

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, NOVEMBER 26, 2002**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, November 26, 2002 commencing at 7:05 a.m.

A. ROLL CALL

Present: Council Members – Hitchcock, Howard, Land, and Mayor Pennino

Absent: Council Members – Nakanishi

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

B. CITY COUNCIL CALENDAR UPDATE

City Clerk Blackston reviewed the weekly calendar (filed).

City Manager Flynn reported that on December 5 the San Joaquin Council of Governments (SJCOG) will be considering cities' projects for the 2003-04 Regional Priorities List for the annual "One Voice" trip to Washington D.C. A special meeting will be held on December 3 for Council to designate projects. A Council representative on SJCOG is needed due to the resignation of Council Member Nakanishi effective on December 2, and the December 4 ending term of Mayor Pennino.

Mayor Pennino suggested that Council Member Howard be appointed as a temporary representative on SJCOG.

Mayor Pro Tempore Hitchcock asked that the matter of appointing a SJCOG representative be added to the December 3 special meeting.

C. TOPIC(S)

C-1 "2003-2005 Budget Overview"

Deputy City Manager Keeter continued her report on the 2003-05 budget overview at the point she had concluded at the November 19 Shirtsleeve Session on the same topic.

Uncertainties for Fiscal Year 2002-03

- Governor Davis is projecting a \$25 billion deficit. The League of California Cities has warned that the State is expected to consider a wide array of potential revenue enhancement and expense cut options. In the past, the City has received \$95,000 in Public Library Fund money from the State. This fiscal year the City is slated to receive \$52,000; however, it is anticipated that on December 9 the Governor will be considering program cuts and recapturing money that has not yet been spent.
- A meeting last week with the sales tax consultant indicated no change in the City's sales tax revenue. The result of fourth quarter sales will not be known until April 2003.
- Salary negotiations are now underway with the International Brotherhood of Electrical Workers (IBEW) and the Mid-Management Employees. The effect on the general fund from the Mid-Management Employees group is unknown at this time pending the negotiations.
- Measure U, related to the Hotel-Motel (Transient) Occupancy Tax (TOT) failed and its impact for fiscal year 2002-03 will be \$30,000.

Council Member Howard believed that a second attempt to increase the Hotel-Motel tax rate may prove successful with increased advance public information. She suggested that a study be done to find out whether local hotel and motel customers are residents of Lodi or are from nearby areas. She speculated that many of the customers are in temporary housing and stated that a more conscious effort should be done of drawing people from outside the community into the Lodi area for vacationing.

Mayor Pennino commented that there were not strong tourism supporters to promote Measure U.

Council Member Land noted that customers who reside in hotels for more than 30 days are not charged TOT tax.

Uncertainties for Fiscal Year 2003-04

- The City does not have a revenue stream slated for the Fire Department paramedic program, as staff was directed not to have transportation as an element of the program. The annual cost is estimated at \$592,000, which does not include negotiations for a public-private partnership to underwrite the incremental salary difference between a Firefighter and a Firefighter/Paramedic.

In response to Council Member Land, Fire Chief Pretz acknowledged that with or without the paramedic program he would at some point ask Council to increase personnel in the Fire Department due to the requirements of National Fire Protection Association (NFPA) 1710. He explained that NFPA 1710 and OSHA requirements designate that when two Firefighters are sent inside a structure there must also be two Fire personnel on the outside.

- The Public Employees Retirement System (PERS) program is anticipated to increase 15% per year through 2010. The effect for fiscal year 2003-04 may be an increase of \$383,000.
- Contracts will expire on June 30, 2003 for the Lodi Professional Firefighters, Maintenance and Operators, General Services, and Confidential Unit. Salary negotiations will take place for each of these four bargaining groups.
- The Hotel-Motel (Transient) Occupancy Tax (TOT) decrease will affect the general fund by \$147,000 annually.
- The Redevelopment Plan will be brought back to Council for reconsideration in February or March 2003.
- Development of the northwest corner of Lower Sacramento Road and Kettleman Lane has been delayed due to the Environmental Impact Report requirements. This also delays anticipated sales tax revenue from the potential retail businesses.
- 'In-lieu transfers' is a policy for Council's consideration, which will affect the budget.
- Many capital projects are in the design phase, and contingent on Council's direction, it is uncertain which projects will proceed.

In response to concerns expressed by Mayor Pro Tempore Hitchcock, Finance Director McAthie reported that staff is now reviewing a current actuarial on liability and workers compensation.

Discussion ensued regarding possible effects and responses to the State budget deficit. City Manager Flynn recommended a "maintenance mode," i.e. defer as much as possible until the budget is more stable and deal with those issues which the City has no control over, such as increases in medical insurance and CalPERS.

Finance Director McAthie reviewed the evolution of City budget formats from 1949-50, 1975-76, and the first two-year budget in 1994-96.

Mayor Pro Tempore Hitchcock asked that the Council receive the budget in its totality as soon as possible.

City Manager Flynn anticipated that by the end of May staff will have the total budget document prepared and available for Council's review.

Council Member Howard highlighted the following bills presented in Sacramento at the recent League of California Cities Legislative Report 2002 program:

- AB 821 High-Tech Crime Task Force. This measure authorizes the Executive Director of the Office of Criminal Justice Planning to allocate up to 5% of funds available in the High Technology Theft and Apprehension Prosecution Program Trust Fund to public agencies for the purposes of establishing statewide education, training, and research programs related to high-technology crimes for public prosecutors, investigators, and law enforcement officers. Ms. Howard stated that this is an opportunity to bring money locally to help start up a High-Tech Crime Task Force in Lodi.
- SB 1629 Emergency Services Funding. This law specifies that the California Fire Fighter Joint Apprenticeship Program do the following upon allocation of funds by Emergency Medical Services Authority: 1) Offset the cost of paramedic training course development; 2) enter into reimbursement contracts with eligible state and local agencies that in turn may contract with educational institutions for the delivery of paramedic training; and 3) allocate funds, in the form of grants, to eligible state and local agencies to defray the cost of providing paramedic training for fire services personnel, which may include instructional supplies and trainee compensation expenses. Ms. Howard noted that through SB 1629, funding might be available to help start up the Lodi Fire Department paramedic program.
- SB 972 Public Works, Prevailing Wages. This legislation excludes from the requirements of public works and prevailing wage laws the construction, expansion, or rehabilitation of privately-owned residential projects that are self-help housing projects, operated on a not-for-profit basis as housing for homeless persons, or that provides for housing assistance.
- AB 1768 State and Local Government. Included in this bill is a one-year shift of property tax revenues from redevelopment agencies to the Educational Revenue Augmentation Fund. Ms. Howard reported that there is interest at the State level to extend this beyond one-year, which would impact some money that would otherwise be available in the City's Redevelopment Agency.
- AB 415 Emergency Alert System (a.k.a. Amber Alert System).
- AB 669 3-1-1 Non-emergency Telephone System.
- Proposition 49 After School Programs; State Grants; Initiative Statute. Ms. Howard reported that Proposition 49 was passed and is estimated to cost \$500 million. There may be impacts to cities if the State makes shifts from other areas to cover the general fund cost for this proposition to go into effect.
- ACA 11 Infrastructure; Finance. This places a ballot measure before the voters in the 2004 statewide primary to approve the establishment of the California Twenty-First Century Infrastructure Fund. General fund transfers would be required to fund this program, starting with 1% in 2006-07 and to 3% in 2012-13 and thereafter.

Ms. McAthie reported that she recently completed the requirements to become a Certified Fraud Specialist. Computer identity theft is a component of the certification curriculum.

Ms. Keeter stated that if Council were to change any of the following four primary policies, it would have an impact on the City's general fund:

1. Debt Financing for Capital Projects. Ms. Keeter commented that it is preferred to maintain the policy as written.

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2. Property Tax Distribution. The current distribution is: 50% to the general fund; 30% to the general fund capital outlay fund; and 20% to the library fund.
3. Staff will need direction on whether to continue the current policy of transferring \$1.5 million as a set aside from the general fund to capital.
4. In-lieu transfer of taxes from the enterprise fund to the general fund are currently at 12% for Electric, Water, and Wastewater.

Council Member Land suggested that review and update of the priority project list be a topic of discussion at the first budget meeting.

Mayor Pro Tempore Hitchcock agreed and added that Council should begin with its vision statement and then consider goals and objectives.

Council Member Land also stated that consideration should be given to reduce funding in the City's general fund, as he believed the State would be taking money away from cities.

Mayor Pennino cautioned Council not to change policies because they were instituted for sound reasons.

D. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

E. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 8:20 a.m.

ATTEST:

Susan J. Blackston
City Clerk

Mayor's & Council Member's Weekly Calendar

WEEK OF NOVEMBER 26, 2002

Tuesday, November 26, 2002

7:00 a.m. Shirtsleeve Session
1. 2003 – 05 Budget Overview (FIN)

5:30 p.m. A Taste of Heaven, Grand Opening/Ribbon Cutting,
106 West Oak Street, Lodi.

Wednesday, November 27, 2002

11:00 a.m. **Pennino and Land.** "The Great American Picnic" at 320
South Sacramento Street, Lodi. Given by Vic Myers Sheet
Metal and Lodi Western Machine, Inc.

Thursday, November 28, 2002

Holiday **Happy Thanksgiving!!!**

Friday, November 29, 2002

Holiday **Reminder City Hall will be closed.**

11:00 – 4:00 p.m. Lodi Wine and Visitor Center Open House
(from 11-29- to 12-1-02) 2545 West Turner Road, Lodi.

Saturday, November 30, 2002

Sunday, December 1, 2002

Monday, December 2, 2002

8:00 – 10:00 a.m. **Pennino.** Rail Commission Meeting.



Disclaimer: This calendar contains only information that was provided to the City Clerk's office