

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, DECEMBER 16, 2009**

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of December 16, 2009, was called to order by Mayor Katzakian at 6:02 p.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Absent: None

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

C-2 Announcement of Closed Session

- a) Threatened Litigation: Government Code §54956.9(b); One Application; Workers Compensation Claim by Patricia Novinger against City of Lodi (DOI: 11/05/98)
- b) Conference with Dean Gualco, Human Resources Manager (Labor Negotiator), Regarding Lodi City Mid-Management Association Pursuant to Government Code §54957.6

C-3 Adjourn to Closed Session

At 6:02 p.m., Mayor Katzakian adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:38 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:00 p.m., Mayor Katzakian reconvened the City Council meeting, and City Attorney Schwabauer disclosed the following actions.

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

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

A. Call to Order / Roll call

The Regular City Council meeting of December 16, 2009, was called to order by Mayor Katzakian at 7:00 p.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Absent: None

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

B. Pledge of Allegiance

C. Presentations

C-1 Awards - None

C-2 Proclamations - None

C-3 Presentations - None

D. Consent Calendar (Reading; Comments by the Public; Council Action)

Council Member Mounce made a motion, second by Council Member Johnson, to approve the following items hereinafter set forth, **except those otherwise noted**, in accordance with the report and recommendation of the City Manager.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

D-1 Receive Register of Claims in the Amount of \$1,244,762.34 (FIN)

Claims were approved in the amount of \$1,244,762.34.

D-2 Approve Minutes (CLK)

The minutes of November 18, 2009 (Regular Meeting), December 2, 2009 (Regular Meeting), and December 8, 2009 (Shirtsleeve Session) were approved as written.

D-3 Adopt Resolution Rejecting Bids for the Inspection, Adjustment, and Maintenance Tests of Two Transformers at Henning Substation (EUD)

Adopted Resolution No. 2009-170 rejecting bids for the inspection, adjustment, and maintenance tests of two transformers at Henning Substation.

D-4 Adopt Resolution Approving Purchase of Portable Bus/Equipment Lifts from Stertil-KONI, of Stevensville, MD (\$44,632), and Appropriating Grant Funds (\$47,000) (PW)

Adopted Resolution No. 2009-171 approving the purchase of portable bus/equipment lifts from Stertil-KONI, of Stevensville, MD, in the amount of \$44,632, and appropriating grant funds in the amount of \$47,000.

D-5 Accept Improvements Under Contract for Traffic Stripes, Various City Streets, 2009 (PW)

Accepted the improvements under contract for Traffic Stripes, Various City Streets, 2009.

D-6 Adopt Resolution Approving Improvement Deferral Agreement for 1820 South Cherokee Lane (PW)

This item was pulled for further discussion by Mayor Pro Tempore Hitchcock.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the applicant requested a deferral, the property is isolated at the end of a run, similar properties are often deferred until an adjoining property is improved, and an example is the St. James Episcopal Church.

In response to Council Member Mounce, Mr. Sandelin confirmed that there is no need for a

sidewalk in light of parking sufficiency and the new parking lot improvements.

In response to Council Member Mounce, Mr. Sandelin stated the drainage condition at the existing property is similar to that of 30 years ago, the parking lot drains to its own drain and meets drainage needs, the property owner spent approximately \$1 million for parking lot improvements, and the recommendation is to defer until the adjoining property develops.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated he is not sure of the exact size of the adjoining property but it is approximately 3/4 of an acre.

In response to Mayor Katzakian, Mr. Sandelin stated the neighboring properties are owned by two different parties.

Council Member Mounce made a motion, second by Council Member Johnson, to adopt Resolution No. 174 approving the Improvement Deferral Agreement for 1820 South Cherokee Lane.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, and Mayor Katzakian

Noes: Mayor Pro Tempore Hitchcock

Absent: None

D-7 Adopt Resolution Authorizing Necessary Appropriations for the Lodi Solar Rebate Program for Calendar Year 2010 (\$847,000) (EUD)

Adopted Resolution No. 2009-172 authorizing necessary appropriations for the Lodi Solar Rebate Program for calendar year 2010 in the amount of \$847,000.

D-8 Accept Water Meter Program Privately-Contracted Meter Installation Guide (PW)

This item was pulled for further discussion by Council Member Mounce.

Council Member Mounce stated she will not be voting in favor of the recommended action based on her fundamental belief that infrastructure should be provided by the City.

Mayor Pro Tempore Hitchcock requested a presentation on the privately-contracted water meter installation guide.

City Manager King briefly introduced the subject matter and Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the privately contracted water meter installation guide. Specific topics of discussion included Assembly Bill 2572, private property owner installation period, eligibility, estimated meter costs, program administrator contact information, overview of requirements, initiation of meter-based bill, and recommend action of adoption of proposed guide.

In response to Council Member Mounce, Mr. Sandelin stated Assembly Bill 2572 allows California cities to install water meters up to the year 2025. Council Member Mounce requested that copies of the booklet be distributed to the Council. Mr. Schwabauer and Mr. Sandelin confirmed that approximately 15,000 properties in the City would require their meters to be turned on by 2011.

In response to Council Member Mounce, Mr. Sandelin stated that if the water meter fails, it would be covered by the manufacturer's warranty for the first year and the City thereafter.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin confirmed that contractors will have the ability to come in the first year and do the work prior to the City doing it thereafter on a larger scale.

In response to Council Member Hansen, Mr. Sandelin stated the licensed contractor is required to protect the water supply.

In response to Council Member Hansen, Mr. Sandelin confirmed that the new water meter system was considered by Council to be a fair way to assess property owners for the water they actually use versus the existing bedroom system.

In response to Council Member Hansen, Mr. Sandelin stated staff will come to Council in March with payment options for the water meter system, some cities in the County already have water meters, and other cities are looking at accelerated meter installation as well.

Council Members Johnson and Mounce suggested staff look into subsidy and waiver options for those property owners who truly cannot afford the meters.

In response to Council Member Mounce, Mr. Sandelin stated approximately \$2.5 million was collected annually since 2003 for infrastructure replacement and the cost of the water meter program is approximately \$33 million.

In response to Council Member Johnson, Mr. King stated the trigger for the Assembly Bill was the drop dead date of 2011 for the meter turn ons for those that already had meters.

In response to Mayor Pro Tempore Hitchcock, Mr. Ayers stated there is approximately \$20 million in cash and \$7 million in reserve for PCE/TCE.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the \$20 million is in aggregate and most of it is on the capital side. Mr. King stated the money would go to water line improvements including the water main replacement for the next few years as it is recommended that the water mains be replaced concurrently with the water meter installations.

A brief discussion ensued among Mayor Pro Tempore Hitchcock and Mr. Sandelin regarding financing and subsidy options and staff coming back to Council in March with various payment options including extended payment plans.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin stated the price for the City right now is \$1,025 or less depending upon the contractor bid for larger-scale projects. Mr. King stated that information will be made available as soon as possible.

Lorrie Lanie spoke in opposition to the cost associated with water meter installations based on her concerns about financial burdens on property owners and the ability to do the work herself.

Ann Cerney spoke regarding her concerns about franchise fees, profit for services and the cost of services study.

Council Member Hansen made a motion, second by Council Member Johnson, to accept the water meter program privately-contracted meter installation guide.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Mayor Pro Tempore Hitchcock, and

Mayor Katzakian

Noes: Council Member Mounce

Absent: None

D-9 Adopt Resolution Authorizing Specific Staff Members of York Insurance Services Group, Inc. (Formerly Bragg and Associates, Inc.) as Signers on the City of Lodi / Workers Compensation Claims Management Account (CM)

Adopted Resolution No. 2009-173 authorizing specific staff members of York Insurance Services Group, Inc. (formerly Bragg and Associates, Inc.) as signers on the City of Lodi/Workers Compensation Claims Management Account.

E. Comments by the Public on Non-Agenda Items
THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES. The City Council cannot deliberate or take any action on a non-agenda item unless there is factual evidence presented to the City Council indicating that the subject brought up by the public does fall into one of the exceptions under Government Code Section 54954.2 in that (a) there is an emergency situation, or (b) the need to take action on the item arose subsequent to the agenda's being posted. Unless the City Council is presented with this factual evidence, the City Council will refer the matter for review and placement on a future City Council agenda.

Robin Rushing wished everyone a Merry Christmas, Happy Hanukkah, and other relevant holiday greeting.

F. Comments by the City Council Members on Non-Agenda Items

Council Member Hansen reported on his attendance at various meetings where specific topics of discussion included Highway 12 construction starting in May 2011 and the AB 32 greenhouse reduction bill passing cap and trade. He also commended Loel Center on its successful dinner event, wished everyone a Merry Christmas, and urged the use of designated drivers.

Council Member Mounce reported on her attendance at the League quarterly dinner meeting where she was elected to a two-year term as Central Valley Director. She also reported that the Youth Commission is looking into social host liability and wished everyone a Merry Christmas.

Council Member Johnson reported on the new County jail efforts, which appear to be stalled at money for construction but no money for operations. He wished everyone a Merry Christmas and commended the citizens and staff for their ongoing efforts and patience throughout the year in difficult times.

Mayor Katzakian reported on his attendance at the San Joaquin Groundwater Banking Authority meeting.

G. Comments by the City Manager on Non-Agenda Items

None.

H. Public Hearings

H-1 Public Hearing to Consider Resolution Approving Fare Increases for GrapeLine Fixed Route and Dial-A-Ride/VineLine Services (PW)

Notice thereof having been published according to law, an affidavit of which publication is on file

in the office of the City Clerk, Mayor Katzakian called for the public hearing to consider resolution approving fare increases for GrapeLine Fixed Route and Dial-A-Ride/VineLine Services.

City Manager King briefly introduced the subject matter of the Transit Service Fare Increase.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the proposed transit service fare increase. Specific topics of discussion included the issue of expenditures being higher than revenues for transit services, Dial-A-Ride/VineLine fares, fixed-route fares, schedule implications, public outreach and start up, and proposed recommended action.

Mayor Katzakian opened the public hearing to receive public comment.

Adam Pack spoke in opposition to the proposed recommended action based on his concern about impacts on disabled persons.

Joyce Looker spoke in opposition to the proposed recommended action based on her concerns about early morning ridership during the weekdays.

Jean Schmidt spoke in opposition to the proposed recommended action based on her concerns about the lack of service on Sundays.

Karen Stewart spoke in opposition to the proposed recommended action based on her concerns about the lack of service on Sunday to accommodate church attendance.

Lauren Keftner spoke in opposition to the proposed recommended action based on her concern about the lack of Sunday service.

Ellen Lyon spoke in opposition to the proposed recommended action based on her concerns about the financial ability to pay an increase and the lack of service on Sunday.

Robin Rushing spoke in opposition to the proposed recommended action based on his concern about the financial ability to pay an increase.

Ann Cerney spoke in opposition to the proposed recommended action based on her concern about the percentage increase in fares for disabled persons.

Mayor Katzakian closed the public hearing after receiving no further comments.

In response to Council Member Hansen, Mr. Sandelin stated staff tried to accommodate hours and fare increases to capture the highest amount of ridership and the total cost for the package of extended services is approximately \$50,000.

In response to Council Member Hansen, Mr. Sandelin stated staff was fairly conservative on ridership decline estimates and they will continue monitoring invoices and service delivery to ensure costs are on track.

In response to Mayor Katzakian, Mr. Sandelin stated if costs are not in line then staff will return to the City Council for adjustments as needed.

In response to Council Member Johnson, Mr. Sandelin stated that, although some pressure is put upon the assumptions, the Sunday service adjustments may be accommodated.

In response to Council Member Johnson, Mr. Sandelin stated the fare increase will overall reduce

subsidy.

In response to Mayor Pro Tempore Hitchcock, Mr. Sandelin provided an overview of Sunday ridership, of approximately 70 passengers, and hours of service.

In response to Mayor Katakian, Mr. King stated the City is obligated to provide paratransit service parallel to fixed-route service.

In response to Council Member Mounce, Terri Whitmire, representing the Senior Citizens Commission, stated the Commission felt it needed a stronger service during the weekdays where services are needed for medical reasons, instead of the Sunday service.

In response to Council Member Hansen, Mr. Sandelin stated the funding is tied to the State budget and San Joaquin Council of Governments is tracking the funding to ensure the City and County remain aware of the funding trends.

In response to Council Member Mounce, Mr. Sandelin stated the proposed recommended action will not affect express routes.

Council Member Mounce made a motion, second by Mayor Pro Tempore Hitchcock, to adopt Resolution No. 2009-175 approving fare increases for Grapeline Fixed Route and Dial-A-Ride/VineLine Services as recommended with the addition of a 9:00 a.m. to 1:00 p.m. service for both services.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katakian

Noes: None

Absent: None

I. Communications

I-1 Claims Filed Against the City of Lodi - None

I-2 Appointments - None

I-3 Miscellaneous

a) Monthly Protocol Account Report (CLK)

Council Member Mounce made a motion, second by Mayor Katakian, to approve the cumulative Monthly Protocol Account Report through November 30, 2009.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katakian

Noes: None

Absent: None

J. Regular Calendar

J-1 Review of City's Annual Financial Report and Financial Statements (Fiscal Year 2008/09)

as Submitted by Macias, Gini & O'Connell, LLP (CM)

City Manager King introduced the subject matter of the 2008/2009 Comprehensive Annual Financial Report.

In response to Mayor Pro Tempore Hitchcock, Scott Brewner, representative of Macias, Gini & O'Connell, confirmed that Council Member Larry Hansen participated on behalf of the Council as to the fraud inquiry portion of the audit.

In response to Mayor Pro Tempore Hitchcock, Mr. Brewner stated the decrease in fund balance comment on page 10 explains how many months cash the City has on hand.

In response to Council Member Mounce, Mr. Brewner stated the majority of the long-term liability for Governmental Accounting Standards Board on page 6 is due to remediation and debt service and page 47 lists all items included in the liability.

In response to Mayor Pro Tempore Hitchcock, Mr. King confirmed there are no new items raised in the management letter and staff continues to work on ongoing items.

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the 2008/2009 Comprehensive Annual Financial Report. Specific topics of discussion included the auditors' opinion, status of City's financial position, highlights of financial records, general fund numbers, budget to actual variances, new accounting requirements, continuing disclosures, review of City's internal controls, and prior findings and resolutions.

In response to Council Member Mounce, Mr. Ayers stated information about Electric Utility reserves and General Fund options will come to Council with budget recommendations for the current year.

In response to Council Member Johnson, Mr. Ayers stated there are 11 categories of continuing disclosures and a rating change is not a required disclosure under the rules.

In response to Council Member Mounce, Kelly Brown, representing the Budget and Finance Committee, commended staff on its efforts with the budget and stated the Committee generally considered whether the reserve amount was realistic in light of long-term fiscal responsibility. Mr. Brown stated other topics of consideration were pensions which may be dealt with on a larger political spectrum, liquidity in General Fund balance, and long-term maintenance for facilities.

In response to Council Member Johnson, Mr. Brown stated the Committee has not formed a specific number for a reserve amount. Mr. King stated there is no law for general law cities requiring a reserve as it is a policy decision. Mr. King stated generally a reserve is needed for emergency purposes, cash flow purposes, and other specific purposes such as vehicle maintenance and capital improvements.

In response to Council Member Mounce, Mr. Ayers stated that, while there was an off-site storage of information at one point, there is a working relationship with a current vendor where the City would be up within 5 to 7 days. Mr. King stated staff continues to resolve the command control comment made in previous years through the Deputy City Manager and staff will continue to look at options for back-up systems and JDE replacement.

In response to Mayor Pro Tempore Hitchcock, Mr. King and Mr. Ayers stated indirect costs are established using a specific formula in a specialized area through an indirect cost rate study for which costs can vary from \$5,000 to \$50,000 depending upon the needs of the agency to recover indirect costs.

J-2 Adopt the Following Resolutions to Complete Plans, Specifications, and Bid Documents for the Mokelumne Water Treatment Plant: (a) Resolution Awarding Professional Services Agreement to Ecologic, Inc., of Rancho Cordova, for Value Engineering Review of Surface Water Treatment Facility and Transmission Project Preliminary Design (\$50,000) and Appropriating Funds; and (b) Resolution Awarding Professional Services Agreement to HDR, Inc., of Folsom, for Final Design of Surface Water Treatment Facility and Transmission Project (\$1,737,302), Appropriating Funds (\$2,000,000), and Approving Selection of Pall Membrane Systems (PW)

City Manager King briefly introduced the subject matter of the Mokelumne Water Treatment Plant.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the Mokelumne Water Treatment Plant. Specific topics of discussion included milestones, contract approval for Woodbridge Irrigation District, treat and drink option approval, preliminary design contract approval, final design contract for approval tonight, banking contract ending in May 2010, financing plan to come before Council in June 2010, and awarding of the contract in September 2010.

Discussion ensued amongst City Council regarding previous discussions associated with the treat and drink option versus the groundwater recharge option, costs associated with both options, a former Council decision to pursue the treat and drink option, the decision to construct a treatment facility at the proposed site and the costs associated with the studies, consultant fees, and plant construction and operation.

In response to Council Member Mounce, Mr. Sandelin stated construction is approximately \$34 million including replacement costs and annual operating costs are approximately \$1.4 million.

Mayor Pro Tempore Hitchcock disclosed a telephone conversation with John Beckman of the Building Industry Association regarding new development paying 5% because that is what they are using.

In response to Council Member Hansen, Mr. Sandelin stated the current overdraft is 2,000 acre foot per year.

In response to Council Member Hansen, Mr. Sandelin stated he was not close to the project at the time the decision regarding what to do with the water was made.

Roy Bitz spoke in opposition to the proposed recommended action, stating there is no current need for the treatment facility, the costs associated with building the plant, and the less expensive groundwater recharge alternative.

Ann Cerney spoke in opposition to the proposed recommended action, stating she prefers the groundwater recharge option. She also recalled previous Council consideration of the subject matter.

In response to Council Member Johnson, Mr. Sandelin stated the Duck Creek project is an agricultural recharge project proceeding with federal grants.

In response to Mayor Katzakian, Mr. Sandelin stated staff will be bringing financing strategies to Council in June or July.

Council Member Hansen made a motion, second by Council Member Johnson, to adopt

Resolution No. 2009-176 awarding professional services agreement to Ecologic, Inc., of Rancho Cordova, for value engineering review of Surface Water Treatment Facility and Transmission Project preliminary design in the amount of \$50,000 and appropriating funds; and adopt Resolution No. 2009-177 awarding professional services agreement to HDR, Inc., of Folsom, for final design of Surface Water Treatment Facility and Transmission Project in the amount of \$1,737,302, appropriating funds in the amount of \$2,000,000, and approving selection of pall membrane systems.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, and Mayor Katzakian

Noes: Council Member Mounce, and Mayor Pro Tempore Hitchcock

Absent: None

J-3 Authorize the City Manager to Engage Lamont Financial Services and Stone and Youngberg LLC for Professional Services Related to Financing the Mokelumne Water Treatment Plant and Adopt Resolution Declaring Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness (CM)

This item was not discussed.

J-4 Receive Advisory Water and Wastewater Usage-Based Rates for the Purpose of Research and Customer Comparison (PW)

This item was not discussed.

J-5 Authorize the City Manager to Communicate with the California Energy Commission with Regard to the Removal of Condition VIS-2 Requiring a Rapid Growth Tree Landscape Buffer for the Lodi Energy Center Project (CM)

City Manager King gave a brief presentation as outlined in the Council Communication regarding the need to communicate with the California Energy Commission regarding landscaping for the new Lodi Energy Center Project.

Council Member Mounce made a motion, second by Council Member Hansen, to authorize the City Manager to communicate with the California Energy Commission with regard to the removal of Condition VIS-2 requiring a rapid growth tree landscape buffer for the Lodi Energy Center Project.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Johnson, Council Member Mounce, Mayor Pro Tempore Hitchcock, and Mayor Katzakian

Noes: None

Absent: None

J-6 Authorize the City Manager to Execute an Addendum to the 2007-2011 Memorandum of Understanding between the City of Lodi and the Police Officers Association of Lodi Bargaining Unit (CM)

This item was not discussed.

K. Ordinances - None

- L. Reorganization of the Following Agency Meetings: Lodi Public Improvement Corporation; Industrial Development Authority; Lodi Financing Corporation; and City of Lodi Redevelopment Agency

This item was not discussed.

- M. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 11:16 p.m., in memory of Joyce DeBenedetti, wife of former Parks and Recreation Director Ed DeBenedetti, who passed away on December 1, 2009.

ATTEST:

Randi Johl
City Clerk