

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, DECEMBER 20, 2006**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of December 20, 2006, was called to order by Mayor Johnson at 5:34 p.m.

Present: Council Members – Hansen, Hitchcock, Katakian [excluding C-2(f)], 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 Groups, Police Officers Association, Professional Firefighters, and Fire Mid-Managers pursuant to Government Code §54957.6
- b) Actual Litigation: Government Code §54956.9(a); One Case; Peter Rose, et al. v. City of Lodi, United States District Court, Eastern District, Case No. 2:05-CV-2232 GEB/PAN and Consolidated Cases
- c) Prospective Acquisition of Real Property for Street Easement Deed Dedications from Certain Property Owners Located within the Lockeford Street Widening Project Limits, Lodi, California, for Right-of-Way; the Negotiating Parties are Michael Guddal (APN #041-230-35); Cuong Van and Nhai Le (APN #041-230-42); Douglas A. and Susan Larsson (APN #041-230-08); Dale and Susan Werner, Jr. (APN #041-230-34), and City of Lodi; Government Code §54956.8 (PW)
- d) Prospective Acquisition of Real Property for Street Easement Deed Dedications from Certain Property Owners Located within the Turner Road/Lower Sacramento Road Project Limits, Lodi, California, for Right-of-Way; the Negotiating Parties are General Mills (APN #s 015-230-31 and 015-230-40), Lodi Unified School District (APN # 015-170-10), and City of Lodi; Government Code §54956.8 (PW)
- e) 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
- f) 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

C-3 ADJOURN TO CLOSED SESSION

At 5:35 p.m., Mayor Johnson adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:59 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:06 p.m., Mayor Johnson reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following actions.

In regard to Item C-2 (a), negotiating direction was given.

Item C-2 (b) was discussion only.

Items C-2 (c), C-2 (d), and C-2 (e) were not discussed.

In regard to Item C-2 (f), settlement authority was given.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of December 20, 2006, was called to order by Mayor Johnson at 7:06 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

B. INVOCATION

The invocation was given by Pastor Dale Edwards, Century Assembly Church.

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

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 \$1,478,257.91.

E-2 The minutes of September 12, 2006 (Shirtsleeve Session), September 14, 2006 (Special Joint Meeting w/Lodi Planning Commission), November 28, 2006 (Shirtsleeve Session), November 29, 2006 (Special Meeting), December 5, 2006 (Special Meeting), December 5, 2006 (Shirtsleeve Session), December 6, 2006 (Regular Meeting), and December 12, 2006 (Shirtsleeve Session) were approved as written.

E-3 Received the quarterly report of purchases between \$5,000 and \$20,000.

E-4 Adopted Resolution No. 2006-223 approving the City of Lodi Annual Investment Policy and Internal Control Guidelines.

E-5 Adopted Resolution No. 2006-224 authorizing the replacement purchase of four mobile digital computers for newly purchased patrol cars from Data 911, of Alameda, California, in the amount of \$24,936.37, from the Vehicle Theft Account.

E-6 Adopted Resolution No. 2006-225 authorizing the City Manager to execute a professional services agreement for benefits administration consulting services for the City of Lodi with ABD Insurance & Financial Services, in the amount of \$25,000, for a three-year term with an administrative option to renew for another one-year period.

E-7 “Adopt Resolution Approving the AB1234 Expense Reimbursement Policy” was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar**.

- E-8 "Adopt Resolution Approving the Impact Mitigation Fee Program Annual Report for Fiscal Year 2005-06" was **removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.**
- E-9 Adopted Resolution No. 2006-226 to vacate a six-foot public utility easement at 710 North Sacramento Street.
- E-10 Adopted Resolution No. 2006-227 authorizing destruction of certain records retained by the Lodi Police Department.
- E-11 Adopted Resolution No. 2006-228 requesting the San Joaquin Regional Rail Commission to utilize the Union Pacific Railroad through Downtown Lodi for the Merced to Sacramento commuter rail service.
- E-12 Adopted Resolution No. 2006-229 declining to succeed to a Williamson Act contract within the Reynolds Ranch area.
- E-13 "Set public hearing for January 3, 2007, to consider implementation of a new Substation and Transmission System Charge to be assessed as a development impact fee upon future electric utility customers outside existing City boundaries and making corresponding amendments to the applicable Electric Utility Department Rules and Regulations" was **pulled from the agenda.**

ACTION ON ITEMS REMOVED FROM THE CONSENT CALENDAR

- E-7 "Adopt Resolution Approving the AB1234 Expense Reimbursement Policy"
City Clerk Johl requested the item be approved with the suggested changes provided to the Council on a blue sheet (filed). In response to Council Member Hansen's questions, Ms. Johl stated the change on No. 5 of the blue sheet provided the official shall report on the meeting at the next meeting he or she attends.

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously adopted Resolution No. 2006-230 approving the AB1234 Expense Reimbursement Policy.

- E-8 "Adopt Resolution Approving the Impact Mitigation Fee Program Annual Report for Fiscal Year 2005-06"

In response to Council Member Hitchcock's question, Public Works Director Prima stated the action is for previously reviewed fees, not additional fees, which will be brought back as part of the budget process. Council Member Hitchcock inquired about the San Joaquin Council of Governments fee. Mr. Prima stated the fee, along with some Measure K money, was used for the Kettleman Lane street widening project. He also stated that the fee is being repaid at approximately \$96,000 per year.

MOTION / VOTE:

The City Council, on motion of Council Member Hitchcock, Mounce second, unanimously adopted Resolution No. 2006-231 approving the Impact Mitigation Fee Program Annual Report for Fiscal Year 2005-06.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

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

- Council Member Hansen requested staff research a resident request regarding obtaining senior discounts through the cable company.

- Council Member Hitchcock thanked staff for a great year and wished everyone a Merry Christmas.
- Mayor Pro Tempore Mounce reported on her attendance at the Lodi Youth Commission meeting, the upcoming dance, and monthly status meetings and urged resident participation with the same. She also wished everyone a Merry Christmas and shared a City Council wish.
- Mayor Johnson reported on his meeting with a representative from Senator Boxer's office and requested staff contact Congressman McNerney's office.

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

- City Manager King reported on the job announcement for the Community Center Director, the International Brotherhood of Electrical Workers apprenticeship program, and efforts to contact Congressman McNerney. In response to Mayor Johnson and Council Member Hansen, Mr. King stated staff will contact Comcast regarding senior discounts and reported that the current franchise agreement expires in two years. Mr. King stated they are currently collecting 3% gross revenues; although, federal law allows 5%.

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 Resolution to Vacate two public utility easements located at 1028 South School Street and 1029 South Sacramento Street.

City Engineer Sandelin provided a brief overview of the recommended action.

In response to Council Member Hitchcock's question, Mr. Sandelin stated the strip is not owned by the City, the easement accommodated old utility lines, which are now primarily underground, and vacating the easement, which does not carry a value with it, is primarily to clean up the former utility appearance.

Hearing Opened to the Public

None

Public Portion of Hearing Closed

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Mounce second, unanimously adopted Resolution No. 2006-232 to vacate a 16-foot public utility easement at 1028 South School Street and an 11-foot public utility easement at 1029 South Sacramento Street.

- I-2 "Public Hearing to Consider Resolution Establishing Area of Benefit and Reimbursable Costs for Lower Sacramento Road (Kettleman Lane to Harney Lane) Improvements" was ***pulled from the agenda.***

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 Hitchcock, Mounce second, unanimously directed the City Clerk to post for the following vacancy:

Recreation Commission

Scott Davis

Term to expire December 31, 2008

J-3 Miscellaneous

- a) The City Council, on motion of Mayor Pro Tempore Mounce, Hitchcock second, unanimously accepted the cumulative Monthly Protocol Account Report through November 30, 2006.

K. REGULAR CALENDAR

- K-1 "Adopt Resolution Implementing the Treatment and Direct Utilization of the Surface Water Supply from the Woodbridge Irrigation District Contractual Allotment and Authorizing Solicitation of Proposals for Technical Studies of Implementing this Option or Direct Staff in the Alternative"

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

Public Works Director Prima provided a PowerPoint presentation (filed) regarding implementing a treatment and direct utilization of the surface water supply program. General topics of discussion included the history and current status of the project; differing ways to utilize the water looked at since 2003; the \$1.2 million payment to the Woodbridge Irrigation District (WID); staff recommendation of the treat and drink option; reasons for the recommended action; previous considerations including elections, Measure H, and ratepayer impact; and the next steps including formal studies of the program.

Discussion ensued between Council Member Hitchcock and Mr. Prima regarding the financial impacts of both options, the possibility of a community facilities district, upfront costs, rates until new growth comes on line, lack of information regarding financial studies, the anticipated start-up cost of \$250,000 to \$500,000, and the need for additional information regarding the studies and related costs.

In response to Mayor Johnson's request, Mr. Prima reviewed a slide from a previous presentation illustrating the anticipated costs for both options. He specifically reviewed recharge and direct use costs, exceptions regarding existing land usage versus new land purchase, overlaps in costs, additional studies, special taxes on new homes and/or landowners, and related debt service bonds.

Council Member Katzakian inquired about the initial term of the contract. Mr. Prima stated it is a 40-year contract plus a 4-year option. He stated the contract does have a removal provision if the plant was built.

Discussion ensued between Council Member Hansen and Mr. Prima regarding the financial plan on land assessment, the treat and drink versus recharge debate, system recovery, partnership with San Joaquin Water Authority, the time frame for the study and complete build out in four to five years, status reports, WID extension, computer analysis on how to move water, potential data for watershed study, and concerns regarding not using allocation amount.

PUBLIC COMMENTS:

- Chuck Easterling spoke in favor of the treat and drink option and building a facility, based on his concerns regarding the overdraft situation, utilizing the allocation, quantitative recovery, and aquifer usage.

In response to Mayor Johnson's question, City Manager King stated he had a direct conversation with the city of Stockton and it is not interested in joint construction of a plant, based on the fact that water is an important commodity and many entities do not want to have joint authority over water rights.

Mayor Pro Tempore Mounce stated diversity is a good option and she supports the treat and drink option.

Council Member Hitchcock stated she is opposed to the treat and drink option based on staff's prior recommendations, concerns regarding costs, diversity in groundwater recharge, and water chlorination.

In response to Council Member Hansen's question, Mr. Prima stated the studies will show the impact on ratepayers and water chlorination may occur regardless of plant construction.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Mounce, Hansen second, adopted Resolution No. 2006-233 implementing the treatment and direct utilization of the surface water supply from the Woodbridge Irrigation District annual 6,000 acre-feet contractual allotment and authorizing solicitation of proposals for technical studies of implementing this option. The motion carried by the following vote:

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

Noes: Council Members – Hitchcock

Absent: Council Members – None

K-2 "Electric Utility, Water, and Wastewater Utility 1st Quarter Fiscal Year 2007 Financial Reports"

Electric Utility Director Morrow provided a PowerPoint presentation (filed) regarding the electric utility quarterly update. General topics of discussion included a summary, financial results, power supply, electric expenses by series, operating expenditures, sales, billing statistics, Northern California Power Agency general operating reserve, 2007 financials, cash balance, open position, electric prices, and natural gas price curves.

In response to Council Member Hitchcock's question, Mr. Morrow stated the numbers reflect a tilt in the actual rates based on 2005 numbers and they are moving closer to actual cost assessments.

Council Member Hansen inquired about meeting with businesses regarding contract expirations. Mr. Morrow stated staff has met with several businesses and most accept and understand the financial condition of the utility. Council Member Hansen commended Mr. Morrow on the positive status report and the benefit to citizens of keeping the lights on while others are experiencing outages.

Deputy City Manager Krueger provided a PowerPoint presentation (filed) regarding the water and wastewater quarterly update. General topics of discussion included water and wastewater fund financial results, operating results, and cash balances.

In response to Mayor Pro Tempore Mounce, Mr. Krueger stated citizens can view amounts associated with the water and sewer funds on their monthly billing.

Discussion ensued between Council Member Hansen, Mr. Krueger, and Mr. Prima regarding the future of the two funds, allocation to deficit and mitigation funds, litigation settlement impacts, and phases of implementing the previous rate increase.

Discussion ensued between Council Member Hitchcock and Mr. Prima regarding the plan for the deficit, rate increases and phasing associated with PCE/TCE, and plume settlements and impacts.

City Manager King stated they are holding to their net \$45.7 million settlement figure, the rate adjustment was for unanticipated costs associated with PCE/TCE, mediation costs, and litigation costs, and the costs are stabilizing as settlements are taking place.

MOTION / VOTE:

There was no Council action taken on this matter.

RECESS

At 8:55 p.m., Mayor Johnson called for a recess, and the City Council meeting reconvened at 9:03 p.m.

- K-3 “Adopt Resolution Amending the Electric Utility Department Rules and Regulations Nos. 13, 15, and 16 to Recover the Full Cost of Expanding the Electric Distribution System from New Electric Load to be Effective 60 Days after Adoption”

City Manager King briefly introduced the subject matter, stating a future public hearing will take place regarding the same.

Electric Utility Director Morrow provided a PowerPoint presentation (filed) regarding the extension of electric facilities. General topics of discussion included the current policy, historical costs, residential subdivision costs, utility survey results, typical residential cost comparison, summary, and staff proposal.

In response to Council Member Hansen’s question, Mr. Morrow stated all San Joaquin cities excluded from the survey are served by Pacific Gas & Electric.

In response to Mayor Pro Tempore Mounce’s question, Mr. King stated the resolution does apply to newer developments, including the Reynolds Ranch, Southwest Gateway, and Westside projects.

City Manager King provided an overview of the City’s financial condition and rating status by various ratings agencies including Standard and Poor’s and Fitch. Discussion ensued between Mr. King, Council Member Hitchcock, and Mayor Johnson regarding Standard and Poor’s upcoming visit to the City, the proposed target reserve policy, approach to increase ratings, maintaining open communications with both agencies, and closely watching the market conditions.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Hitchcock second, unanimously adopted Resolution No. 2006-234 amending the Electric Utility Department Rules and Regulations Nos. 13, 15, and 16 to recover the full cost of expanding the electric distribution system from new electric load to be effective 60 days after adoption.

L. ORDINANCES

None

M. ADJOURNMENT TO AGENCY MEETINGS

- M-1 “Meeting of the Lodi Public Improvement Corporation”

At 9:25 p.m., Mayor Johnson adjourned the City Council meeting to conduct the meeting of the Lodi Public Improvement Corporation. Following the call to order, Secretary Johl recorded roll.

MOTION / VOTE:

The Corporation, on motion of Director Hitchcock, Mounce second, unanimously adopted Resolution No. LPIC2006-01 electing the new officers to the Lodi Public Improvement Corporation for calendar year 2007.

There being no further business, the meeting was adjourned at 9:26 p.m.

M-2 "Meeting of the Industrial Development Authority"

At 9:26 p.m., Chairperson Johnson called to order the meeting of the Industrial Development Authority, and Secretary Johl recorded roll.

MOTION / VOTE:

The Authority, on motion of Member Hitchcock, Hansen second, unanimously adopted Resolution No. IDA-28 electing the new officers to the Industrial Development Authority for calendar year 2007.

There being no further business, the meeting was adjourned at 9:26 p.m.

M-3 "Meeting of the Lodi Financing Corporation"

At 9:27 p.m., President Johnson called to order the meeting of the Lodi Financing Corporation, and Secretary Johl recorded roll.

MOTION / VOTE:

The Corporation, on motion of Director Hansen, Johnson second, unanimously adopted Resolution No. LFC-15 electing the new officers to the Lodi Financing Corporation for calendar year 2007.

There being no further business, the meeting was adjourned at 9:27 p.m.

M-4 "Meeting of the City of Lodi Redevelopment Agency"

At 9:27 p.m., Chairperson Johnson called to order the meeting of the City of Lodi Redevelopment Agency, and Secretary Johl recorded roll.

MOTION / VOTE:

The Agency, on motion of Member Hitchcock, Hansen second, unanimously adopted Resolution No. RDA2006-01 electing the new officers to the City of Lodi Redevelopment Agency for calendar year 2007 and waiving compensation for the December 20, 2006, meeting.

There being no further business, the meeting was adjourned at 9:27 p.m.

Mayor Johnson reconvened the City Council meeting at 9:27 p.m.

N. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 9:27 p.m.

ATTEST:

Randi Johl
City Clerk