

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 11, 2007**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 11, 2007, commencing at 7:00 a.m.

A. ROLL CALL

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

Absent: Council Members – None

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

B. TOPIC(S)

B-1 "Presentation on Revisions to Vehicle Replacement Policy"

City Manager King provided a brief introduction of the subject matter of the vehicle replacement policy.

Deputy City Manager Krueger and Consultant Marshall Eyerman provided a PowerPoint presentation regarding the vehicle replacement policy. Specific topics of discussion included the current policy of 1997 and status of vehicles, objectives and options associated with vehicle replacement, vehicle replacement fund and balances, costs, reserves, efficient use of vehicles, economic retention, initial funding, annual lease payments, use of prior public safety vehicles, fully and partially utilized vehicles, and draft replacement budget policy.

In response to Mayor Pro Tempore Hansen, Mr. Krueger stated the full accounting for vehicles by departments will include replacement costs and ongoing operations and maintenance. Mr. King provided an example of the \$14 million Police Department budget and how it would reflect the vehicle replacement to show the actual cost of operations.

In response to Mayor Pro Tempore Hansen, Mr. Krueger stated the cost of each vehicle would be reflected in the department budget to show exactly what the replacement and use costs would be.

In response to Mayor Pro Tempore Hansen, Mr. Krueger stated if a department works efficiently there is a mechanism by which the department may be able to use the additional funding or transfers may be made to a separate fund.

In response to Mayor Pro Tempore Hansen, Mr. Krueger confirmed that additional reserves may help take care of those special contingency and costly vehicles that need to be unexpectedly replaced.

In response to Mayor Mounce, Mr. King stated there are approximately 270 vehicles in the fleet according to the 2006-07 budget.

In response to Council Member Johnson, Mr. Krueger stated staff is attempting to enhance the existing policy, which has guidelines for vehicle replacement but does not have the necessary funding. Mr. King confirmed that the current policy and practices do not conform. Mr. Callahan stated the existing policy was set up as minimum guidelines and can be changed as Council wishes.

In response to Council Member Hitchcock, Mr. King stated discipline is needed to provide funding for replacement. He stated the current process of review is through a committee with a final sign off by the City Manager.

In response to Council Member Hitchcock, Mr. King stated vehicle costs would be proportionate and automatically assigned to each department as is the case for personnel costs.

In response to Mayor Pro Tempore Hansen, Mr. Callahan stated staffing is still short two employees from the level that it was approximately ten years ago. He stated this may affect the vehicle maintenance schedule. Mr. Krueger stated the goal is to have an effective policy, which encompasses best practices.

Discussion ensued between Council Member Hitchcock and Mr. King regarding the need for department heads to possess greater financial skills and the ability of the department to make decisions pertaining to the number of vehicles that are needed and by what method they are to be acquired.

In response to Council Member Johnson, Mr. Krueger stated the incentive would be to use an old vehicle and not incur any charges, or acquire a new vehicle with a lease payment and ongoing replacement costs.

In response to Council Member Johnson, Mr. Callahan stated the City does a good job of effectively using the older vehicles when the option exists.

A brief discussion ensued between Mayor Pro Tempore Hansen and Mr. King regarding the positive effect the proposed policy will have because it will provide an opportunity to replace vehicles when needed.

In response to Mayor Pro Tempore Hansen, Mr. Callahan confirmed that they inspect recycled vehicles for maintenance, appearance, and other needs before transferring from one department to another.

In response to Mayor Pro Tempore Hansen, Mr. Callahan confirmed that they are still using the Sheriff's Department for painting due to cost savings and the quality of work.

In response to Myrna Wetzel, Mr. Callahan stated that, if a vehicle no longer meets the needs of the City or any department, it is sent to auction.

Mr. Krueger stated the \$2.5 million will be applied to the oldest vehicles first and after that point it will be necessary to have a reasonable balance for ongoing replacement and operations and maintenance costs on vehicles.

In response to Mayor Pro Tempore Hansen, Mr. Krueger stated the policy is proposed to be implemented at the end of the current fiscal year and the \$500,000 for the 2008-09 year may change.

In response to Mayor Pro Tempore Hansen, Mr. Krueger stated the policy will provide more contingencies when a piece of major rolling stock does go down and needs to be replaced. Mr. King stated the full accounting of \$5 million to \$7 million is for all vehicles, but not all vehicles need to be replaced. He stated the \$2.5 million is good to start with and allows interest building.

In response to Council Member Hitchcock, Mr. Krueger stated on annual basis vehicle replacement costs are approximately \$100,000.

In response to Council Member Hitchcock, Mr. Krueger stated the policy will likely require approximately \$600,000 to \$700,000 when it is all worked out. He stated the term "lease" is used when the vehicle fund owns the vehicle and a lease payment is charged to a department for usage of the vehicle.

Discussion ensued between Council Member Hitchcock and Mr. King regarding the calculation of the costs of each vehicle by the vehicle division, the assignment of such costs to the individual departments, and the options for maintenance and lease payments by the departments.

In response to Council Member Hitchcock, the consultant stated the current trend in fiscally challenging times is to assign vehicle costs to each individual department to better track where the money is going.

In response to Council Member Johnson, Mr. Krueger stated \$1 million is the catch up amount and that amount will either come from the General Fund or be assigned to the individual departments.

In response to Mayor Pro Tempore Hansen, Mr. Callahan stated the City does not have a specific policy on which cars to buy as far as make and model are concerned. He stated historically they have bought American; although, that is changing based on the lifecycle and upfront costs of a vehicle.

Council Member Johnson asked the City Clerk to research what types of vehicles other cities purchase and use.

In response to Myrna Wetzel, Mr. King stated individual departments do not hold the vehicle fund as it is a separate fund in the budget itself.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:10 a.m.

ATTEST:

Randi Johl
City Clerk