

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 17, 2004**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of February 17, 2004, was called to order by Mayor Hansen at 7:04 a.m.

Present: Council Members – Beckman, Howard, Land, and Mayor Hansen

Absent: Council Members – Hitchcock

Also Present: City Manager Flynn, Interim City Attorney Schwabauer, and City Clerk Blackston

CITY COUNCIL CALENDAR UPDATE

City Clerk Blackston reviewed the weekly calendar (filed).

B. REGULAR CALENDAR

B-1 “Continued discussion regarding Phase III budget adjustment options, including increasing the Transient Occupancy Tax, increasing sales tax by ¼ ¢, reviewing in-lieu of tax transfers to General Fund, and providing direction to staff regarding such matters”

Deputy City Manager Keeter reported that the League of California Cities board voted to support the following March 2, 2004 ballot measures:

Proposition 55 – Kindergarten – University Public Education Facilities Bond Act of 2004;

Proposition 57 – The Economic Recovery Bond Act; and

Proposition 58 – The California Balanced Budget Act.

Ms. Keeter distributed a “blue sheet” (filed) entitled 2004-05 Phase III Options. She recalled that on November 5, 2002 the City placed Measure U on the ballot in an effort to increase the Hotel-Motel Occupancy Tax, aka Transient Occupancy Tax (TOT), from 9% to 10%. The measure failed, and due to proposition 218 requirements, the tax reverted back to 6%. If the City were successful in increasing the tax from 6% to 10% through another ballot measure attempt, it would increase general fund revenues by \$266,000 annually. Ms. Keeter noted that a general tax takes a simple majority of 50% to approve, and if the tax were earmarked for a specific purpose it would need a two-thirds vote.

In response to Mayor Pro Tempore Beckman, City Clerk Blackston estimated the cost of placing Measure U on the ballot in 2002 at \$15,000. Ms. Blackston stated that she would forward a copy of the election results on the ballot measure to Council.

Ms. Keeter reported that Senate Bill 566, which was passed last year, allows cities to seek voter approval for “transaction in use tax,” i.e. a sales tax increase for general or specific purposes. It may be increased in increments of a quarter cent, up to a maximum combined countywide ceiling of 2%. Ms. Keeter stated that if Lodi were to increase the sales tax by a quarter cent it could raise \$1.8 million for the general fund. Sales tax currently represents 27% of Lodi’s overall General Fund revenues.

Ms. Keeter recalled that the 1995-96 in-lieu of tax transfer for the Electric Utility Fund was 12% and the Water Fund was 20%. In 1996-97 the Water Fund in-lieu of tax transfer was decreased to 17% and in 2001-03 it was decreased again to 12%. The Wastewater Fund in-lieu of tax transfer remained at 20% until 2001-03 when it was decreased to 12%. In 2004-05 the City budgeted to have the General Fund receive \$6 million from Electric Utility, \$681,000 from the Water Fund, and \$794,000 from the Wastewater Fund. A 1% decrease in the in-lieu of tax transfer would equate to a decrease in the General Fund of \$250,000 from Electric Utility, \$56,000 from the Water Fund, and \$66,000 from the Wastewater Fund.

Continued February 17, 2004

Council Member Land stated that he was opposed to all three options, i.e. a TOT increase, sales tax increase, or an in-lieu of tax transfer increase. He would consider an in-lieu of tax transfer decrease. He asked counsel whether it was possible for the General Fund to borrow from the Electric Utility Fund in case of an emergency.

Interim City Attorney Schwabauer replied that he would research the matter and report back to Council.

Council Member Howard voiced opposition to the suggestion of a sales tax increase. She believed there was benefit to a TOT increase; however, she recommended that it be placed on the ballot in an off-year when there is less on the ballot and the City can undertake a public education program.

Mayor Pro Tempore Beckman expressed opposition to taxes in general.

MOTION / VOTE:

There was no Council action taken on this matter.

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 7:30 a.m.

ATTEST:

Susan J. Blackston
City Clerk