, to Receive Comments on and Consider Accepting City of Lodi's Report on Water Quality Relative to Public Health Goals (PW)

Set public hearing for November 16, 2016, to receive comments on and consider accepting City of Lodi's Report on Water Quality Relative to Public Health Goals.

- D. Comments by the Public on Non-Agenda Items
THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.
Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3I). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda

was posted (Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

Craig Hoffman invited Council and the public to attend the 11th annual Octoberfest on Saturday, October 22, 2016, at the American Legion building, the proceeds from which will benefit American Legion Post 22. The event will feature bands, dancers, and food with the Mayor tapping the first ceremonial keg.

Mike Lusk stated he read in the Lodi News-Sentinel that the San Joaquin County Board of Supervisors was scheduled to review an application for a commercial project on Lower Sacramento and Armstrong Roads, just outside of Lodi's boundaries. With past discussions of a greenbelt, he questioned if the City had a position on the proposed development.

City Manager Schwabauer responded that, to his knowledge, this project refers to a farm stand and the City has no plan to oppose the project because it is consistent with agricultural/farm use.

E. Comments by the City Council Members on Non-Agenda Items

Council Member Mounce reported on her attendance at the League of California Cities Annual Conference in Long Beach, at which she was sworn in as President of the League. She stated the event brought in over 2,000 city officials, had many educational sessions, and was an excellent opportunity to network with other council members and mayors. Council Member Mounce stated she worked with the city manager's association, hosted breakout meetings, moderated a number of sessions, and was a presenter during the general session.

Mayor Chandler congratulated Council Member Mounce on this honor, stating it was of great benefit to Lodi to have her in this leadership role. Further, Mayor Chandler reported that he attended the Electric Utility open house, in which hundreds of elementary school children participated. He apologized for arriving late to the meeting and reported that he was attending the Cal Emerging Technology Program meeting, which brings broadband to states and helps bridge the divide in communities. The group is interested in Lodi's "dark cable," which it hopes to distribute to a greater number of users.

Council Member Mounce agreed this was an excellent contact to make, stating that "redlining" happens when service providers do not bring service into poor communities, which limits opportunities for those individuals.

F. Comments by the City Manager on Non-Agenda Items

None.

G. Public Hearings

G-1 Continued Public Hearing to Consider Adopting Resolution Eliminating the Reduced Residential Impact Fee Structure for Low- and Medium-Density Zoning Designations (PW)

Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Chandler called for the public hearing to consider adopting resolution eliminating the Reduced Residential Impact Fee Structure for low- and medium-density zoning designations.

Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the elimination of the Reduced Residential Impact Fee Structure for low- and medium-density zoning designations. Specific topics of discussion included outline, overview, reduced versus regular fees, fee comparison per single family unit, impacts on development, Shirtsleeve Session feedback, and recommendation.

In response to Council Member Nakanishi, Mr. Swimley stated the public hearing was continued to another date because the Park fees were inadvertently omitted from the publication.

Mayor Chandler opened the public hearing for public comment.

Mike Lusk presented a Blue Sheet item (filed) regarding the impacts of the reduced Impact Mitigation Fees and how citizens are subsidizing development through reduced fees. Mr. Lusk expressed support for returning to the regular fee schedule and further suggested Council adjust the fees annually for Engineering News Record increases and consider increasing the fee amounts as Lodi's is the lowest impact fee in the area. Further, Mr. Lusk questioned if the loans from the Water Impact Fee fund for Fire Station No. 4 and the loan from the Storm Drain Impact Fee fund to the General Fund would be repaid; whether the Water Impact Fee will be affected by the Sustainable Groundwater Management Act (SGMA); and if the Electrical Impact Fee would be increased as a result of renewable energy resource mandates.

There being no further public comments, Mayor Chandler closed the public hearing.

In response to questions by Mr. Lusk, City Manager Schwabauer stated that the Electrical and Water Impact Fees would not increase as a result of SGMA or legislation regulating renewable energy resources because of the limitation on impact fees. Fees are collected for the cost of constructing facilities or building new electrical lines; not on the acquisition of water or electricity because that is an ongoing operation. In response to the questions regarding repayment of the loans, Mr. Schwabauer stated staff would look into the matter and respond back to him and Council. Mr. Lusk further questioned SGMA and renewable energy resources, to which Mr. Schwabauer responded that both pieces of legislation are unrelated to growth and are instead focused on greener energy and sustainability in water. He stated there are small incremental elements associated with growth, but those are not capital items; they are operational in nature and would be recovered by rates and not the impact fee program. In further response, he stated that engineering costs would typically be included in the cost of designing a facility and explained that the construction of the new pond at White Slough has nothing to do with SGMA; rather, it is a positive project that will eliminate the need to discharge water to the Delta and will provide year-round water reliability for farmers.

Council Member Mounce made a motion, second by Mayor Pro Tempore Kuehne, to adopt Resolution No. 2016-188 eliminating the Reduced Residential Impact Fee Structure for low- and medium-density zoning designations and in-fill projects of more than ten lots; and direct that staff research the impact fee structure to determine if an increase is necessary.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

H. Communications

H-1 Appointment to the Site Plan and Architectural Review Committee; and Post for Expiring Terms on the Lodi Senior Citizens Commission, Recreation Commission, and Personnel Board of Review (CLK)

Council Member Mounce made a motion, second by Council Member Johnson, to make the following appointment and direct the City Clerk to post for the following expiring terms:

APPOINTMENT:

Site Plan and Architectural Review Committee

Wendel Kiser, term to expire January 1, 2019

POSTINGS:

Lodi Senior Citizens Commission

Robert N. Anderson, term to expire December 31, 2016
Julie Whiteley, term to expire December 31, 2016

Recreation Commission

Larry Long, term to expire December 31, 2016
Breanna Meyer, term to expire December 31, 2016

Personnel Board of Review

Ed Miller, term to expire January 1, 2017
Bill Russell, term to expire January 1, 2017
Jim Schweickardt, term to expire January 1, 2017

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

H-2 Monthly Protocol Account Report (CLK)

Council Member Mounce made a motion, second by Mayor Pro Tempore Kuehne, to approve the monthly Protocol Account Report through September 30, 2016.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

I. Regular Calendar

I-1 Approve Budget and Fiscal Policies and Third-Party Trusts (CM)

a. Adopt Resolution Approving Budget and Fiscal Policies

Deputy City Manager Jordan Ayers provided a presentation regarding budget and fiscal policies. Specific topics of discussion included previous Council discussions, employee survey regarding reserves and priorities, minor change to the previously-presented policy of adding the omitted appropriation limit required in the Constitution, and three examples of past uses of the City Manager's and Deputy City Manager's authority to move appropriations within a fund without increasing the approved appropriation limit.

Council Member Mounce expressed concern with Section 6(c) of the policy regarding how the hierarchy of the fund balance works because it is not clear or specific enough and questioned why restricted funds would be used first. Mr. Ayers stated the intent is to require that funds specific to a project or use, such as designated grant funds, be used first over discretionary dollars. Council Member Mounce agreed with the concept, but believed the language was not clear enough. City Manager Schwabauer suggested amending the policy to read: "when multiple categories of fund balance are available for expenditure, the City will spend the most restrictive funds eligible to pay the expenditure first before moving down to the next category..."

Council Member Mounce made a motion, second by Council Member Johnson, to adopt Resolution No. 2016-189 approving Budget and Fiscal Policies, with amendment to Section 6(c), stating, "When multiple categories of fund balance are available for expenditure, the City will spend the most restrictive funds eligible to pay the expenditure first before moving down to the

next category with available funds in the following order: 1. Restricted, 2. Committed, 3. Assigned, and 4. Unassigned."

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

- b. Adopt Resolution Authorizing City Manager to Execute All Documents Necessary to Enter a Pension Stabilization Irrevocable Trust with Public Agency Retirement Services, Designating Funds to be Deposited into the Trust, and Selection of the Balanced (Passive Option) Investment Strategy (CM)

Deputy City Manager Jordan Ayers provided a presentation regarding Pension Stabilization Irrevocable Trust. Specific topics of discussion included funding unfunded liabilities; option of setting aside money for California Public Employees Retirement System (Cal-PERS) in a third-party trust versus paying the money directly to Cal-PERS, which does not go against principle or reduce payments; recommendation of Public Agency Retirement Services (PARS) as the third-party trust; better investment opportunities and rate of return than the City's investment pool and less volatility than the Cal-PERS system; ability to access money in the trust; and recommendation to utilize one-time money by committing 80 percent of the final reserve amount in excess of the general fund reserve target to the trust.

Mayor Pro Tempore Kuehne questioned if Council had previously discussed the 80 percent figure and stated he was uncomfortable with such a high number. In response to Mayor Pro Tempore Kuehne, Mr. Ayers stated that staff recommends the balanced investment strategy under the passive option and that Council did not discuss a specific investment level, but the recommended amount still leaves Council with 20 percent for other Council spending priorities. Mayor Pro Tempore Kuehne stated he would prefer a 60 percent level, which would give Council greater flexibility. Mr. Ayers stated the recommendation is not set in stone for every year; rather, it is the recommendation for the initial funding. He anticipated staff would submit a new recommendation each year during the budget process.

Council Member Johnson questioned if staff was comfortable with the anticipated 6.5 percent growth return, to which Mr. Ayers stated there is no guarantee on returns, but there is unquestionably a lower level of volatility associated with these investments than those with Cal-PERS. He confirmed there is no penalty to withdraw from the trust fund. Council Member Johnson expressed support for creating the fund with the highest contribution possible because the unfunded liability is so significant.

In response to Council Member Mounce, Mr. Ayers stated the associated costs with the trust fund are two management fees: one to PARS and one to the investment management company. Mr. Schwabauer stated that the rate of return is secondary in importance on this issue, explaining that the critical issue is building a significant reserve fund in order to pay the Cal-PERS bills that are far in excess of what the City can pay.

Council Member Nakanishi made a motion, second by Council Member Johnson, to adopt Resolution No. 2016-190 authorizing the City Manager to execute all documents necessary to enter a Pension Stabilization Irrevocable Trust with Public Agency Retirement Services, designating funds to be deposited into the Trust, and selection of the Balanced (Passive Option) Investment Strategy.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Chandler

Noes: Mayor Pro Tempore Kuehne
Absent: None

- c. Adopt Resolution Authorizing City Manager to Execute All Documents Necessary to Enter Other Post-Employment Benefits Irrevocable Trust with California Employer's Retiree Benefit Trust Program, Select Investment Strategy 2, and Appropriating Funds (\$1,000,000) (CM)

Deputy City Manager Jordan Ayers provided a presentation regarding Other Post-Employment Benefits (OPEB) Irrevocable Trust with California Employer's Retiree Benefit Trust Program (CERBT).

In response to Council Member Mounce, Mr. Ayers explained the three elements of the Cal-PERS liability. He stated there are a number of employees hired prior to 1995/96 that can convert accrued sick leave upon retirement toward health care costs. The program was eliminated in 1995, but there are roughly 40 to 50 existing employees who qualify and another pool of retirees who currently have this benefit. In addition, the City has a statutory regulation to pay a portion of the monthly health care premium for every employee and the liability is tied to the concept of implicit subsidy whereby all members pay the same amount regardless of age or employment status. Of the City's \$39 million liability, \$21 million is for implicit subsidy. In further response, Mr. Ayers stated it would be extremely expensive to withdraw from the Cal-PERS system. If the City left, the first year rate would be guaranteed at the Cal-PERS rate, but afterward the rate will be subject to market prices for employees and retirees. Council Member Mounce stated that the League of California Cities is rolling out its own market place program that would be available to California cities and would provide lower, stable health care costs for employees and retirees. She requested staff research the option. Mr. Ayers stated he did some preliminary analysis of the program and found that cities would be guaranteed the Cal-PERS rate for the first year but subject to market rates afterward. He noted that, if the City were to leave Cal-PERS, it would be required to do so completely and could not separate active employees and retirees. The City would also not be subject to implicit subsidy in which it pays the same one-size-fits-all rate; however, individuals will be subject to market rates based on their age and demographics, which could result in higher costs. Mr. Ayers stated he has participated in League webinars on this subject and he would continue to look into the merits of the program.

Mr. Ayers covered topics on the subject including unfunded liability, independent investor, different investment strategy and policy, recommendation to invest the \$1 million currently set aside for OPEB into the trust fund and to select investment Strategy 2, consideration of plan to annually fund the program, and ability to draw money from the account if necessary to balance the budget.

In response to Council Member Nakanishi, Mr. Ayers explained that the unfunded liability of \$39 million breaks down as \$21 million for implicit subsidy with the remaining balance of \$18 million split between the sick leave conversion program and the statutory required payments for premiums. He further explained this liability continues to increase because health care costs are rising and that eventually the sick leave conversion liability will end once all of the employees and retirees cease drawing from that side of the pool.

Council Member Mounce expressed concern that the investors are associated with Cal-PERS, even though it is a separate leg of the agency, and questioned if the City could trust it to invest its money. Mr. Ayers stated that both PARS and Cal-PERS through CERBT were considered by staff because the programs were so similar and it was determined CERBT had a better rate of return for Lodi's strategy.

Council Member Johnson made a motion, second by Mayor Pro Tempore Kuehne, to adopt Resolution No. 2016-191 authorizing the City Manager to execute all documents necessary to enter Other Post-Employment Benefits Irrevocable Trust with California Employer's Retiree Benefit Trust Program, select Investment Strategy 2, and appropriating funds in the amount of \$1,000,000.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

J. Ordinances

J-1 Ordinance No. 1929 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 17.30 - Landscaping - by Repealing and Re-Enacting Section 17.30.070, 'Water Efficient Landscape Requirements,' in Its Entirety" (CLK)

Mayor Pro Tempore Kuehne made a motion, second by Council Member Mounce, (following reading of the title) to waive reading of the ordinance in full and adopt and order to print Ordinance No. 1929 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 17.30 - Landscaping - by Repealing and Re-Enacting Section 17.30.070, 'Water Efficient Landscape Requirements,' in Its Entirety," which was introduced at a regular meeting of the Lodi City Council held September 21, 2016.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

J-2 Ordinance No. 1930 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Repealing and Re-Enacting Chapter 5.24, 'Taxicab Transportation Service,' in Its Entirety" (CLK)

Mayor Pro Tempore Kuehne made a motion, second by Council Member Mounce, (following reading of the title) to waive reading of the ordinance in full and adopt and order to print Ordinance No. 1930 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Repealing and Re-Enacting Chapter 5.24, 'Taxicab Transportation Service,' in Its Entirety," which was introduced at a regular meeting of the Lodi City Council held September 21, 2016.

VOTE:

The above motion carried by the following vote:

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

Noes: None

Absent: None

J-3 Ordinance No. 1931 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Repealing and Re-Enacting Chapter 5.25, 'Pedicabs,' in Its Entirety" (CLK)

Council Member Mounce made a motion, second by Council Member Johnson, (following reading of the title) to waive reading of the ordinance in full and adopt and order to print Ordinance No. 1931 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Repealing and Re-Enacting Chapter 5.25, 'Pedicabs,' in Its Entirety," which was introduced at a regular meeting of the Lodi City Council held September 21, 2016.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor

Pro Tempore Kuehne, and Mayor Chandler

Noes: None

Absent: None

K. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:41 p.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk