

**LODI CITY COUNCIL  
REGULAR CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
WEDNESDAY, FEBRUARY 7, 2007**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of February 7, 2007, was called to order by Mayor Johnson at 5:15 p.m.

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

Absent: Council Members – None

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

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Conference with Blair King, City Manager, and Jim Krueger, Deputy City Manager (Acting Labor Negotiators), regarding Lodi City Mid-Management Association, Maintenance and Operators, and General Services pursuant to Government Code §54957.6
- b) Actual Litigation: Government Code §54956.9(a); One Case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- c) Actual Litigation: Government Code §54956.9(a); One Case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al., United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- d) Review of Council Appointees – City Manager, City Attorney, and City Clerk – pursuant to Government Code §54957
- e) Actual Litigation: Government Code §54956.9(a); One Case; Catherine Conrado v. City of Lodi, Bozant Katzakian, et al. and related cross-action, Bozant Katzakian v. City of Lodi, A.M. Stephens Construction, et al., San Joaquin County Superior Court Case No. CV027055
- f) Prospective Acquisition of Real Property Located at 200 North Beckman Road, Lodi, CA (APN 049-050-31), for Office, Public Safety Purposes; the Negotiating Parties are the Mosquito Abatement District and City of Lodi; Government Code §54956.8
- g) Prospective Acquisition of Real Property Located at 212 West Pine Street, Lodi, CA (APN 043-032-03), for Office Purposes; the Negotiating Parties are the Beckman Capitol Corporation and City of Lodi; Government Code §54956.8

C-3 ADJOURN TO CLOSED SESSION

At 5:15 p.m., Mayor Johnson adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 7:00 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:09 p.m., Mayor Johnson reconvened the City Council meeting, and the Mayor and City Attorney Schwabauer disclosed the following actions.

Items C-2 (a), C-2 (d), C-2 (f), and C-2 (g) were discussion only; no action was taken.

In regard to Items C-2 (b) and C-2 (c), the City Council approved the recommended budget of \$1.861 million.

In regard to Item C-2 (e), the City Council approved the following settlement amounts: \$22,500 for Bozant Katzakian; \$22,500 for A.M. Stephens Construction Company; and \$10,000 for the City of Lodi.

A. CALL TO ORDER / ROLL CALL

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

Absent: Council Members – None

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

B. INVOCATION

The invocation was given by Barbara Taylor representing the Lodi Police Chaplains.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Johnson.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 Proclamations – None

D-3 Presentations – None

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E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Hitchcock, Mounce second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

E-1 Claims were approved in the amount of \$3,820,687.64.

E-2 The minutes of January 16, 2007 (Shirtsleeve Session), January 17, 2007 (Regular Meeting), January 23, 2007 (Shirtsleeve Session), January 23, 2007 (Special Meeting), and January 30, 2007 (Shirtsleeve Session) were approved as written.

E-3 Adopted Resolution No. 2007-14 authorizing the City Manager to purchase 384 solid-state meters with Interval Data Module R300 from Itron, Inc., of Spokane, Washington, in the amount not to exceed \$33,000.

E-4 Adopted Resolution No. 2007-15 authorizing the City Manager to execute Change Order for the Bus Shelter and Amenities Project for ten additional bus shelters and benches with LNI Custom Manufacturing in the amount of \$60,000.

E-5 Accepted improvements under “Municipal Service Center Additional Compressed Natural Gas Installation Project” contract.

E-6 Adopted Resolution No. 2007-16 authorizing the City Manager to execute a contract for professional services to Municipal Compliance Consultants, of Woodland, for code enforcement services.

E-7 “Adopt Resolution Authorizing the City Manager to Execute a Contract for Professional Services to Pacific Municipal Consultants for Community Development Block Grant Program Administration Services” was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar**.

- E-8 Authorized the City Attorney to issue "comfort letter" to Rivergate Partners, L.P. in connection with the potential sale of the former Cottage Bakery restaurant located at 203 South School Street.
- E-9 Adopted Resolution No. 2007-17 amending the Fire Mid-Management Statement of Benefits.
- E-10 Appointed Janet Hamilton, Management Analyst, as alternate for California Transit Insurance Pool.
- E-11 "Authorize Hourly Billing Rate Increases for Legal Services Provided under Agreement with Folger, Levin & Kahn, LLP, to be Effective January 1, 2007" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**
- E-12 Adopted Resolution No. 2007-18 increasing the assessment rates by 20% for the Downtown Lodi Business Partnership.
- E-13 Adopted Resolution No. 2007-19 revising the current code enforcement abatement fee schedule.
- E-14 "Appointment of Two Firms (Lamont Services, Inc. and Fieldman Rolapp and Co.) to Provide Various Financial Advisory Services Related to the Issuance of Debt and Other Financial Activities for the City of Lodi" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**
- E-15 "Repeal and Reenact Resolution Authorizing the City Manager to Execute a Termination of the 2003 Swap Agreements at the Time Market Conditions are Deemed Favorable at a Cost Not to Exceed \$150,000" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**
- E-16 Set public hearing for February 21, 2007, for 2006-07 Federal Program of Transit Projects Lodi Urbanized Area.

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ACTION ON ITEMS REMOVED FROM CONSENT CALENDAR

- E-7 "Adopt Resolution Authorizing the City Manager to Execute a Contract for Professional Services to Pacific Municipal Consultants for Community Development Block Grant Program Administration Services"

Council Member Hansen pulled this item for further discussion.

In response to Council Member Hansen, Community Development Director Hatch stated the justification of the \$90 per hour amount is based on the proposed consultant's expertise in Community Development Block Grant (CDBG) program administration and the part-time basis on which the services are to be provided. He stated there are relatively few consultants that specialize in this field and even fewer who work on a flexible schedule. Mr. Hatch stated the department fell behind with existing staff and workload, the City is under Federal mandates, and this is the only option unless a bigger net of location can be cast.

MOTION:

Council Member Hansen made a motion, Mounce second, to adopt Resolution No. 2007-20 authorizing the City Manager to execute a contract for professional services to Pacific Municipal Consultants for CDBG Program administration services.

DISCUSSION:

Council Member Hitchcock stated she would not support the motion based on her concerns that the services were provided in-house and a need to review the entire budget when filling positions.

In response to Mayor Johnson, Mr. Hatch stated a CDBG program administrator can be home grown over the course of time after a full recruitment, but the biggest challenge seems to be that a full-time person is not needed.

Council Member Hansen stated that due to previous difficulties with administering the program, he will continue to support the motion.

In response to Council Member Hitchcock, Mr. Hatch stated Mr. Wood was working on the CDBG program and will continue to supervise the consultant. Mr. Hatch stated Mr. Wood continues to have a heavy workload and expertise in the area is needed.

In response to Mayor Johnson, Mr. Hatch stated the CDBG program administration costs, including the consultant fees, are covered by CDBG funds.

Mayor Pro Tempore Mounce thanked staff for bringing the matter forward quickly in light of the auditor's concerns regarding the same.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Hansen, Katzakian, Mounce, and Mayor Johnson

Noes: Council Members – Hitchcock

Absent: Council Members – None

- E-11 “Authorize Hourly Billing Rate Increases for Legal Services Provided under Agreement with Folger, Levin & Kahn, LLP, to be Effective January 1, 2007”

Council Member Hitchcock pulled this item for further discussion.

City Attorney Schwabauer confirmed the fees for Folger, Levin & Kahn have been stagnant for two years. Mr. Schwabauer discussed the two billing and payment options that are available to the City when invoices are received. He also reviewed the newly proposed rates and stated the proposed increases are reasonable according to industry standards.

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously authorized hourly billing rate increases for legal services provided under agreement with Folger, Levin & Kahn, LLP, to be effective January 1, 2007.

- E-14 “Appointment of Two Firms (Lamont Services, Inc. and Fieldman Rolapp and Co.) to Provide Various Financial Advisory Services Related to the Issuance of Debt and Other Financial Activities for the City of Lodi”

Council Member Hansen pulled this item for further discussion.

In response to Council Member Hansen, Deputy City Manager Krueger stated two different firms are proposed because they each have different areas of expertise and he does not anticipate any issue regarding selecting the two firms. He stated Lamont Services has more of a national presence, while Fieldman Rolapp and Company is strong statewide.

Council Member Hitchcock requested a presentation on the item.

Deputy City Manager Krueger made a presentation regarding the proposed appointment of two firms in connection with financial services for the issuance of debt and other financial activities for the City. Topics of discussion included the selection process, the need to engage financial advisory services, review of financial services agreements, firm qualifications and references, specialization of each firm, and the future process regarding the same.

In response to Council Member Hitchcock, Mr. Krueger stated any costs over \$20,000 will come back to the Council for approval. Mr. Krueger stated bond proceeds are typically used to service some payments.

Discussion ensued between Council Member Hitchcock, Deputy City Manager Krueger, and City Manager King regarding in-house bond services, the need for specialists to perform bond services, market information accessibility, long-term arrangements, role of financial advisors, investment bankers and underwriters, and checks and balances regarding the same.

In response to Council Member Hansen, Mr. Krueger stated he does not anticipate a negative affect down the road from reviewing firms providing financial services every year or two.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Hitchcock second, unanimously appointed two firms (Lamont Services, Inc. and Fieldman Rolapp and Co.) to provide various financial advisory services related to the issuance of debt and other financial activities for the City of Lodi.

- E-15 "Repeal and Reenact Resolution Authorizing the City Manager to Execute a Termination of the 2003 Swap Agreements at the Time Market Conditions are Deemed Favorable at a Cost Not to Exceed \$150,000"

Council Member Hitchcock pulled this item for further discussion and a presentation.

City Manager King provided a brief presentation regarding the potential termination of the Swap Agreements when market conditions are favorable. Topics of discussion included the original creation of the agreement, self-balancing index bond issues at variable rates, rating downgrades, benefits versus risks, financial advisor opinions, market conditions, and Citicorp's potential to make money at the beginning and end of the deal.

In response to Council Member Hitchcock, Mr. King stated the only risk is being downgraded in ratings. He stated the market value will dictate the exact amount owed, which could be anywhere from \$100,000 to over \$1 million. Mr. Krueger stated Swap Agreements are intertwined with long-term and short-term interest rates, causing the net cost of the agreement to the City to go up over time, and interest rate fluctuation may cause additional risk.

In response to Council Member Hansen, Mr. Krueger stated this will be one more plus in terms of bond agencies to show the City's long-term financial strength.

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Hansen second, unanimously adopted Resolution No. 2007-21 repealing Resolution No. 2006-219 and authorizing the City Manager to execute a termination of the 2003 Swap Agreements at the time market conditions are deemed favorable at a cost not to exceed \$150,000.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Mayor Pro Tempore Mounce reported on her attendance at an event at the Women's Center and thanked the family of Phoebe Watts for the Foundation's endowment.
- Council Member Hansen reported on various citizen complaints brought to the City Manager's attention during the course of the week; Northern California Power Agency events including Roseville's withdrawal from the power pool, the approval of the Phase II agreement, and review of the budget; and San Joaquin Council of Governments activity including an increase to Lodi's Dial-A-Ride program for \$300,000, requests for I-5 widening, Highway 99 widening, renewal of Measure K funds, and meeting with Andrew Chesley regarding Highway 12.
- Mayor Johnson reported on the request for appointment to the San Joaquin County Rail Commission and the reasons for the same. He also requested staff bring back the discussion of possibilities regarding a redevelopment agency for the future.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager King stated the citizen requests referenced by Council Member Hansen were forwarded to the various departments for information, response, and/or handling.

RECESS

At 8:17 p.m., Mayor Johnson called for a recess, and the City Council meeting reconvened at 8:27 p.m.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Johnson called for the public hearing to consider adopting a resolution to amend the Electric Utility Department Rules and Regulations No. 15 to assess a Transmission and Substation System Charge on new developments outside existing City limits as of August 1, 2006.

City Manager King briefly introduced the subject matter.

Electric Utility Director Morrow provided an overview of the proposed transmission and substation system charge assessment. Topics of discussion included substation fee survey, background information, substations, electric systems, staff recommendation, customer impact, and calculations.

In response to Council Member Hansen, Mr. Morrow stated that, while without growth there would not be a need for a new substation to come on line in approximately 2011, there has been a concern regarding the reliability of the current system for some time. Discussion ensued between Mr. Morrow and Council Member Hansen regarding alignment with the new Lodi project, amount of growth by the projected date, project building when scale amount is reached, and current funds helping to offset the project at the time it is built.

Discussion ensued between Council Member Hitchcock and Mr. Morrow regarding growth benefits and burdens on current ratepayers, fee collection and account maintenance, bond financing, sources of capital, Producer Price Index applicability, and periodical review.

In response to Mayor Pro Tempore Mounce, City Manager King stated the current development projects are covered because the development agreements contain provisions regarding agreement to pay related costs if the City Council approves a resolution regarding the same.

Mayor Pro Tempore Mounce stated she encouraged the City Council to consider restrictive funds to ensure funds are specifically utilized for this purpose.

In response to Mayor Johnson, Mr. Morrow stated the proposed power lines to the west are contemplated in this substation.

Hearing Opened to the Public

- Alexandra Barns spoke of her concerns regarding costs associated with the new substation, slow growth objective, and energy procurement.
- Ryan Riley spoke of his concerns regarding affects on agriculture in connection with the new substation.
- Ann Cerney spoke of her concerns regarding costs and formula assessment on large developers.

Public Portion of Hearing Closed

In response to Council Member Hitchcock, Mr. King stated the question of Certificates of Participation paying for transmissions to the west is being debated now. He stated one thought is to keep revenues available, and the other is to pay down the loan to reduce debt service. Council Member Hitchcock stated the funds should be used for these two purposes only.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Hansen second, unanimously adopted Resolution No. 2007-22 amending the Electric Utility Department Rules and Regulations No. 15 to assess a Transmission and Substation System Charge on new developments outside existing City limits as of August 1, 2006.

- I-2 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Johnson called for the public hearing to consider adopting a resolution amending the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan development fees.

City Manager King briefly introduced the subject matter.

Steve Dial, Deputy Executive Director/Chief Financial Officer for San Joaquin Council of Governments, provided an overview of the proposed fee and distributed related documentation, including a copy of the presentation given to the Board. Topics of discussion included historical background of fee, fee connection with index, 2001 implementation, mitigation requirements, financial sustainability, committee efforts and process, and recommendations.

Discussion ensued between Council Member Hitchcock and Mr. Dial regarding increasing the proposed fee, the categories associated with development land, 86% of developed land falling within the under \$13,000 category, purpose to mitigate development, potential of 100,000 acres of land in San Joaquin County, land prices, previous purchases, species protection, and the reasonableness of the proposed fee.

Hearing Opened to the Public

- Ann Cerney spoke of her concerns regarding the ability to purchase only remote land with the proposed fee.

Public Portion of Hearing Closed

MOTION:

Council Member Hansen made a motion, Mounce second, to adopt Resolution No. 2007-23 amending the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan development fees.

DISCUSSION:

Council Member Hansen stated much work and analyzing was done to arrive at the \$13,000 amount and stated he would support the same.

Council Member Hitchcock stated she would reluctantly support the motion because she anticipates significant increases at a later date.

VOTE:

The above motion carried by a unanimous vote.

J. COMMUNICATIONS

J-1 Claims Filed Against the City of Lodi – None

J-2 The following postings/appointments were made:

a) The City Council, on motion of Council Member Hansen, Mounce second, unanimously made the following appointments:

Greater Lodi Area Youth Commission

(Adult Advisors)

Roger Khan Term to expire May 31, 2010

Isaac Morales Term to expire May 31, 2008

Library Board of Trustees

Robert Emmer Term to expire June 30, 2010

Lodi Senior Citizens Commission

Kathryn Siddle Term to expire December 31, 2010

San Joaquin Valley Unified Air Pollution Control District Citizens Advisory Committee

Wade Broughton, Primary Member Term to expire January 31, 2010

Randall Blank, Alternate Member Term to expire January 31, 2010

b) The City Council, on motion of Mayor Johnson, Mounce second, unanimously directed the City Clerk to post for the following expiring terms:

Lodi Improvement Committee

Brad Eilert Term to expire March 1, 2007

Joseph Spinelli Term to expire March 1, 2007

Sunil Yadav Term to expire March 1, 2007

J-3 Miscellaneous – None

K. REGULAR CALENDAR

K-1 “Mid-Year Budget Review and Adopt Resolution Revising 2006-07 Budget Appropriations”

Deputy City Manager Krueger provided an overview of the mid-year budget review, the three budget adjustments regarding the general fund, and the one budget adjustment regarding the Community Development fund.

Economic Development Coordinator

Council Member Hansen stated he is in favor of the Economic Development Coordinator position because it was previously eliminated out of necessity and with reluctance, there are residual negative impacts on the City and other departments, most cities in the County have a similar position, the job description needs are important to the City for a better financial position, and there are benefits to starting the recruitment now.

Council Member Hitchcock stated she is not in favor of the position because of concerns regarding personnel and program costs, position relationship to the Lodi wine and tourist industry, history of the position in the City, the need for the position, connection with the General Plan, and comparisons with other positions and needs of the City.

Mayor Pro Tempore Mounce stated the San Joaquin Partnership, Lodi Conference and Visitors Center, and Chamber of Commerce do a good job, Lodi does not have the same land opportunities as other communities, and comparisons with other vacant positions in the City is needed.

Council Member Hansen stated the position benefits the City and he recalled previously the position brought businesses to Lodi that would not have come otherwise. He stated the Council previously expressed concerns regarding the Partnership and the position is needed for the long-term financial well being of the City.

Mayor Johnson stated he has mixed feelings regarding the position because, while he is concerned about the timing of the position, there is opportunity to work on in-fill projects, retain businesses, General Plan development, and commercial property opportunities.

Council Member Hitchcock stated, if the Council is going to proceed, established goals and contract personnel should be considered.

Council Member Katzakian stated the position is important because the City gets a sales person for the new retail areas, including Reynolds Ranch.

City Manager King stated the position is important to the City and requires the Council's support. He stated he did not anticipate resistance to the position and would like to withdraw the request at this time. Discussion ensued between Council Member Hansen, Council Member Hitchcock, and Mayor Johnson regarding the same. City Manager King withdrew the request to fill the position for Economic Development Coordinator.

#### Low-Income Discounts

Deputy City Manager Krueger provided an overview of the low-income discounts and Measure J. Mr. Krueger stated the options for low-income discount continuance are funding from the general fund, funding in some other way, or reducing the amount of the discount.

Mayor Pro Tempore Mounce stated the voters spoke loudly to discontinue the program and the Council must uphold that opinion.

Council Member Hansen stated he agreed and the voters' intent would not be supported if the discount was funded from the general fund. He stated there must be proper education if the matter is put on the ballot again.

Council Member Hitchcock stated she concurred with Council Member Hansen and Mayor Pro Tempore Mounce.

Discussion ensued between Council Member Hitchcock, City Manager King, and City Attorney Schwabauer regarding implementing a program similar to the one in place prior to Proposition 218 or renewing the same. Public Works Director Prima stated the prior program was restrictive and about 200 to 300 discounts were given. City Attorney Schwabauer stated the old program cannot be continued because it was replaced by the new one and is subject to Proposition 218. Mr. Schwabauer also provided an analysis of Proposition 218 and its application to water and wastewater funds in relation to legitimate costs of service and stated the courts do not generally favor cities in these matters.

Mayor Pro Tempore Mounce suggested a share program regarding electric utilities as an alternative.

MOTION #1 / VOTE:

The City Council, on motion of Mayor Johnson, Hansen second, unanimously voted to not approve the budget increase in connection with the low-income discounts.

Art Grant

City Manager King provided an overview of the administration of the art grant program and timing of grant award. Mr. King recommended the proposed budget increase to align the program administration cycle with when the grants are awarded.

MOTION #2 / VOTE:

The City Council, on motion of Council Member Hitchcock, Hansen second, voted to approve the arts grant as submitted. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Katzakian, and Mayor Johnson

Noes: Council Members – Mounce

Absent: Council Members – None

Permit Technician Position

Deputy City Manager Krueger provided an overview of the proposed permit technician position for the Community Development Department as outlined in the staff report. Specific topics of discussion included filling the position at temporary and full-time status, personnel costs, and training.

MOTION #3:

Council Member Hansen made a motion, Johnson second, to approve the proposed permit technician position in the Community Development Department.

DISCUSSION:

Council Member Hitchcock stated she would not be supporting the position because she would like to see the entire picture for vacant positions as a part of the budget.

VOTE:

The above motion carried by the following vote:

Ayes: Council Members – Hansen, Katzakian, and Mayor Johnson

Noes: Council Members – Hitchcock and Mounce

Absent: Council Members – None

Reallocation of Transfers

Deputy City Manager Krueger provided an overview of the proposed reallocation of transfers as listed in the staff report.

MOTION #4 / VOTE:

The City Council, on motion of Council Member Hitchcock, Hansen second, unanimously approved the reallocation of transfers as submitted.

MOTION #5 / VOTE:

The City Council, on motion of Mayor Johnson, Katzakian second, adopted Resolution No. 2007-24 revising the adopted 2006-07 Operating and Capital Improvement Budget for the fiscal year beginning July 1, 2006 and ending June 30, 2007, incorporating the four actions taken above. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Katzakian, and Mayor Johnson

Noes: Council Members – Mounce

Absent: Council Members – None

- K-2 “Adopt Resolution Reducing the Electric Utility Fund Payment In-Lieu of Taxes Amount as Previously Established at 12% to an Amount Established by Formula”

City Manager King provided a brief overview of the subject matter.

Deputy City Manager Krueger provided a presentation regarding the proposed reduction of the electric utility fund payment in-lieu of taxes amount. Specific topics of discussion included the history of the pilot program, general fund absorption, reduction of revenues with favorable results, and staff’s recommendation to formalize the same in a policy.

In response to Council Member Hansen, Mr. Krueger stated, after the policy is enacted, the Council can reduce the flat amount if things improve or make other adjustments at a later date as necessary.

In response to Council Member Hitchcock, Electric Utility Director Morrow and City Manager King provided an overview of the formula, the changes based on the number of customers, and percentage increases.

In response to Council Member Hitchcock, Mr. Morrow stated the number next year will be about 10.3% and drop about 1/10 of a percent per year thereafter, which is within industry standards. He stated the policy is a positive step to show fiscal stability.

Discussion ensued between Council Member Hitchcock, City Manager King, and Mr. Morrow regarding market cost analysis and its affect on base amounts.

PUBLIC COMMENTS:

- Ann Cerney spoke regarding her concern about what the \$6 million figure is based on and its applicability to Proposition 13.

In response to Council Member Hitchcock, Mr. Morrow stated the dollar figure is based on the difference in previous percentage and growth amounts.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously adopted Resolution No. 2007-25 reducing the electric utility fund payment in-lieu of taxes amount as previously established at 12% to an amount established by formula.

- K-3 “Select Two Council Members to Participate in Community Center Director Interviews”

MOTION / VOTE:

No action was taken on this matter; Council concurred in selecting Mayor Johnson and Council Member Hansen to participate in the Community Center Director interviews.

- K-4 “Direct Staff to Seek Real Estate Appraisals for Certain Parcels as Listed in *Project Opportunity – A Review of City-Owned Property*, and Direct Staff to Secure Bids for Sale of 9.09 Acres at 500 South Guild Avenue and Negotiate the Sale of Conservation Easements for Undetermined White Slough Property”

City Manager King provided an overview of the subject matter of surplus property. Specific topics of discussion included the 17% of City-owned property, tax rolls, review of real estate assets, the lack of existing uses on current properties for consideration, the process for selling property at market value after appraisals are completed, and the recommendation for the proposed three properties.

In response to Council Member Hansen, Mr. King stated the 1,400 acres does include White Slough.

Fire Chief Pretz, as the lead on Project Opportunity, provided an overview of the properties located at 1119 to 1120 Awani Drive, 217 East Lockeford Street, and the Century Boulevard right of way.

City Manager King stated the 500 South Guild Avenue appraisal came in at \$2.5 million. He stated staff is requesting permission to market and provided the timeline for sale and escrow. Mr. King stated there are a variety of options for the proceeds including the electric utility reserve build up and the conservation easement at White Slough.

Council Member Hitchcock stated the cost per acre seems less than it should be and the Guild Avenue property should not be sold.

In response to Council Member Hitchcock, Chief Pretz stated the Awani Drive property has no relation to Roget Park.

Chief Pretz and Mr. King stated they will be working with the City Attorney on the process. They stated the goal is to get favorable appraisals and sell the properties based on the highest bids. Chief Pretz stated they do not have specific offers at this time, just interest in purchasing.

In response to Council Member Hansen, Public Works Director Prima stated future improvements do not include the Century Boulevard extension.

Discussion ensued between Council Member Hansen, Mayor Johnson, and Council Member Hitchcock regarding the appraisal by Swanberg, inclusion of the Maple Street property, underpass concerns, and other properties that are on the list. Council Member Hitchcock stated she would like to see the other properties on the list.

PUBLIC COMMENTS:

- Ann Cerney spoke of her concerns regarding the conservation easement and California Environmental Quality Act applicability. She also requested the matter be discussed after additional information regarding the same is provided to the public.

Mayor Pro Tempore Mounce stated she could support the first two, but she suggested bringing back the White Slough property.

In response to Council Member Hansen, Mr. Prima stated the existing use of the White Slough property in connection with the conservation easement will continue in perpetuity.

MOTION #1 / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously directed staff to seek real estate appraisals for 1119 to 1120 Awani Drive (3.65 acres).

MOTION #2 / VOTE:

The City Council, on motion of Mayor Johnson, Hansen second, unanimously directed staff to seek real estate appraisals for 217 East Lockeford Street (1.36 acres).

MOTION #3 / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously directed staff to seek real estate appraisals for Century Boulevard right-of-way/west of Stockton Street (3.06 acres).

In response to Council Member Hansen, Chief Pretz stated the subject properties are too close to Station 1 for the new station site.

In response to Mayor Pro Tempore Mounce, Mr. King stated other property is being reviewed for an animal shelter.

Mayor Johnson suggested placing the Maple Street property on the list for appraisal.

MOTION #4 / VOTE:

The City Council, on motion of Council Member Hansen, Johnson second, directed staff to secure bids for sale of 9.09 acres at 500 South Guild Avenue. The motion carried by the following vote:

Ayes: Council Members – Hansen, Katzakian, Mounce, and Mayor Johnson

Noes: Council Members – Hitchcock

Absent: Council Members – None

Further, the matter pertaining to the sale of conservation easements for undetermined White Slough property (100 to 150 acres) was tabled.

VOTE TO CONTINUE WITH THE REMAINDER OF THE MEETING

The City Council, on motion of Council Member Hansen, Johnson second, voted to continue with the remainder of the meeting following the 11:00 p.m. hour. The motion carried by the following vote:

Ayes: Council Members – Hansen, Katzakian, Mounce, and Mayor Johnson

Noes: Council Members – Hitchcock

Absent: Council Members – None

RECESS

At 11:11 p.m., Mayor Johnson called for a recess, and the City Council meeting reconvened at 11:16 p.m.

K. REGULAR CALENDAR (Continued)

K-5 “Designate a Council Member Liaison for 2007 City Services Survey via the National Citizen Survey Program”

In response to Council Member Hansen, City Manager King stated the proposed survey cost is \$8,400 and provides the City with an opportunity to compare scientific results with other jurisdictions and measure results in future years in order to truly gauge the community opinion regarding the survey questions.

Council Member Hitchcock and Mayor Pro Tempore Mounce stated a scientific survey is important for accurate results.

In response to Council Member Hansen, Mr. King stated the survey provides a comparison tool for future surveys at an additional cost if the City should so desire.

MOTION / VOTE:

The City Council, on motion of Mayor Johnson, Mounce second, unanimously designated Council Member Hitchcock to work with the City Manager to review and make recommendations with regard to the 2007 City services survey conducted via the National Citizen Survey Program.

- K-6 "Solicit Nominations from the City Council for Persons to Serve on the Loan Advisory Committee for the City of Lodi Revolving Loan Fund Program"

Community Improvement Manager Wood provided an overview of the proposed Loan Advisory Committee and program. Mr. Wood stated staff is requesting the City Council forward the names of 10 to 12 candidates, consisting of community members from the banking and business industries, within the next 30 days through the City Clerk's Office.

In response to Council Member Hitchcock, Mr. Wood stated the Committee will be looking at character issues, rather than financial ability, which is primarily handled through the underwriting process that takes place before the applications are forwarded to the Committee for review.

MOTION / VOTE:

No action was taken on this matter; Council will submit recommendations within the next 30 days.

- K-7 "Approve Expenses Incurred by Outside Counsel/Consultants Relative to the Environmental Abatement Program Litigation and Various Other Cases being Handled by Outside Counsel (\$388,439.83)"

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Johnson second, unanimously approved the expenses incurred by outside counsel/consultants relative to the Environmental Abatement Program litigation and various other cases being handled by outside counsel in the amount of \$388,439.83, as detailed below:

**Folger Levin & Kahn - Invoices Distribution**

Matter No.	Invoice No.	Date	Description	Water Acct. Amount
8001	99378	11/30/2006	General Advice-Environmental	\$ 487.50
8002	99377	11/30/2006	People v. M&P Investments	\$ 67,888.86
				-975.00
8003	99380	11/30/2006	Hartford Insurance Coverage Litigation	\$259,668.61
				-10,000.00
8008	99381	11/30/2006	City of Lodi v. Envision Law Group	\$ 12,229.70
	13969	Sept-Oct 2006	PES Environmental-Keith O'Brien	\$ 4,882.50
	14113	Oct-Dec 2006	PES Environmental-Keith O'Brien	\$ 21,946.06
		11/30/2006	Mason Investigative Group	\$ 1,484.50
	6542	11/30/2006	West Environmental/Peter Krasnoff	\$ 19,847.50
			<b>Total</b>	<b>\$377,460.23</b>

**Kronick Moskovitz Tiedemann & Girard - Invoices Distribution**

Matter No.	Invoice No.	Date	Description	100351.7323 Amount
11233.001	229969	12/25/06	General advice	\$ 115.60
11233.023	229969	12/25/06	City of Lodi v. Stockton	\$ 12.49
11233.026	229969	12/25/06	Lodi First v. City of Lodi	\$ 703.00
11233.027	229969	12/25/06	Citizens for Open Government v. City of Lodi	\$ 560.20
11233.029	229969	12/25/06	AT&T v. City of Lodi	\$ 1,474.31
			<b>Total</b>	<b>\$ 2,865.60</b>

<b>JAMS Mediation Services</b>		Water Acct.
0001231962-110	Nov/Dec06 People v. M&P Investments	\$ 3,300.00
0001241864-110	12/6/2007 People v. M&P Investments	\$ 4,814.00
<b>Total</b>		<b>\$ 8,114.00</b>

L. ORDINANCES

L-1 Following reading of the title of Ordinance No. 1792 entitled, "An Ordinance of the Lodi City Council Repealing and Reenacting Chapter 5.32 of the Lodi Municipal Code Pertaining to Massage Establishments," having been introduced at a regular meeting of the Lodi City Council held January 3, 2007, the City Council, on motion of Mayor Pro Tempore Mounce, Johnson second, waived reading of the ordinance in full and adopted and ordered it to print by the following vote:

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

Noes: Council Members – None

Absent: Council Members – None

Abstain: Council Members – None

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:32 p.m., in memory of S. Capps Hoshour, member of First United Methodist Church and strong supporter of the Lodi greenbelt, who passed away on January 15, 2007.

ATTEST:

Randi Johl  
City Clerk