

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
THURSDAY, MARCH 30, 2000
7:00 P.M.**

1. ROLL CALL

Present: Council Members – Hitchcock, Land, Nakanishi, Pennino and Mann (Mayor)

Absent: Council Members – None

Also Present: City Manager Flynn, Deputy City Manager Keeter, Public Works Director Prima, Community Development Director Bartlam, Finance Director McAthie, City Attorney Hays and Deputy City Clerk Taylor

2. REGULAR CALENDAR

Agenda item #B-1 entitled, "Approve revenue and expenditure assumptions as outlined in the General Fund Cashflow model, as prepared by Public Financial Management (PFM), and authorize the change of revenue estimates for the 1999/01 Financial Plan and Budget" **and** #B-2 entitled, "Authorize impact fee transfer of \$2 million to the General Fund and appropriate \$2 million for design and interim measures for the Public Safety Complex project" were heard together.

City Manager Flynn gave an overview of the numerous meetings and discussions regarding the proposed project and funding strategy, including the procedures that were followed and the steps and revisions involved in addressing the needs of the public safety structure. Mr. Flynn then introduced Public Works Director Prima who provided the following report.

The City collects Development Impact Mitigation fees for a variety of municipal projects and, in accordance with State law, places the money in separate funds. Many projects utilize multiple funding sources and funds are typically transferred into the primary project funding source "fund". In addition, the impact fee funds can be used to "reimburse" other funds for previous expenditures which have been made prior to the funds being available in the impact fee fund. With that background, the following actions are recommended for the Public Safety Building project:

- Transfer \$1,000,000 from the Parks and Recreation Development Impact Mitigation Fee fund to the General Fund Capital fund as repayment for funds expended on the community center (Hutchins Street Square).

When the impact mitigation fees were established in 1991, approximately \$4,000,000 was included in the program for community facilities. The Parks and Recreation Master Plan, adopted later, kept the same total fee program cost (\$18,338,200) but reduced the amount for "Indoor Recreation Space" to \$2,100,000 and indicated the allocation to the Square or other facilities would be determined later. Since the Square has been completed using General Fund dollars, it is appropriate to reimburse the General Fund from the impact fee fund. City staff performed calculations supporting using up to the entire \$2,100,000 for the Square, however, given the need for other community facilities, at this time, staff is recommending that only \$1,000,000 be transferred.

The Parks IMF fund has over \$2,000,000 in cash which will leave adequate funds to pursue other projects.

- Transfer \$1,000,000 from the General City Facilities Development Impact Mitigation Fee fund to the General Fund Capital fund toward the City Hall expansion project.

This project was included in the fee program and is being accomplished in a number of phases, some completed and some still to come; the main ones being the renovation of the Carnegie Forum Basement, the lease and tenant improvements to the Beckman Building (City Hall Annex), City Hall remodel, and the future expansion of City Hall, which will consist of renovating the Public Safety Building for general government use. The fee

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program included just over \$3,000,000 for the project. Approximately \$900,000 have been charged to the IMF for this project to date. Although the "project" currently planned is not exactly the same as the one originally contemplated, an additional \$1,000,000 is appropriate and justifiable. As the project becomes finalized, we may be justified in using additional IMF funding for debt service payments.

The General City Facilities IMF has a balance of approximately \$1,400,000 and can support the recommended transfer.

- Appropriate \$2,000,000 from the General Fund Capital fund for the design and acquisition phase of the Public Safety Building project.

This phase of the project provides for final design of the new Police building and acquisition of the one remaining parcel needed for the project. Also included are funds for preliminary design of the remodeling of the old Public Safety Building to accommodate Fire Station 1 and other governmental office uses. It does not commit the City to a final financing method nor to actual construction. The design of the parking structure is not included and would be done at a later date.

The City Council has also directed staff to pursue interim improvements to the heating/ventilating and air-conditioning (HVAC) systems at the existing Public Safety Building. Public Works staff has been working with the Electric Utility Department and their consultant, Energy Masters, Inc., on some innovative approaches to HVAC issues at this and our other Civic Center buildings.

Creation of a long range financial funding model was one of the major City projects outlined in the 1999-2001 Financial Plan and Budget adopted by the City Council. To assist in the successful completion of this goal, the City hired Alex Burnett from Public Financial Management (PFM) as the City's financial advisor. PFM's scope of duties included the creation of a cashflow model of the City's General Fund, the assessment of the viability of the public safety building project on a pay-as-you-go basis, and the assessment of the impact on the General Fund balance of any structuring alternative for the public safety complex financing. Mr. Burnett presented his model to Council in Shirtsleeve Sessions on November 23, 1999, February 8 and February 29, 2000. In addition, PFM and City staff met with a committee consisting of members of Lodi's business community seeking their professional feedback on the model. Below is a letter signed by committee members stating their agreement that the prepared assumptions and projections are reasonable and conservative and provide the City with the basis to proceed to project design.

"On March 15, 2000 the following individuals met to review and discuss the City's proposed General Fund Long-Term Financial Plan as prepared by Public Financial Management (PFM):

*Phil Lenser
Jeffrey Kirst
Randy Snider
Steve Reeves
Roger Baffoni
Mamie Starr
Frank Johnson
Ole Mettler*

*Bruce Sasaki
Kent Steinwert
Evie Olson
Joe Crane
Wally Katnich
Dennis Bennett
Barbara McWilliams*

After considerable review, we have determined that the City's proposed assumptions and projections are reasonable and conservative and that the City should proceed to the design phase of the Public Safety Complex project.

In addition, suggestions were made that the City invite local business and community leaders to annually review the assumptions of the City's long-term financial plan should the City proceed to the financing phase of the project."

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Staff is requesting Council approve the revenue and expenditure assumptions as outlined in the General Fund cashflow model created by PFM. These assumptions are conservative and they will be re-evaluated on an annual basis as part of the budget process.

In addition, staff is requesting Council authorize the change of revenue estimates for the 1999-01 Financial Plan and Budget to reflect the revenue assumptions in the cashflow model.

Alex Burnett, Managing Partner of PFM, addressed the City Council and answered several questions of City Council for clarification purposes. Mr. Burnett stated that in working with several cities for a variety of facilities, this has been one of the most involved processes he has observed. Mr. Burnett has worked for more than five months with City staff with the goal of creating a cashflow model looking at five years of historical data and projecting to year 2010, working line by line to reach credible and conservative assumptions. Mr. Burnett further stated he has provided an outline of revenue sources detailed in the reports to Council, and suggested that this evening was for approving the proposed assumptions in the recommended financial plan. Alternatives should be looked at and evaluated by Council in the future.

3. RECESS

Mayor Mann called for a ten-minute recess, and the City Council meeting reconvened at approximately 9:00 p.m.

4. REGULAR CALENDAR (continued)

Council Member Hitchcock provided City Council and members of the audience with a written report and presentation regarding her concerns that, based on her calculations and understanding of the proposed financing, the current plan cannot successfully be funded by the City. Ms. Hitchcock highlighted that several possibilities were not considered in the preparation of the revenue and expenditure estimates which might cause a hardship to the City and to future projects should the Council move ahead with the project as proposed.

Finance Director McAthie and Mr. Burnett made comments in response to the issues addressed by Council Member Hitchcock.

5. VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

Pursuant to the Lodi Municipal Code, the City Council, on motion of Council Member Land, Hitchcock second, unanimously voted to continue with the remainder of the meeting following the 11:00 p.m. hour.

6. REGULAR CALENDAR (continued)

Speaking on the matter were the following persons:

- a) Bob Murphy, 746 Palm Avenue, Lodi, spoke in favor of the project, but urged the City Council to defer the decision to a public vote for increased property taxes.
- b) Bob Johnson, 1311 Midvale Road, Lodi, spoke in favor of the project, but asked that the City Council conduct a survey laying out the cost of the project and how it would be paid for to the public for input and approval.
- c) Walter White, 2141 Gateway Circle, Lodi, stated his opposition to the project, asking that the City Council pay for the project through collected revenue rather than on a financial loan.
- d) John Johnson, 106 South Orange Avenue, Lodi, stated he is not against the project, but urged the City Council to conduct a survey of the public regarding the approval and funding of the project.
- e) James Dean, 16 North Crescent Avenue, Lodi, stated he would rather the project be postponed and available dollars be spent on the maintenance of City facilities and street improvements.

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- f) Gerald Houtsma, 1208 Brandywine Drive, spoke in support of the project and asked that the City Council move forward with the design work, then look down the road at the available financing options.
- g) Mike Morris, Lodi Police Officers Association President, 230 West Elm Street, Lodi, spoke in support of the project and urged the City Council to approve the Public Safety Building design phase portion of the project.
- h) William Barry, with the Lodi Police Department, 230 West Elm Street, Lodi, spoke in support of the new building and shared with the City Council and audience his frustration and embarrassment in conducting interviews and investigations within the present environment.
- i) Jerry Adams, Police Captain, 230 West Elm Street, Lodi, spoke on behalf of the Police Chief and more than 200 full time and volunteer employees in thanking the City Council for making this project a top priority goal of the City. Captain Adams further stated he trusts the job that has been done by staff and PFM in the preparation of this project, and urged the City Council to proceed with their continued support of fire and police service with the approval of the design phase of the project.
- j) Frank Alegre, 2000 Edgewood Drive, Lodi, spoke in favor of the new Public Safety Building project, but urged the City Council to defer the decision to the public for a vote of increased property taxes.
- k) Roger Baffoni, 1175 Orangewood Drive, Lodi, stated he participated in the public review of PFM's proposed financial plan and believes the City Council should proceed with the project, as the current Public Safety Building is a disgrace and the employees required to work in that building deserve better.
- l) Steve Raddigan, Lodi Fire Department, commented on the poor air quality in the current building, and stated he believes the Finance Director and PFM are good and the City Council should proceed with approval of the items before them.
- m) Susan Heberle, 1440 Iris Drive, Lodi, stated the Public Safety Building is a mess and has been for some time, but voiced concern regarding the proposed financing.
- n) Scott Kenley, Fire Chief, spoke in support of the project stating that the Finance Department and the consultant should be trusted to know that the money is there for the project. Chief Kenley urged the City Council to move forward to get the design phase of the project going.
- o) Jeffrey Kirst, 222 West Lockeford Street, Lodi, stated he was a part of the community group that was invited to review the financial presentation. Mr. Kirst commented that all who spoke on this project agree it needs to be completed, and urged the City Council to take the necessary action to transfer funds and get the plan started.

Following additional discussion, the City Council, on motion of Council Member Land, Pennino second, adopted Resolution No. 2000-43 entitled, "A Resolution Of The Lodi City Council Approving The Revenue And Expenditure Assumptions As Outlined In The General Fund Cashflow Model Created By Public Financial Management, And Further Authorizing The Change Of Revenue Estimates For The 1999-01 Financial Plan And Budget"; ***and*** Resolution No. 2000-44 entitled, "A Resolution Of The Lodi City Council Authorizing Impact Fee Transfer Of \$2 Million To The General Fund And Appropriate \$2 Million For Design And Interim Measures For The Public Safety Complex Project", with the stipulation that the Impact Fee transfer from Parks and Recreation go on the budget as a line item. **Prior to the vote, Council Member Hitchcock requested the motion be amended to not only adopt the revenue numbers for budget, but also the expenditures. Council denied this request and the motion was carried by the following vote:**

Ayes: Council Members – Land, Nakanishi, Pennino, Mann (Mayor)
Noes: Council Members – Hitchcock
Absent: Council Members – None
Abstain: Council Members – None

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7. CLOSED SESSION

Mayor Mann adjourned the Council meeting at approximately 11:50 p.m. to a Closed Session to discuss the following matters:

- a) Prospective acquisition of real property located at 2360 West Century Boulevard, Lodi, CA, for the G-Basin DeBenedetti Park expansion, APN #058-230-02; the negotiating parties are City of Lodi and Delmar Batch. Government Code §54956.8
- b) Conference with Labor Negotiator, Human Resources Director Joanne Narloch, regarding Association of Lodi City Employees (ALCE) regarding General Services and Maintenance and Operators (M&O); Lodi Police Dispatchers Association (LPDA); Lodi Police Officers Association (LPOA); United Firefighters of Lodi (UFL); Confidential Employees, Management and Mid-Management Employees pursuant to Government Code §54957.6 **This item was carried over from the March 28, 2000 Special Meeting.**
- c) Implementation of Salary Survey for Maintenance & Operators (M&O) **This item was carried over from the March 28, 2000 Special Meeting.**

8. RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

The City Council meeting reconvened at approximately 12:45 a.m., Friday, March 31, 2000, and the following actions were disclosed:

In regards to item:

- a) The City Council authorized negotiation of property acquisition.
- b) The City Council directed staff to bring this before Council at the meeting of April 5, 2000.
- c) The City Council directed staff to bring this before Council at the meeting of April 5, 2000.

9. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

There was no one wishing to speak.

10. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at approximately 12:50 a.m. on March 31, 2000.

ATTEST:

Jacqueline L. Taylor
Deputy City Clerk