

**LODI CITY COUNCIL  
SPECIAL CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, MAY 8, 2007**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of May 8, 2007, was called to order by Mayor Johnson at 7:00 a.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

B. REGULAR CALENDAR

- B-1 “Overview of 2007-08 Operating and Capital Outlay Budget and Set Public Hearing for May 30, 2007, to Review and Receive Comments Regarding City of Lodi 2007-08 Operating and Capital Outlay Budget”

City Manager King provided a brief introduction regarding the subject matter. Mr. King outlined the proposed timelines for adoption of the budget and reviewed the five major points of the proposed budget including the balanced budget, automatic energy cost adjustment, the need to continue working on deferred maintenance including vehicle replacement, monitoring traditional revenues while incorporating non-traditional revenues, and considering policies and operational matters.

Mr. King provided an overview of the 2007-08 Operating and Capital Outlay Budget. Specific topics of discussion included highlights of the general fund, the soft number of \$44,873,000, continuing to build the reserve fund, sales and property tax revenues, court rental fees, increased reserves, new community facilities district (CFD), entrepreneurial revenues, budget pressures, public safety expenditures, debt payoff, electric utility transfers, and policy issues.

Discussion ensued between Council Member Hitchcock and Mr. King regarding the impact of declining car sales tax, geographical shopping areas, per capita sales tax, comparisons with other cities, and the general decline in car sales.

In response to Mayor Johnson, Mr. King stated examples of other businesses capturing sales tax leakage are Costco and a large bookstore.

In response to Council Member Hitchcock, Mr. King stated the General Plan will include an analysis of retail concentration. Community Development Director Hatch stated the Wal-Mart shopping center Environmental Impact Report will look at the community’s capacity for various businesses.

In response to Mayor Johnson, Mr. King stated the \$1.2 million figure is an academic estimate based on complete build out of the CFD area and Reynolds Ranch. He stated the actual number will not be available until the houses are built.

In response to Council Member Hitchcock, Mr. King stated the CFD is considered a revenue source; although, they do not anticipate an expansion of the current level of service.

In response to Council Member Hansen’s suggestion to utilize the \$250,000 Flag City amount or the 9% card room amount to assist with water meter installations, Mr. King stated that the \$250,000 one-time revenue source may be appropriate for the one-time water meter installation cost. Mayor Pro Tempore Mounce stated she may be able to support a redevelopment piece if infrastructure concerns were addressed.

In response to Council Member Hitchcock, Mr. King stated the goal is to address deferred maintenance for fleet vehicles and facilities, which may cost approximately \$1.5 million in addition to the current expenditures. Mr. King stated an outside consultant may be able to assist in formulating a plan to address our exposure and maintenance needs at a cost of approximately \$50,000.

In response to Mayor Johnson, Mr. King stated the heightened expectations are both internal and external.

In response to Council Member Hitchcock, Public Works Director Prima stated the transit costs are pretty typical of the needs usually met by earmarked funds. He stated the standards for maintenance are higher because the buses are specialized vehicles.

In response to Mayor Johnson, Mr. Prima stated he does not anticipate a fully funded transit program, for which the City will not need grants.

In response to Council Member Hitchcock, Mr. King stated the 52.1% accounting for public safety expenditures might be pretty close to other cities; although, comparisons are difficult because they would have to be with other full service cities.

In response to Mayor Johnson, Mr. King stated an analysis of the public safety budget would be somewhat difficult because success for public safety is not obtained by the traditional performance measures and various factors would need to be considered, including citizen satisfaction.

In response to Mayor Johnson, Mr. King stated the cost adjustment presentation will be available at the next Shirtsleeve Session or at the May 16<sup>th</sup> meeting. Mayor Johnson requested a recap of the electric utility public benefit monies to evaluate project needs and eligibility. Council Member Hansen stated he does not want to lose the flexibility for Community Development Block Grant funds.

In response to Mayor Pro Tempore Mounce, Deputy City Manager Krueger stated the Budget Committee is being provided budget documentation and recommendations on the Community Center and Hutchins Street Square should be coming in the next few weeks. He also stated the Committee was gathering data for the recommendation regarding replacement matters.

In response to Mayor Pro Tempore Mounce, Mr. King stated the cable franchise contract will be coming to Council in a year. He stated nothing prevents a city from accepting the 5%, but the tradeoff is less flexibility on the side agreements. City Attorney Schwabauer stated the legislation requires interconnectivity but not on-site services and the cable ordinance will eventually have to come back to Council.

In response to Mayor Johnson, Mr. King stated they cannot continue as they have been for another year or so because of the strain on administration and personnel. He stated they will continue to reserve by utilizing best management practices.

In response to Mayor Johnson, Mr. King stated there is some cushion in the proposed budget for anticipated salary increases, but capital replacement is the wild card.

In response to Council Member Hitchcock, Mr. King stated staff is recommending Council fill both mandated vacancies in the Police Department, one vacancy at Hutchins Street Square, one vacancy in Human Resources, and one vacancy in Finance. He stated the vacancies in Electric Utility are being treated differently and with some flexibility so that the positions can be filled as needed so long as the overall department budget is not exceeded. Council Member Hitchcock requested a copy of the talking points used for the presentation. Mr. King indicated the actual budget documentation should be provided to the Council on Friday.

*Continued May 8, 2007*

In response to Mayor Johnson, Deputy City Manager Krueger stated he was not sure when the 15% target for reserves would be met and provided an overview of the previous and current year fund balances.

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously set public hearing for May 30, 2007, to review and receive comments regarding City of Lodi 2007-08 Operating and Capital Outlay Budget.

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 8:13 a.m.

ATTEST:

Randi Johl  
City Clerk