

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, JANUARY 16, 2019**

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of January 16, 2019, was called to order by Mayor Chandler at 6:30 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

C-2 Announcement of Closed Session

a) Conference with Adele Post, Human Resources Manager, and Andrew Keys, Deputy City Manager (Labor Negotiators), Regarding International Brotherhood of Electrical Workers and Police Officers Association of Lodi Pursuant to Government Code §54957.6 (CM)

b) Threatened Litigation: Government Code §54956.9(b); One Case; Potential Suit by Thomas Gabriel against City of Lodi Based on Retirement Benefits – Conversion of Sick Leave (CA)

C-3 Adjourn to Closed Session

At 6:30 p.m., Mayor Chandler adjourned the meeting to a Closed Session to discuss the above matters. The Closed Session adjourned at 6:45 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:03 p.m., Mayor Chandler reconvened the City Council meeting, and City Attorney Magdich disclosed the following actions.

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

Item C-2b) was discussion and direction given with no reportable action.

A. Call to Order / Roll Call

The Regular City Council meeting of January 16, 2019, was called to order by Mayor Chandler at 7:03 p.m.

B. Presentations

B-1 Human Trafficking Awareness Month Proclamation (CLK)

Mayor Chandler presented a proclamation to Adrianna Griffith, Human Trafficking Resource Navigator with the Women's Center of San Joaquin Youth and Family Services, proclaiming January 2019 as Human Trafficking Awareness Month in the City of Lodi.

B-2 Presentation and Demonstration of City's New Website (CM)

Information Technology Division Manager Benjamin Buecher provided a presentation and demonstration of the City's new website. Highlights of the website included alerts, mega menu,

various buttons, news flash, calendar, spotlights, and quick links. The new website will go live on January 17, 2019.

In response to Council Member Mounce, Mr. Buecher stated a selection can be added to the mega menu on the Home page to add pet adoptions as a quick find on the new website.

In response to Council Member Nakanishi, Mr. Buecher stated that residents can pay their utility bills through the website, both on the old and new sites; however, the current website does not have analytics to track how many were taking advantage of the online service. The new website does have the capability, and in a few months staff can start gathering that information for clear, accurate counts.

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, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: None

Absent: None

C-1 Receive Register of Claims in the Amount of \$8,464,229.38 (FIN)

Claims were approved in the amount of \$8,464,229.38.

C-2 Approve Minutes (CLK)

The minutes of December 10, 2018 (Special Meeting), December 11, 2018 (Shirtsleeve Session), December 18, 2018 (Shirtsleeve Session), December 19, 2018 (Regular Meeting), December 25, 2018 (Shirtsleeve Session), January 1, 2019 (Shirtsleeve Session), and January 2, 2019 (Regular Meeting) were approved as written.

C-3 Approve Plans and Specifications and Authorize Advertisement for Bids for Lodi Station Parking Garage Elevator Structural Repair Project (PW)

Approved plans and specifications and authorized advertisement for bids for Lodi Station Parking Garage Elevator Structural Repair Project.

C-4 Accept Improvements Under Contract for Compressed Natural Gas Fueling Station Improvements Project (PW)

Accepted the improvements under the contract for Compressed Natural Gas Fueling Station Improvements Project.

C-5 Adopt Resolution Rescinding Resolution No. 2018-100 and Authorizing City Manager to Execute Professional Services Agreement with Henderson Brothers Company, of Lodi, for City Facilities Plumbing Repair Services (\$40,000) (PW)

Adopted Resolution No. 2019-01 rescinding Resolution No. 2018-100 and authorizing the City Manager to execute a Professional Services Agreement with Henderson Brothers Company, of Lodi, for City facilities plumbing repair services, in the amount of \$40,000.

C-6 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with Callander Associates Landscape Architecture, Inc., of Gold River, for DeBenedetti Park Site Plan Design, and Appropriating Funds (\$65,416.58) (PRCS)

Adopted Resolution No. 2019-02 authorizing the City Manager to execute a Professional Services Agreement with Callander Associates Landscape Architecture, Inc., of Gold River, for DeBenedetti Park site plan design, and appropriating funds in the amount of \$65,416.58.

C-7 Adopt Resolution Approving Annual Shared Automation Fee Structure for Agreement between City of Stockton and Sirsi Corporation Integrated Library System and Approving Cost-Sharing Fee for Fiscal Year 2018/19 (\$25,105) (LIB)

Adopted Resolution No. 2019-03 approving annual shared automation fee structure for agreement between City of Stockton and Sirsi Corporation Integrated Library System and approving cost-sharing fee for Fiscal Year 2018/19 in the amount of \$25,105.

C-8 Adopt Resolution Authorizing Cellebrite Training and Appropriate Funds (\$8,000) (PD)

Adopted Resolution No. 2019-04 authorizing Cellebrite training and appropriated funds in the amount of \$8,000.

C-9 Monthly Protocol Account Report (CLK)

Accepted the monthly Protocol Account Report.

C-10 Set Public Hearing for February 6, 2019, to Consider Adopting Resolution Authorizing City Manager to Execute Reimbursement Agreement RA-18-01 for Public Improvements Constructed with Lodi Shopping Center (PW)

Set public hearing for February 6, 2019, to consider adopting resolution authorizing the City Manager to execute Reimbursement Agreement RA-18-01 for public improvements constructed with Lodi Shopping Center.

C-11 Set Public Hearing for March 20, 2019, to Consider Adopting Resolution Setting Future Water, Wastewater, and Solid Waste Rate Schedules Pursuant to Proposition 218 for Residential, Commercial, and Industrial Customers (PW)

This item was pulled from the Consent Calendar pursuant to staff's request and discussed and acted upon at the end of the Regular Calendar.

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.

Alex Aliferis provided information (filed) regarding the program, Veterans for Child Rescue, an organization created to protect children from sex trafficking, educate the public on this growing problem, and encourage the community and law enforcement to take a zero tolerance stand against this type of activity. He stated this is happening more and more across the country, and it needs to stop.

Sandra Starr, teacher at Tokay High School, and three of her students invited Council and the public to attend the NorCal Science Festival on February 2, 2019, from 10 a.m. to 3 p.m. at Tokay High School. Further, they thanked the City of Lodi for its continued support for the festival.

Mike Lusk provided a letter (filed) requesting Council vacate the election of Mayor and Mayor Pro Tempore on December 10, 2018, and to revise its ordinances and protocols, as well as the City's

website, relating to the selection of Mayor and Mayor Pro Tempore. He requested a written response from the City to his request.

Mayor Chandler stated staff will look into his request and provide a response.

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

Council Member Mounce questioned if staff has addressed the concerns brought up in Mr. Sandborn's recent letter to the City regarding the deplorable conditions on Cherokee Lane and the median. Public Works Director Charlie Swimley stated he spoke with the Streets crew about cleaning up the corridor and landscaping and that staff is working to address it. Council Member Mounce thanked City employees who responded to an emergency water issue over the weekend, as well as responding to a high volume of calls due to the recent storms. She requested an update on the progress of the Patel apartment complex on Main Street and whether it is open for business as many people were displaced when it was damaged. Lastly, Council Member Mounce stated she received a lot of negative feedback on the grant the City received to build tiny houses to address affordable housing. Many feel \$1.2 million is excessive to build a few tiny houses, and she suggested other options be explored, such as purchasing and reconverting existing units.

Mayor Pro Tempore Kuehne reported on his attendance at the last meeting of the Local Agency Formation Commission (LAFCO), stating the Board conducted a municipal services review for City of Stockton, including reviewing its sphere of influence (SOI), during which it determined Stockton has 27 islands, which is landlocked county property surrounded by city. He stated Lodi has three islands: two off of Harney Lane by Lower Sacramento Road and another at Lodi Memorial Cemetery at Pine Street and Guild Avenue. He stated LAFCO is encouraging cities to reduce its number of islands. He stated Stockton's current SOI has not grown since its last one; in fact, its activity has reduced.

Council Member Mounce pointed out that the Grape Festival property is also County property within City limits. In response to Council Member Mounce, Mayor Pro Tempore Kuehne stated Stockton has indicated it no longer plans to extend to Armstrong Road, which City Manager Schwabauer confirmed. Council Member Mounce countered, if Stockton is successful in locating a university college at Eight Mile Road, that will likely change.

Council Member Johnson agreed that adding a college or medical complex would likely generate additional growth around the area, despite what Stockton's General Plan currently states. With regard to the grant to build tiny homes, Council member Johnson questioned whether the grant is devoted solely to new construction or if the money could be used to renovate existing structures spread around town rather than just on the east side. Mr. Schwabauer explained that the tiny homes project uses Homeless Emergency Aid Program (HEAP) funds, which is State money that is only eligible for housing homeless individuals and cannot be used on rehabilitation programs. There were two options for the grant: either spend the money on emergency housing with no rules or guidelines for individuals staying at the shelter or construct housing for people who graduated from and were referred by an existing program and were clean and ready to move into transitional housing, which the Homeless Committee believed was more consistent with the community's values. The tiny houses will also be owned and operated by the San Joaquin Housing Authority, which has a positive history and reputation. The Committee further decided against refurbishing existing properties because it does not create new housing in Lodi and would displace those living in the existing structures. Additionally, it decided against building a new construction project due to the high cost.

Council Member Nakanishi suggested the City hold a town hall meeting every year regarding the homelessness situation.

Mayor Chandler added that Community Development staff be included to provide additional details on the grant.

Mayor Pro Tempore Kuehne stated he and the Mayor sit on the Homelessness Committee and

the members spent a lot of time debating the pros and cons on how to approach this grant opportunity. He stated the grant dollars came with no rules or guidelines to protect a community from individuals staying at these shelters who did not go through rehabilitation or detox programs. The way the grant is written, he is comfortable that the residents will have graduated from programs and were identified early on that they are ready for a transitional housing program.

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

City Manager Schwabauer introduced the new Business Development Manager, Astrida Trupovnieks, who has covered a vast number of positions in other municipalities and came highly recommended. She will be responsible for the utility rebate programs, harbor pilot to new businesses, and energy efficiency programs.

G. Public Hearings – None

H. Regular Calendar

H-1 Consider Adopting Resolution Authorizing City Manager to Execute Reimbursement Agreement with Anthem United Perrin Ranch, Limited Partnership, for Annexation Entitlement Processing and Environmental Review Services for the Proposed Perrin Ranch Project at 1890 East Harney Lane (CD)

City Manager Schwabauer provided remarks regarding the reimbursement agreement with Anthem United Perrin Ranch, stating there are concerns that this agenda item is to approve the annexation on East Harney Lane; however, this item is the first document in a lengthy process, including several public hearings before the Lodi City Council and Local Agency Formation Commission (LAFCO), as well as environmental and technical studies that will be used to determine whether or not the City should annex the property. Before starting the process, the City requires developers to enter into a reimbursement agreement to pay for all associated costs with the study and process; not tax payers. If Council opposes this item, the annexation would not move forward. He confirmed there are no property rights involved with this request; therefore, Council could choose not to move forward if it so desired. City Attorney Magdich added that the proposed contract included in Council's packet clearly states that the proposed annexation requires approval by LAFCO and City Council and in no way secures the right to annex.

City Planner Craig Hoffman provided a presentation regarding the reimbursement agreement with Anthem United Perrin Ranch, Limited Partnership, for annexation entitlement processing and environmental review services for the proposed Perrin Ranch Project located at 1890 East Harney Lane. Specific topics of discussion included location of proposed development, south of Harney Lane outside of the City's jurisdiction; requirement that Council authorize whether or not to start the annexation process; request from developer to move this project application forward to Council; and proposed preliminary plan for the project.

In response to Council Member Johnson, Mr. Hoffman stated the entire annexation process could take two to two-and-a-half years from start to finish, depending on staff obligations to fulfill other projects during that time. The agreement would reimburse the City's cost for staff and consultant time.

Council Member Mounce stated a previous City Manager created the development agreement concept, in which developers provided certain community needs as part of its project, such as upgrading one house on the east side for every agreed-upon number of houses added in a project in order to change the aging nature of the east side. She would like to see that continue with future projects. Further, she expressed concern that Lodi residents cannot afford the homes currently being built, which is turning Lodi into a bedroom community for Bay Area workers, and that this project jeopardizes the greenbelt between Lodi and Stockton. With all of the housing currently waiting in the queue to be built, she suggested solidifying the agreement between Stockton and Lodi before jumping boundaries and adding more housing. If that can be done, she suggested creating development agreements that would allow for single-family and four-plex homes to mix up the community, as well as duplexes on corners that could be rental homes to

accommodate low-income people in the community. She would like stipulations that the same types of projects will not continue to be built and that the development agreement process be added to provide greater value to the project to benefit citizens. Mr. Schwabauer responded that he intends to have the development agreement process be a part of the project, which would require Council approval. He pointed out the City can only exact certain things measured by courts in exchange with developers, but with an annexation there is more flexibility on what can be added as a condition of annexation.

Dennis Bennett stated he has worked with the property owners for 12 years on this project and at this time they are requesting Council allow the project application to move forward to start the analysis with full reimbursement. He stated he believes this is a viable project that also includes a senior component.

David Ragland with Anthem United stated he was pleased to bring this project forward to Council and anticipates receiving its comments and input regarding vision. This reimbursement agreement would kick off the project, and he stated this project will target a currently underserved need in the community while presenting new high-quality homes specifically designed and marketed for active 55 and older residents of the community. With the Community Facilities District (CFD) and other opportunities to raise funds, he stated this project is anticipated to bring in over \$13 million for the City over a 10-year period. He stated he looks forward to discussing this further with staff as the project moves forward and requested Council approve the proposed reimbursement agreement.

Mayor Pro Tempore Kuehne agreed with Council Member Mounce about the need for a development agreement and suggested the developer work in the suggestion for duplex and fourplex units to offer affordable housing elements in the project.

Eunice Friederich, member of the public, expressed opposition to annexing land in that area, pointing out how strongly Lodi fought to maintain a greenbelt yet now Lodi is invading Stockton. She stated the new homes being built do not represent the small-town atmosphere of Lodi and will only invite people from the Bay Area who are not invested in this community.

Tony Fusco, member of the public, did not express a stance on the matter but made some observations, including the high number of homes currently sitting in the queue to be built in Lodi; the negativities of becoming a bedroom community; and the burden 700 more homes south of Harney Lane would add to traffic, parking, water demand, schools, and farmers. He stated the senior portion of the plan has yet to be seen, pointing out that some past projects did not come to fruition or took longer to realize. Further, he expressed concern that there was very little public notice provided on this issue.

Susan Rabusin, member of the public, stated she wanted to voice support for those against this project, based on the importance of maintaining the greenbelt and the negative impacts this will have on farmers. Regardless that this is action is solely for the reimbursement agreement, she stated this is the first step in the annexation process and elimination of the greenbelt. Many residents are opposed to this project and annexation, and she was disappointed that Council was not listening to its residents.

Spencer Rhoads, member of the public, pointed out this project would be larger than the four subdivisions currently being constructed and, all combined, would add 3,000 residents to Lodi, which will have a negative impact on schools, police coverage, and Lodi's small-town charm. Lodi will become a bedroom community and develop big city problems without big city benefits. Further, he pointed out that Anthem United is a Canadian-based company with no current developments in Lodi, yet three Council Members, as well as the Measure L committee, accepted campaign donations from the developer of the project. He pointed out this is not illegal, but it appears unethical when making decisions about the project. He urged Council to side with residents and not move this annexation further in the process.

Alex Aliferis, member of the public, stated he and his family moved to Lodi from Chicago in the 1980s because of its small-town charm and atmosphere, but that is slowly ebbing away. This

project would jump Harney Lane and edge closer to Stockton, which could harm the rich farmland and soil in the area. Once that development opens up, the surrounding farmers will be out of business. He urged Council to oppose this project.

Mike Lusk, member of the public, reiterated his commitment to protect Lodi citizens from subsidizing the cost of development. He stated Lodi used to grow with the aid of small, local developers who would ask to annex 10 to 15 homes, but now major corporations are coming in with massive housing projects. Past greenbelt discussions brought forward concerns about property rights, leap frogging, and the high cost to ensure a greenbelt. He pointed out the City already has a difficult time maintaining its current streets and infrastructure and that the CFD does not cover all of the additional costs brought on by new development. He stated citizens and ratepayers should not bear the cost of capital improvements from new buildings and urged citizens to stand up and express how they feel.

Margaret Kahler, member of the public, expressed opposition to annexing the land into Lodi because it will open the floodgate along the corridor. She pointed to the high number of housing projects approved since 2013 to present and asked if this proposed annexation was truly wanted or needed in the community. Each time land is taken, agricultural use has been taken out, and additional strains are added to the City's water resources and fertile land.

Doug Cheney pointed to the Reynolds Ranch project, which has been sitting there for 14 years with not one single home built to date. Until that project is completed, the City should not have the power to annex additional property and build more homes.

Paul Nicolini, member of the public and farmer, stated he has spoken previously to Council and the San Joaquin County Board of Supervisors in opposition to taking more farmland, yet the decisions never go the way of the farmer. He urged Council oppose this request to save the little bit of farm land left.

Alfred Nicolini, member of the public and farmer, expressed opposition to the project, explaining how new development in the area will negatively impact farmers as neighbors will begin to complain about noise and dust, which will hamper their operations. He urged Council to vote no on this matter.

Mr. Nicolini, member of the public and farmer, shared that it is becoming harder and harder to farm in Lodi, which is supposed to be a farming community. He stated this is not the time to move this project forward and urged Council to shelve it for now.

Council Member Johnson stated Lodi has a 2 percent growth ordinance, but Lodi has never hit 1 percent, and that while someone could request a high number of accumulated allocations, Council has routinely reduced available allocations. He is in favor of in-fill projects and that, unfortunately, growth is inevitable. Lodi is not the same as it was 30 to 40 years ago. He stated he is uncertain about this project and has a number of questions. When the time comes to vote in favor of or against the annexation in two to two-and-a-half years, he is unsure how he will vote. In the meantime, he stated he is not opposed to approving the agreement to have the developer pay for the analyses and annexation process.

Council Member Mounce reminded that the citizens' attempt at a no-growth ballot measure was for zero growth, but the State said that was not permissible. She agreed Lodi is not the same as it was many years ago, but she believes it can be made livable, loveable, and just as charming as it has always been. Lodi has real issues with a less than an adequate number of police officers protecting citizens and streets in need of fixing. There are too many housing applications currently in the works, and those should be completed before annexing land for even more houses. She suggested putting this off for a few years in order to see what Stockton does with its growth.

Mayor Pro Tempore Kuehne stated this project is within the parameters discussed in the past regarding a greenbelt and reminded that many property owners in that area did not want a formalized greenbelt because they wanted the flexibility to sell their properties at top dollar when

they were ready. DeBenedetti Park was one of the concessions in the development agreement that did not get completed, and he explained that during the recession homes were not being built or sold and the park was put on hold. Now that the economy is bouncing back, the plans to refocus on DeBenedetti Park are in place. He further expressed disappointment at the suggestion that he could be bought, adding that he ran for public office because he cares about the community in which he lives and no money from a developer will change that. He stated growth is inevitable, it will happen regardless, and smart growth is the way to go. He stated he was pleased to see senior housing built into the proposed project to address Lodi's aging population because it is sorely needed in the community. He stated he would support approving the reimbursement agreement so the burden would not be on taxpayers to pay for the studies and he will wait to see the studies before making any decision on whether or not to move forward on this project.

Mr. Schwabauer reported he met with San Joaquin County and City of Stockton administrators and believes there is little hope for a renewed greenbelt discussion, unless Lodi City Council Members push the issue. He added the cost would be astronomical to pay for a fully-enforceable greenbelt or consider an agricultural preservation agreement.

Council Member Nakanishi stated Lodi has changed from the small-town atmosphere it once was and he wants to continue to work to make it livable, lovable once again. He referenced the 2 percent growth ordinance and the greenbelt discussions from years ago, stating some of the farmers did not want the greenbelt and the County was uninterested; only the Lodi City Council wanted it. Lodi has a good water supply, especially compared with other communities; City emergency vehicles can pass through the narrow streets; the School District will address additional growth on schools; and the project is unique because of the inclusion of a senior housing project. He stated he was not opposed to moving forward on the process to see what happens. He concurred with the suggestion to add mixed housing in the project and added he looks forward to providing input and observations on the project as it moves through the process.

Mayor Chandler stated he too sat in the greenbelt meetings in the past, yet no agreement was ever reached, and expressed hope that the discussions can be revived. As a farmer, he values soil used to grow crops and feels communities should have balanced growth; however, many of the neighborhoods lived in today would not exist if farm land were not removed many years ago. A little bit of growth is necessary to keep an economy vibrant. He stated he looks forward to reviewing the plan further as the project moves through the process.

Council Member Johnson made a motion, second by Mayor Pro Tempore Kuehne, to adopt Resolution No. 2019-05 authorizing the City Manager to execute a reimbursement agreement with Anthem United Perrin Ranch, Limited Partnership, for annexation entitlement processing and environmental review services for the proposed Perrin Ranch Project at 1890 East Harney Lane.

VOTE:

The above motion carried by the following vote:

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

Noes: Council Member Mounce

Absent: None

C-11 Set Public Hearing for March 20, 2019, to Consider Adopting Resolution Setting Future Water, Wastewater, and Solid Waste Rate Schedules Pursuant to Proposition 218 for Residential, Commercial, and Industrial Customers (PW)

Public Works Director Charlie Swimley informed Council that a water/wastewater rate study was prepared recently in response to the current Proposition 218 process expiring on December 31, 2018. The law requires a process to pre-approve rates for the next five years. Bob Reed with The Reed Group will provide a presentation with an overview of the rate study, but he shared that the results are similar to rates from the past five years where increases were capped at 3 percent. He added there is also a recommendation to add a temporary water shortage surcharge should a drought emergency be declared by the Governor. City Manager Schwabauer added that the surcharge is intended to reverse the concerns of citizens who complained about conserving and

using less water only to see their bills increase in order for the City to maintain its water system. This surcharge will ensure heavy users see those increases instead of those conserving.

Mr. Reed provided a PowerPoint presentation regarding the Water and Wastewater Rate Study. Specific topics of discussion included study purpose and approach, recent rate resolutions, recent rate history, current water situation, impact of drought on water rate revenue, current wastewater situation, impact of drought on wastewater rate revenue, financial plan assumptions, primary financial plan drivers, modified water Capital Improvement Plan (CIP), modified wastewater CIP, financial reserve policies, Engineering News Record index and rate adjustments, proposed water financial plan, proposed wastewater financial plan, proposed maximum water and wastewater rate increases, no rate structure changes, proposed maximum flat water rates, proposed maximum metered water rates, proposed maximum flat wastewater rates, proposed maximum metered wastewater rates, comparison of single-family water/wastewater bills with neighboring communities, financial impact of water shortages, water shortage contingency plan - stages of shortage, water shortage financial deficits, water shortage financial strategy, temporary water shortage rate surcharge, water shortage rate revenue, bill impacts of shortage strategy, summary, and next steps.

In response to Council Member Mounce, Mr. Swimley confirmed the City has not yet determined who will pay for meters at multi-unit apartment complexes.

In response to Mayor Chandler, Mr. Reed suggested the City conduct the Proposition 218 process and adopt the temporary water shortage surcharge so that it can be implemented if a water emergency is declared. Mayor Chandler stated this surcharge will need to be thoroughly explained to the public so they understand. Mr. Reed reiterated it is a temporary surcharge that can be implemented during mandatory use restrictions. Council would have to take action to implement the surcharge, and it would only last while the emergency condition is in place.

Mr. Schwabauer stated the reason the rate is being proposed is to provide Council with options during a drought: either apply the surcharge so heavy users pay to maintain the system; run the utilities into the ground while inadequate revenues are being raised to maintain the system; or raise rates for all utility customers. This surcharge will reward those customers who conserve so they do not see increases in their bill, while heavy users who do not conserve will assume the burden.

Mr. Swimley added the State of California is moving toward greater water use restrictions, with or without drought conditions, and over time revenues to operate the system may decrease with greater conservation efforts. This surcharge is a tool that could relieve the burden; it may also never be used. In such a situation, the City would have a three-pronged approach: dip into reserves slightly; apply the surcharge to heavy users; and adjust the capital program to free up cash to maintain the system.

Council Member Johnson pointed out that Proposition 218 regulations are difficult to understand and suggested the legal requirements be simplified in the notice to citizens. Mr. Reed stated the notices are required to contain certain information, along with the rates, and there is information directing citizens to additional reports and information online. He stated he and staff could provide educational presentations during the 45-day period to further explain the process to citizens. Mr. Schwabauer added that a simplified summary could be included at the beginning of the notice; however, the required Proposition 218 verbiage must be part of the official public hearing notice.

Alex Oseguera, with Waste Management, provided a PowerPoint presentation regarding AB 1826, Organics Collection and Recycling Program proposal. Specific topics of discussion included mandatory commercial organics recycling required by AB 1826, educational outreach, proposed program, proposed monthly rates, and SB 1383 update.

In response to Council Member Mounce, Mr. Oseguera stated residents are not currently effected by AB 1826; however, it is mandatory for businesses to have an organics container, and Waste Management is working with them in order to minimize the effects. Mr. Swimley added that

customers falling under this requirement are already paying the fee and the additional cost will be added. Customers with smaller amounts of waste generation are not yet impacted by this bill because it is a phased process. The law requires cities to act in good faith with the program, and the rates fulfill the requirements, which is why it is prudent to add it into the Proposition 218 process.

Mike Lusk, member of the public, expressed concern with the temporary water shortage surcharge, stating the City increased rates in 2016, followed by the drought during which citizens complained that their bills increased even though they were conserving water and saving the City money. He believed the same argument will happen if this surcharge is adopted. Utility users will argue the City is charging a 3 percent surcharge to make money while people are working hard to conserve water. Further, the City still plans to implement the meter project, which escalates costs and increases rates.

Mr. Schwabauer corrected Mr. Lusk, stating the surcharge applies to those who do not conserve water; those conserving will not be hit. The purpose is to transfer the increased cost from those who are conserving to those who are not.

Council Member Mounce made a motion, second by Mayor Chandler, to set the public hearing for March 20, 2019, to consider adopting resolution setting future water, wastewater, and solid waste rate schedules pursuant to Proposition 218 for residential, commercial, and industrial customers.

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. Ordinances – None

J. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 10:53 p.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk