

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, APRIL 30, 2008**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of April 30, 2008, was called to order by Mayor Mounce at 7:01 p.m.

Present: Council Members – Hitchcock, Johnson, Katzakian, and Mayor Mounce

Absent: Council Members – Hansen

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

B. REGULAR CALENDAR

B-1 “Council Direction with Regard to Credit Enhancement Alternatives and/or Refinancing for the 2002 Electric Utility Certificates of Participation”

City Manager King stated there is no need for action or discussion on this item as the pertinent information has not been received.

In response to Council Member Hitchcock, Mr. King stated the email sent today to the City Council essentially removes an alternative for consideration with respect to the Electric Utility Certificates of Participation (COP).

B-2 “Overview of 2008-09 Operating and Capital Outlay Budget”

City Manager King briefly introduced the subject matter of the 2008-09 operating and capital outlay budget. Mr. King reviewed the anticipated timeline for review and adoption of the final budget including individual departmental reports.

Mr. King provided a PowerPoint presentation regarding the operating and capital outlay budget for the 2008-09 fiscal year. Specific topics of discussion included budget highlights, all funds expenditures, ratio of total expenditures, City organizational chart, total Citywide staffing, unreserved general fund balance, general fund statement of estimated changes in fund balance, general fund revenues, selected general fund revenues, year to year general fund revenue decline, general fund revenue history, history inflated Consumer Price Index (CPI), sales and use tax, sales tax per capita, property taxes, property tax per capita, in-lieu franchise electric, PILOT history, in-lieu Vehicle License Fee, Senate Bill 90, business license tax, Transient Occupancy Tax (TOT), cable television franchise, gas franchise, Educational Revenue Augmentation Fund, considerations for the general fund, general fund expenses, personnel assets, allocation of 2002 COPs, donations and special events, department budget variances, Police and Fire budgets, public safety budget versus property sales tax total, Parks and Recreation comparison, Community Center comparison, position changes for the Community Center, Community Development, Electric Utility, Internal Services, Library, Parks and Recreation, Police, Public Works, electric utility enterprise fund statement of estimated changes in fund balance, organizational chart for Electric Utility, wastewater utility enterprise fund statement of estimated changes in fund balance, water utility enterprise fund statement of estimated changes in fund balance, organizational chart for water services, library fund statement of estimated changes in fund balance, Library organizational chart, capital outlay fund statement of estimated changes in fund balance, community development fund statement of estimated changes in fund balance, Community Development organizational chart, Community Development Block Grant (CDBG) fund statement of estimated changes in fund balance, employee benefits internal services fund statement of estimated changes in fund balance, vehicle and equipment replacement funds statement of estimated changes in fund balance, self-insurance internal services funds statement of estimated changes in fund balance, public safety special revenue funds statement of estimated changes in fund balance, street funds statement of estimated changes in fund balance, Streets and Drainage organizational chart, transit funds

statement of estimated changes in fund balance, Transportation Development Act fund statement of estimated changes in fund balance, trust and agency funds statement of estimated changes in fund balance, debt service funds statement of estimated changes in fund balance, fleet services internal services fund statement of estimated changes in fund balance, Fleet and Facilities organizational chart, community center fund statement of estimated changes in fund balance, Community Center organizational chart, recreation fund statement of estimated changes in fund balance, and Parks and Recreation organizational chart. He also discussed page 401 of the budget booklet and reviewed the transfers in and out of the general fund.

In response to Council Member Hitchcock, Mr. King stated the reductions in the 2008-09 budget will be accomplished as illustrated in the corresponding slide. He stated the estimated revenues will lessen the margin of error because they are slightly more optimistic instead of the usual conservative estimates.

In response to Council Member Hitchcock, Mr. King stated some Memorandums of Understanding (MOU) may be opened for discussion in light of any CPI increases.

In response to Council Member Katzakian, Mr. King stated he is not sure if the MOUs are for the 2009-10 year only and staff will return to Council with that pertinent information.

In response to Council Member Johnson, Electric Utility Director George Morrow stated the average transfer amount for electric utilities is 5% to 15%, with California running on the higher average side at 10%.

In response to Council Member Hitchcock, Mr. King stated the gas franchise fee will go up as gas prices rise in correspondence to the rate structure, the TOT rate predictions take into account the opening of the Hampton Inn on July 1st and related room occupancy times a 6% rate, and adjustments may be made mid-year as necessary.

In response to Council Member Hitchcock, Deputy City Manager Jim Krueger confirmed that the estimated actuals are based on year-end estimated actuals.

In response to Council Member Hitchcock, Budget Manager Kirk Evans stated that, with respect to the self-insurance reduction, actuarials show that only \$1.5 million is needed and a little over \$1 million will be reduced as a result. Ms. Hitchcock stated how much reserve is needed for self-insurance was previously discussed as a policy item and will need to be considered as well.

In response to Council Member Hitchcock, Fire Chief Mike Pretz stated the net decrease of \$450,000 since last year includes overtime and training budget reductions.

In response to Council Member Hitchcock, Police Chief David Main confirmed that there is an approximate \$400,000 savings from the lieutenant, jailer/dispatcher, police officer, and records clerk frozen positions.

In response to Council Member Johnson, Chief Main stated the jailer/dispatcher positions are assigned special assignments, including court liaison, and the one being kept open is for evidence technician.

In response to Council Member Hitchcock, Mr. Krueger stated that the 2002 COPs were previously designated as non-departmental and will now be allocated to the affected departments based on where the money was utilized.

In response to Council Member Johnson and Council Member Hitchcock, Mr. Krueger and Mr. King provided an overview of each allocation, including what the debt was incurred for, the amount, and to which department it will be allocated.

In response to Council Member Johnson, Mr. Krueger stated Slide 32 covers enterprise zone obligations under donations and special events.

In response to Mayor Mounce, Mr. Krueger stated staff will provide an accounting of the non-department comparisons and transfers in the budget presentation.

In response to Council Member Hitchcock, Mr. King and Mr. Krueger stated page 401 displays the general fund contributions to special revenues and the numbers are based on what the historical numbers of contribution have been for certain departments including community center, library, and recreation.

In response to Council Member Johnson, Mr. King stated parks still remain fully funded with the general fund and additional revenues go to support recreation.

Discussion ensued between Council Member Hitchcock and Mr. King regarding the need to layout the budget in an understandable format to show both expenditures and revenues.

In response to Council Member Hitchcock, Mr. Krueger stated the non-departmental line on page 33 shows the transfers listed on page 401 including those to the Library, Community Development, and the Community Center, which were all listed in the general fund.

In response to Council Member Hitchcock, Mr. King and Mr. Krueger confirmed the budget and treasury divisions are listed separately. Discussion also ensued regarding economic development, Downtown Lodi Business Partnership, Lodi Conference and Visitors' Bureau, San Joaquin County enterprise zone, and the School Street debt service.

In response to Council Member Hitchcock, City Clerk Johl stated the majority of the \$86,000 increase is due to the \$55,000 to \$60,000 anticipated cost for the upcoming November 2008 election and the funds allocated for training the boards, committees, and commissions.

In response to Council Member Hitchcock, Mr. Krueger stated the equipment increase in the Parks and Recreation budget includes vehicle maintenance.

In response to Council Member Hitchcock, Mr. King stated the budget will be reviewed in detail department by department at the May 7, 2008, City Council meeting.

In response to Mayor Mounce, Mr. Evans stated prior year totals showing specific details are not present for the Special Revenue Funds because this is the first year for the set-up. He stated they are detailed in the General Fund from previous years.

In response to Mayor Mounce, Mr. King stated the decrease in the personnel number on page 276 reflects the reduction of a director position, which is proposed to be budgeted at half time for the Community Center and half time for the Parks and Recreation Department.

In response to Council Member Hitchcock, Mr. King stated individuals have not been moved between the Parks and Recreation Department and the Community Center with the exception of the director position. Community Center Director Jim Rodems stated some of the reclassified positions included on page 7 were discussed prior to any merger considerations. Mr. King and Mr. Rodems reviewed the administrative clerk, building services/event coordinator, and facilities maintenance worker positions with respect to transfers and job descriptions.

In response to Mayor Mounce, Mr. Rodems stated changeovers for events are completed by part-time staff and there is onsite supervision of building services.

In response to Council Member Johnson, Mr. Rodems stated the Arts Event Coordinator is the position filled by Deanie Bridewell, which is a part-time position on a temporary full-time assignment. He stated Deanie Bridewell is the liaison for the Arts Commission and the Commission also receives office support through the liaison.

In response to Council Member Hitchcock, Mr. Rodems provided an overview of the part-time position assigned to the Foundation and the decrease of assistance to the Foundation with respect to managing the books because they are a 501(c)(3) organization.

In response to Council Member Johnson, Mr. Rodems stated the part-time person assigned to the Foundation was Linda McEnerney.

In response to Council Member Hitchcock, Mr. Rodems stated the Arts Event Coordinator position filled by Deanie Bridewell handles a variety of tasks including those associated with event logistics and client dealings. He also stated that the position currently filled by Diane Amaral handles the 2nd largest revenue stream with respect to classes, catalogs, and class instructor contracts.

In response to Council Member Hitchcock, Mr. Rodems stated that the Administrative Secretary position is proposed to be filled at an Administrative Clerk level due to the actual support needed in that position and nature of the tasks required.

RECESS

At 8:55 p.m., Mayor Mounce called for a recess, and the City Council meeting reconvened at 9:06 p.m.

B. REGULAR CALENDAR

B-2 In response to Council Member Johnson, Police Chief Main stated that all four (Cont'd.) dispatcher/jailer positions will be trained to handle fire calls. He stated one position will be a supervising and training position.

In response to Council Member Hitchcock, Chief Main stated they do not have a need to hire an additional dispatcher/jailer for coverage purposes alone because the positions are assigned to a variety of assignments and can be brought in for coverage. He stated the unfilled dispatcher/jailer position will be used in the future for crime analysis.

In response to Council Member Hitchcock, Public Works Director Wally Sandelin stated the department added a Junior Engineer position and upgraded the Engineering Technician position. Mr. Sandlin stated some departmental efforts decreased in light of the slow down in the development community. He stated with respect to services, there may be a slow down in service with respect to design of infrastructure and the water meter program.

Discussion ensued between Council Member Johnson and Mr. Sandelin regarding metering requiring some effort with plans and specifications for installations, analysis of payment considerations for approximately two-thirds of the City, the 2026 compliance deadline, the 2010 compliance deadline, and the accelerated program status.

In response to Council Member Hitchcock, Mr. Sandelin stated infrastructure may slow down as well.

In response to Mayor Mounce, Mr. Sandelin stated staff will bring back the cost considerations for infrastructure and water meters in July.

In response to Mayor Mounce, Mr. Sandelin stated that the departmental position changes were primarily a result of attrition and positions that were already frozen. Mr. King confirmed that there were no layoffs in the City.

In response to Council Member Hitchcock, Mr. Morrow provided an overview of the personnel changes in the Electric Utility, stating that, although there is a transfer of managers and a few title changes, there are no salary changes.

In response to Council Member Hitchcock, Mr. Krueger stated the majority of the \$5.5 million figure is from the Roseville sale.

In response to Council Member Hitchcock, Mr. Morrow stated the debt service next year will be reduced by approximately \$2.5 million; although, that figure may change some depending upon market conditions.

In response to Council Member Hitchcock, Mr. Morrow and Mr. Krueger confirmed that there is nothing unique in the Electric Utility budget, including any refinancing.

In response to Council Member Hitchcock, Mr. King confirmed that the connection fee for Flag City will be approximately \$2 million.

In response to Council Member Hitchcock, Mr. Krueger stated the infrastructure replacement is accounted for in numbers on page 48, with the exception that it does not include the Central Plume litigation.

Discussion ensued between Council Member Hitchcock, Mr. Krueger, and Mr. King regarding library transfers, funds as shown on page 50, capital improvement project, and General Fund and outside sources to support the same.

In response to Council Member Hitchcock, Mr. King stated approximately \$650,000 was provided from the Library reserve fund to assist with the improvement project.

In response to Mayor Mounce, Mr. King stated staff will bring back details of the CDBG funds allocated to City projects as requested.

In response to Council Member Hitchcock, Mr. Krueger stated staff will bring back actuarial studies for self-insurance when they are completed in August or September as requested.

In response to Council Member Hitchcock, Mr. Sandelin stated some projects require a building of the war chest with funds before they can be spent down on the larger projects.

In response to Council Member Hitchcock, Mr. Krueger stated the water services organizational chart is on page 183 of the budget booklet.

Discussion ensued between Council Member Hitchcock and Mr. King regarding including dollars associated with general fund considerations, a summary sheet, training cost reductions, financial costs for Police Department positions, effect of not funding a director position, debt service, and identifying any other concerns with a dollar figure.

In response to Mayor Mounce, Mr. Krueger stated the amortization schedule for debts and loans is covered in the Comprehensive Annual Financial Report, a copy of which can be provided again.

MOTION / VOTE:

There was no Council action taken on this matter.

Continued April 30, 2008

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:14 p.m.

ATTEST:

Randi Johl
City Clerk