

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, MARCH 20, 2019**

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of March 20, 2019, was called to order by Mayor Chandler at 6:00 p.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Absent: None

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

C-2 Announcement of Closed Session

- a) Conference with Adele Post, Human Resources Manager, and Andrew Keys, Deputy City Manager (Labor Negotiators), Regarding Fire Mid-Management, International Brotherhood of Electrical Workers, Lodi Police Dispatchers Association, Police Officers Association of Lodi, and Police Mid-Management Pursuant to Government Code §54957.6 (CM)

C-3 Adjourn to Closed Session

At 6:00 p.m., Mayor Chandler adjourned the meeting to a Closed Session to discuss the above matter. The Closed Session adjourned at 6:52 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:04 p.m., Mayor Chandler reconvened the City Council meeting, and City Attorney Magdich disclosed the following action.

Item C-2a) was discussion and direction given with no reportable action.

A. Call to Order / Roll Call

The Regular City Council meeting of March 20, 2019, was called to order by Mayor Chandler at 7:04 p.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Absent: None

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

B. Presentations

B-1 Arbor Day Proclamation (PRCS)

Mayor Chandler presented a proclamation proclaiming Saturday, April 6, 2019, as Arbor Day in the City of Lodi to Tree Lodi representatives who invited the Council and public to participate in the event.

B-2 National Animal Control Officer Appreciation Week Proclamation (PD)

Mayor Chandler presented a proclamation to Animal Services Supervisor Jennifer Bender proclaiming April 7-13, 2019, as National Animal Control Officer Appreciation Week in the City of Lodi. Lodi Police Captain David Griffin recognized the Animal Services Officers for their compassion in the job they do ensuring animals are well taken care of.

B-3 National Volunteers Week Proclamation (PD)

Mayor Chandler presented a proclamation proclaiming April 7-13, 2019, as National Volunteers Week in the City of Lodi to representatives from the Library; Parks, Recreation and Cultural Services; Public Works; and Police Department volunteer programs.

B-4 National Public Safety Telecommunicators Week Proclamation (PD)

Mayor Chandler presented a proclamation to Lodi Police Department Dispatcher Nicole Latino proclaiming April 14-19, 2019, as National Public Safety Telecommunicators Week in the City of Lodi. Lodi Police Captain David Griffin acknowledged the Lodi Police Dispatchers for serving as the Police Department's first line to citizens and for handling their jobs with compassion and caring.

C. 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 Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: None

Absent: None

C-1 Receive Register of Claims for February 15, 2019 through February 28, 2019 in the Amount of \$7,148,826.74 (FIN)

Claims were approved in the amount of \$7,148,826.74.

C-2 Approve Minutes (CLK)

The minutes of February 20, 2019 (Regular Meeting), February 26, 2019 (Shirtsleeve Session), and March 5, 2019 (Shirtsleeve Session) were approved as written.

C-3 Approve Plans and Specifications and Authorize Advertisement for Bids for Kofu Park and Legion Park Court Resurfacing Improvements (PW)

This item was pulled from the Consent Calendar at the request of Mayor Pro Tempore Kuehne.

Mayor Pro Tempore Kuehne stated that the original plan was to resurface Kofu Park and paint pickle ball court lines on top of the tennis courts, while the current proposed plan is to paint six permanent pickle ball courts at Legion Park. He requested that, if the project comes in close to the bid amount, four non-permanent pickle ball courts be added to Kofu Park as he believed six pickle ball courts is insufficient for the number of groups that regularly play.

Council Members Mounce and Nakanishi stated they support the suggestion.

City Manager Schwabauer stated he has no objection to striping the extra courts to be used on a first-come, first-served basis for courts and nets.

Council Member Johnson questioned whether the addition of this many pickle ball courts fits in with the long-term plans of the needs survey that Parks, Recreation and Cultural Services recently conducted and suggested that perhaps further research is needed before adding the non-permanent courts at Kofu Park.

Mayor Pro Tempore Kuehne stated that, based on his observations on any given Saturday morning, there are many more pickle ball players than there are available courts.

Mayor Pro Tempore Kuehne made a motion, second by Council Member Mounce, to approve the plans and specifications and authorize advertisement for bids for Kofu Park and Legion Park Court Resurfacing Improvements, including direction to add four non-permanent striped courts for pickle ball at Kofu Park if the project comes in close to the bid amount.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: None

Absent: None

C-4 Approve Specifications and Authorize Advertisement for Bids for 2019-2021 Traffic Signal Preventive Maintenance and Repair Program (PW)

Approved specifications and authorized advertisement for bids for 2019-2021 Traffic Signal Preventive Maintenance and Repair Program.

C-5 Approve Specifications and Authorize Advertisement for Bids for 2019 Downtown Concrete Cleaning; Adopt Resolution Authorizing City Manager to Award Contract to Lowest Responsive Bidder (Not to Exceed \$25,000) and Appropriating Funds (\$5,000) (PW)

This item was removed from the Consent Calendar at the request of Mayor Pro Tempore Kuehne.

Mayor Pro Tempore Kuehne stated that he receives many complaints about the cleanliness of downtown sidewalks and suggested the area be cleaned a minimum of once a year.

In response to Council Member Nakanishi, City Manager Schwabauer stated the City did not clean the sidewalks last year, but did clean them each year for the last two years. Prior to that, the sidewalks were not cleaned. Council Member Nakanishi stated he prefers to see downtown sidewalks clean, and Council Member Mounce added it is more of a necessity now with the increase in homelessness.

Mr. Schwabauer suggested Council include in its motion direction for staff to provide the cost for sidewalk cleaning as part of the annual budget process, so that Council can compare the cost against all proposed projects and decide whether to fund it each year.

Mayor Pro Tempore Kuehne made a motion, second by Council Member Mounce, to approve specifications and authorize advertisement for bids for 2019 Downtown Concrete Cleaning; adopt Resolution No. 2019-37 authorizing the City Manager to award the contract to lowest responsive bidder, in an amount not to exceed \$25,000; appropriating funds in the amount of \$5,000; and directing staff to return each year during the budget process with the annual cost for downtown concrete cleaning for Council determination on whether to fund the project each year.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: None

Absent: None

C-6 Adopt Resolution Awarding Contract for Lodi Station Parking Garage Elevator Structural Repair Project to TPA Construction, Inc., of Rocklin (\$69,600), Authorizing City Manager to Execute Change Orders (\$10,000), and Appropriating Funds (\$79,600) (PW)

Adopted Resolution No. 2019-38 awarding the contract for Lodi Station Parking Garage Elevator Structural Repair Project to TPA Construction, Inc., of Rocklin, in the amount of \$69,600; authorizing the City Manager to execute change orders, in the amount of \$10,000; and appropriating funds, in the amount of \$79,600.

C-7 Adopt Resolution Authorizing City Manager to Waive Bid Process Utilizing U.S. Communities Contract No. EV2516 and Execute Professional Services Agreement with KONE, Inc., of Sacramento, for Lodi Station Parking Garage North Elevator Repair Project (\$155,486) (PW)

Adopted Resolution No. 2019-39 authorizing the City Manager to waive bid process utilizing U.S. Communities Contract No. EV2516 and execute Professional Services Agreement with KONE, Inc., of Sacramento, for Lodi Station Parking Garage North Elevator Repair Project, in the amount of \$155,486.

- C-8 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with Michael Baker International, Inc., of Ranch Cordova, for Labor Compliance Services (\$100,000) (PW)

Adopted Resolution No. 2019-40 authorizing the City Manager to execute Professional Services Agreement with Michael Baker International, Inc., of Ranch Cordova, for labor compliance services, in the amount of \$100,000.

- C-9 Adopt Resolution Appropriating \$35,000 for Lodi Lake Park Nature Area Interpretive Panels (PRCS)

Adopted Resolution No. 2019-41 appropriating \$35,000 for Lodi Lake Park Nature Area interpretive panels.

- C-10 Post for Vacancies and Expiring Terms on Greater Lodi Area Youth Commission (CLK)

Directed the City Clerk to post for vacancies and expiring terms on Greater Lodi Area Youth Commission.

- C-11 Receive Report Regarding Final Costs for November 6, 2018, General Municipal Election (CLK)

Received report regarding final costs for November 6, 2018, General Municipal Election.

- C-12 Receive Report Regarding Communication Pertaining to ACA 1 (Aguiar-Curry). Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval (CLK)

Received report regarding communication pertaining to ACA 1 (Aguiar-Curry). Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval.

- C-13 Receive Report Regarding Communication Pertaining to Assembly Bill 213 (Reyes) – Annexation Finance: Restoration of Lost Revenue (CLK)

Received report regarding communication pertaining to Assembly Bill 213 (Reyes) - Annexation Finance: Restoration of Lost Revenue.

- C-14 Set Public Hearing for April 17, 2019, to Consider Adopting Resolution Approving Draft 2019-2023 Consolidated Plan and 2019-2020 Annual Action Plan for Community Development Block Grant Program (CD)

Set public hearing for April 17, 2019, to consider adopting resolution approving draft 2019-2023 Consolidated Plan and 2019-2020 Annual Action Plan for Community Development Block Grant Program.

- C-15 Set Public Hearing for April 17, 2019, to Consider Adopting Resolution Approving Community Development Block Grant Annual Action Plan 2018-19 Amendment No. 2 (CD)

Set public hearing for April 17, 2019, to consider adopting resolution approving Community Development Block Grant Annual Action Plan 2018-19 Amendment No. 2.

- D. 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.

Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3l). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda was posted

(Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

Amanda Lee, member of the public, stated her opposition to the water rate increase, discussed the homeless issue plaguing the community (including photos, filed), and referenced a news video she e-mailed to Council earlier about the homeless situation in Seattle. She encouraged Council follow through with the suggestion from a previous Council meeting to hold a Town Hall regarding homelessness because something must be done to address the drug, mental health, and transitional housing problems. She reported that, at the last San Joaquin County Board of Supervisors meeting, her mother proposed a temporary homeless encampment by the County general hospital in French Camp, along with an offer to donate the first 100 tents. She stated nothing seems to be changing and she wants to keep the momentum moving forward to make significant changes. She urged the City to stop worrying about being sued and to take care of the lawlessness.

Curtis Lee, member of the public, presented a map illustrating the multi-jurisdictional area near the river and homeless encampments (filed). He stated California Highway Patrol does not respond to the area, the Lodi Police Department takes an hour to respond, the San Joaquin Sheriff's Department only responds to its own jurisdictional area, and the Lodi Fire Department does not show up to the area. He stated there is one transient who carries an axe and threatens families, yet law enforcement does nothing to protect them. He believes this shows a lack of leadership and hopes to see a more proactive approach to help the community.

Tiffany Anderson, member of the public, also commented on the homeless encampment along the river and expressed her frustration with the multiple jurisdictions who seem to point fingers at one another and not take responsibility. She pointed out that Measure L was approved to improve response times and the homeless situation; however, it took hours to have one trailer moved out of the area and the Fire Department did not show up after calls for assistance. She referenced the suggestion for a temporary encampment at French Camp, stating it could serve as a one-stop shop for homeless services.

Mayor Chandler reported that he and City staff met yesterday with representatives from Caltrans, Assemblyman Cooper's office, Senator Galgiani's office, California Highway Patrol, and Mark Armstrong with Take Back Lodi to discuss potential resources coming forward for fencing, increased patrols, and modifications along the river that will make it less comfortable for the homeless. He stated there is no timeframe yet on completion of these efforts, but they are in the works. He gave credit to the group for expediting the conversations and added there is a lot of frustration by law enforcement due to State laws that prohibit them from doing their job effectively.

Gunnar Hendrickson and Erica Anderson with Jim Elliot Christian High School reported on the school's competitive robotics team, which is open to students all over the community, and invited Council to attend a community dinner fundraiser and the public to follow the program on social media. The program focuses on science and technology, allows students to build robots and participate in competitions, and teaches students skills needed in the real workforce.

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

Council Member Nakanishi once again stressed the need for a Town Hall on homelessness so citizens can hear what is being done to address the issue and what will be done going forward to continue making improvements. He further reported that he serves on the Groundwater Banking Authority, which is working to address the State Groundwater Management Authority legislation passed by the State regarding groundwater resources. Seventeen agencies have joined together to develop the required plan with costs being shared by all agencies. Lodi will pay \$11,000, the County will cover a larger share, and the State will pay \$1 million to complete the study by 2020, with the sustainable groundwater plan done by 2040.

Council Member Mounce thanked the Mayor and City Manager for arranging the meeting to discuss the homeless situation and encampments along the river, stating this issue has been ongoing for 10 and a half years. Further, she reported she will be attending the League of California Cities Legislative Action Days, during which council members and mayors will convene in Sacramento to meet with legislators. Homelessness will be a topic of discussion because it is plaguing 100 percent of the cities in California. She stated she will follow up with Senator Galgiani and Assemblymember Cooper on this issue. She shared with the public that legislation previously tried to pass a bill through Assembly called "The Right

to Rest Act," which would have allowed individuals to park in front of properties, including homes, with nothing local law enforcement could do to prevent it. The rights given to vagrants are handed down by Sacramento, and she stated the only way to combat these laws is to hammer away at every arm of government until they understand the problems associated with these laws. She stated the League's goal this year is to address homelessness, including mental health and affordable housing. Lastly, Council Member Mounce pointed out the public can call the abandoned vehicle hotline to address abandoned vehicles on properties. In response to Council Member Mounce, City Manager Schwabauer stated it costs roughly \$1,000 to tow a single trailer and it took some time finding a tow company to handle the task, but it is now operational.

Mayor Pro Tempore Kuehne reported that he attended the Lodi Boys and Girls Club Hall of Fame dinner, at which he presented certificates to the award recipients. He stated the Club was in danger of closing, but it now appears it will be sustainable in the future. He also attended the Salvation Army dinner at Grace Point, which raised funds for the organization. He expressed support for the Salvation Army and its culinary school, which is the best in the nation with 70 previously-homeless individuals graduating from the program over the last six to seven years.

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

City Manager Schwabauer reported that he recently reached out to the District Attorney's (DA's) office regarding instances of assault that should have been prosecuted, stating currently there is no County representative to address these cases. He is hoping that will change soon so that officers can refer offenders to the DA for prosecution.

G. Public Hearings

G-1 Public Hearing to Consider Adopting Resolution Setting Future Water, Wastewater, and Solid Waste Rate Schedules Pursuant to Proposition 218 for Residential, Commercial, and Industrial Customers for Year 2019 through 2023 (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 Chandler called for the public hearing to consider adopting resolution setting future water, wastewater, and solid waste rate schedules pursuant to Proposition 218 for residential, commercial, and industrial customers for Year 2019 through 2023.

Public Works Director Charlie Swimley introduced Bob Reed with The Reed Group and provided a PowerPoint presentation regarding Proposition 218 public hearing setting future water, wastewater, and solid waste rates. Specific topics of discussion included March 20, 2019 rate presentations, Proposition 218 public hearing topics, five-year financial plan, financial plan assumptions, rate increase history, proposed water financial plan, proposed wastewater financial plan, current water situation, water examples - monthly change, current wastewater situation, sewer examples - monthly change, water/wastewater bill comparison, Water Capital Program, Wastewater Capital Program, financial reserve policies, water shortage rate surcharges, impact of drought on water rate revenue, water shortage financial strategy, water shortage rate revenue, bill impacts of shortage strategy, commercial organics rates, solid waste rates, and recommended action.

In response to Council Member Nakanishi, City Manager Schwabauer stated the penalty for not meeting a State-mandated water decrease is a fine against the entity. Mr. Swimley added that future State grants or funding sources could also be withheld if the City does not meet the mandate. Council Member Nakanishi stated he believes it would be better to pay the fine than to decrease water usage because it causes a decrease in water revenues. Mr. Reed pointed out the State is working toward implementing similar stages of drought, up to 50 percent reduction in use, in order to make it easier to administer programs, which would vary per utility. The proposed surcharge would be a tool the City could use in future droughts that would be at Council's discretion to implement or not. Council Member Nakanishi stated he prefers not to implement a law until it is necessary. Mr. Swimley pointed out that, if the surcharge is not approved during this process, it would take another Proposition 218 hearing to add it, which costs about \$50,000 to implement due to public noticing and mailing requirements. Council Member Nakanishi stated that while he is leery about changing laws, he does not want to place an additional financial burden on the City to add it later.

Mayor Chandler opened the public hearing for public comment.

Mayor Chandler stated that an anonymous speaker card was submitted asking why water rates are based on number of bedrooms rather than number of people in a home. Mr. Swimley stated that was the benchmark established prior to water meters, and Mr. Schwabauer added the feeling at the time was that number of bedrooms was less difficult to measure than tracking how many people reside in each home.

Katy Marconi, member of the public, submitted written protests and expressed opposition to the rate increases, stating the public notification was a lengthy and confusing scheme of water and wastewater increases and decreases through 2023 and beyond, as well as a water shortage surcharge. She stated it appears Lodi is requesting a short-term financing plan or temporary tax to address operations and maintenance (O&M) costs, inflation, debt service obligations, and capital improvement needs; however, she believes these four items are standard operational procedures for any business and should already be in the budget as regular line items. With regard to the temporary shortage surcharge, she questioned whether Council was sufficiently credentialed to deem a shortage and if it could promise the money would not be diverted to anything other than O&M costs, inflation, debt service obligations, and capital improvement needs. She suggested Council put this on the 2020 ballot for a vote of the people, adding that the protest process is a sham because it is a near impossibility to get a majority of water users to submit a protest.

"Mio," member of the public, expressed opposition to the rate increases, stating wastewater rates are already high, more than double the water rates.

John Slaughterback, member of the public, expressed opposition to the rate increases, stating that utility rate increases effect all prices for goods and services in the City and all of those increases are passed onto residents of the City. He stated the public would likely not question the utility rates if the City used due diligence in its decision making and showed fiduciary responsibility. He used the example of the City reducing development impact fees in 2012, which should not have happened because those impact fees were to be used for upgrades to the utility systems for new development and now the City is seeing the negative effects of that decision.

Mike Lusk, member of the public, expressed opposition to the rate increases based on unfairness to rate payers who he believes are subsidizing new development in Lodi. He stated the reduction in development impact fees caused a \$10 million reduction in revenue to the City that would otherwise go toward paying for infrastructure. Additionally, the City loaned \$1.3 million from the water impact mitigation fee (IMF) fund to the fire IMF fund to build the new fire station, which has yet to be paid back, making rate payers fund it. The City also entered into a purchase agreement with Woodbridge Irrigation District (WID) to purchase river water, and the water was banked for future use and ultimately lost even though it was already purchased. In 2012, the City constructed the water plant with a total loan debt of \$71 million with \$3 million put into the water enterprise budget. He estimated that over the last six years roughly \$18 million has been paid by citizen rate payers. Further, a new water tank is being constructed due to new development, but rate payers are paying for it upfront. He stated the temporary shortage surcharge should be eliminated in its entirety based on recent court rulings that similar pricings were a violation of Proposition 218. The drought surcharge would create four rate tiers on top of the existing three, which was part of the argument made in the recent lawsuits. If the City is faced with drought conditions, he stated it should be addressed under Proposition 218 rate requirements by providing proportional costs to properties. He urged Council to vote No on the Proposition 218 rate increases, stating the cost of doing another Proposition 218 process would be less expensive than a lawsuit against the City. Lastly, he stated he disagrees with connecting recycled water pipes to the water plant for potable water; instead, it should connect to the White Slough Water Pollution Control Facility.

An unidentified member of the public expressed opposition to the rate increases and agreed with the earlier comment that this matter should be placed on the ballot for an election. He stated he uses little electricity and water, but his bill has increased, and he does not believe the rates should go higher.

There being no further public comments, Mayor Chandler closed the public hearing.

Mr. Schwabauer responded to a number of questions raised by the public during the hearing. With regard to comments regarding mandated increases every year for five years, he stated the item before Council is whether or not to approve the potential of up to 3 percent increases each year capped by an inflationary index with each annual request supported by the utilities' expenses and annual report and approved by Council. This item before Council does not approve increases; rather, it allows Council each year of the five years to adjust rates based on the Engineering News Record or Consumer Price

Index (CPI) and supported by data in the utilities. The Proposition 218 process is brought back every five years. With regard to the protest process, he explained it is set forth in a State Constitutional amendment sponsored by the Howard Jarvis Taxpayers Association. This organization created the protest process, and cities are obligated to follow it. With regard to where the money will go, he explained the funds can only go back into the respective utility accounts. Regarding wastewater rates, he stated rates across all entities are high, but Lodi is competitive. In response to utility rate increases driving up costs of goods and services, he stated that is true in part, but not the primary driver because utility costs do not drive the CPI. In response to the statement relating to reduced development impact fees, he stated this Council eliminated the reduced fee program that was approved by prior Councils. Regarding statements made by Mr. Lusk, Mr. Schwabauer responded that no banked WID water has been lost and the Proposition 218 lawsuits he referenced related to fines implemented that were not part of the rate structure, whereas, this proposal is included in the rate structure.

Mr. Swimley responded to comments relating to the shortage surcharge, stating the intent is to make the surcharge temporary and that it may never be used. It is provided as a tool for Council to use in drought conditions. He added that, even with the surcharge in place, those who meet conservation goals will see a reduction in their water bill. The surcharge is not intended to generate more revenue than what would be collected in a normal year; rather, it is to offset decreases during critical water shortage requirements. He offered his assistance to the speaker who commented on his high wastewater bill to see if there were any issues contributing to his high rates. With regard to Mr. Lusk's comments regarding the water tank, Mr. Swimley explained there are two tanks: the southeast water tank was completely funded by the Reynolds Ranch development, and the southwest tank is included in the IMF program and scheduled to be built in 2023/24 when the amount of money needed to pay for it will be collected from new development.

RECESS

At 9:27 p.m., Mayor Chandler called for a recess for the purpose of counting the submitted protests. The Council meeting reconvened at 10:09 p.m.

City Clerk Ferraiolo reported there were 19,647 parcels affected; 9,825 written protests is needed to achieve a majority protest; and 668 written protests were submitted, which was insufficient to constitute a majority protest and the protests were deemed valid without need of further examination. Council, therefore, was able to consider the resolution setting future water, wastewater, and solid waste rate schedules pursuant to Proposition 218 for residential, commercial, and industrial customers.

Mayor Pro Tempore Kuehne made a motion, second by Council Member Johnson, to adopt Resolution No. 2019-42 setting future water, wastewater, and solid waste rate schedules pursuant to Proposition 218 for residential, commercial, and industrial customers for Year 2019 through 2023.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: Council Member Mounce

Absent: None

G-2 Public Hearing to Consider Adopting Resolution Setting Pre-Approved Engineering News Record Adjustment Index for Usage-Based and Flat Water Rates for Residential, Commercial, and Industrial Customers (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 Chandler called for the public hearing to consider adopting resolution setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates for residential, commercial, and industrial customers.

Public Works Director Charlie Swimley provided a PowerPoint presentation regarding water rates. Specific topics of discussion included water rate setting, recommendation, Water Meter Program status, seven-year summary, recommended water flat rates, recommended metered rates, 2.9 percent increase amounts, and local rate comparisons.

Council Member Johnson expressed concern that this first water rate increase was scheduled for the same meeting as the Proposition 218 process approval. He would prefer the water rate increase be

scheduled for another meeting to give the public time to adjust to the five-year plan.

Mayor Pro Tempore Kuehne stated in 2018 Council voted for no increase in water rates, the proposal now is 2.9 percent, and history shows the maximum amount Council voted for during 2012 to 2018 was 2.5 percent. He stated that with the recent tax increase and utility rate increases he was uncomfortable approving a 2.9 percent increase and suggested an increase instead of 2.5 percent.

Council Member Nakanishi stated he would support a reduced increase amount.

City Manager Schwabauer and Mr. Swimley confirmed staff can work with a 2.5 increase, versus 2.9 percent, and cover the cost of the final phase of the water meter program.

Council Member Johnson stated he was comfortable leaving the figure as-is and addressing issues as they arise.

In response to Council Member Nakanishi, Mr. Schwabauer stated the prior agenda item approved five years of the opportunity to consider inflationary-based increases. This item is the first request for the first year of those five years. If Council does not approve an increase at this time, a year from now the utility will be in serious trouble because it will be unable to complete the water meter program that must be completed by 2025. Most of the City is metered, but it is incumbent on Council to finish the program sooner rather than later because some rate payers are using all the water they want and not being charged for it, while others are metered and being charged for everything they use. If rates are not increased now, it will be necessary for an extraordinary increase two years from now, instead of an inflationary increase.

Mayor Chandler pointed out that once the water meter project is completed the rates will begin to ratchet down.

Mr. Schwabauer reminded that Council opted to pay-as-you-go on this capital project, instead of doing a bond measure, which would have significantly increased the cost to rate payers to complete the project. Further, he explained that this first water rate increase was brought before Council at the time it normally is; however, the Proposition 218 process needed to be done this year as well.

Council Member Mounce stated that rate increases cumulatively over the last few years are over 14 percent, which will make it unsustainable for people to live in this community.

Mayor Chandler opened the public hearing for public comment.

Mike Lusk, member of the public, questioned how the City plans to address the water meter project for multi-unit apartments, to which Mr. Swimley stated there is no firm plan on that yet.

There being no further public comments, Mayor Chandler closed the public hearing.

Council Member Nakanishi stated he agrees additional rate increases will be hard on residents, but the City must be fiscally strong; therefore, he would support an increase of 2.5 percent.

Council Member Johnson questioned if reducing the proposed rate increase to 2.5 percent would have an adverse impact on continuing the water meter program. Mr. Swimley stated that, based on quick calculations, it will deepen the trough but only by a minimal amount and it may prolong the trajectory to the 50 percent target, but he is confident the water meter project can move forward.

Council Member Mounce suggested getting the increase from developers who do not pay their fair share instead of from citizens.

Mayor Chandler stated he believes minimal, incremental increases are better than fewer, larger increases.

Mayor Pro Tempore Kuehne made a motion, second by Council Member Nakanishi, to adopt Resolution No. 2019-43 setting pre-approved Engineering News Record adjustment index for usage-based and flat water rates for residential, commercial, and industrial customers at 2.5 percent instead of the recommended 2.9 percent.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: Council Member Johnson, and Council Member Mounce

Absent: None

G-3 Public Hearing to Consider Resolution Adopting Pre-Approved Proposition 218 Consumer Price Index-Based Annual Adjustment to Rates for Solid Waste Collection (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 Chandler called for the public hearing to consider resolution adopting pre-approved Proposition 218 Consumer Price Index-based annual adjustment to rates for solid waste collection.

Public Works Director Charlie Swimley provided a PowerPoint presentation regarding solid waste rates. Specific topics of discussion included contract, Consumer Price Index rate adjustment factor, County gate fees, example rate changes, organics rates, and recommended action.

In response to Mayor Pro Tempore Kuehne, Mr. Swimley stated that landfill charges are a cost incurred by Waste Management that by contract can be transferred to the City. City Manager Schwabauer added that if not approved Council will have to find another way to fund those charges.

Council Member Mounce stated she received a letter from a citizen claiming he received a contamination charge that was higher than advertised for a first-offense fine. Alex Oseguera from Waste Management asked that she provide him the details so he can look into the matter further.

Mayor Chandler opened the public hearing for public comment.

Mike Lusk, member of the public, questioned why it costs almost \$50 to dispose of a mattress at the dump, when it is free to dump them at the Harney Lane landfill. He stated it is no wonder people leave furniture and mattresses on the side of the road because it is so expensive to dump them at landfills. He asked if there is any City oversight of Waste Management.

There being no further public comments, Mayor Chandler closed the public hearing.

Mr. Swimley stated that oversight of Waste Management is limited only to contract management, i.e. what can and cannot be charged and verifying numbers, but the City has not researched the price of Waste Management's disposal of a mattress at the Harney Lane landfill. Mr. Schwabauer added the City does not regulate the cost to accept items at the dump on Turner Road.

Mr. Oseguera explained there is a State program for mattress collection and Harney Lane participates in the program, which means it does not charge for mattress disposal because it is subsidized from the State. The Turner Road dump is not part of the program and has to pay for processing and removal of mattresses. In order to participate in the State program, Waste Management would have to hire personnel to certify that mattresses do not have bed bugs or contaminants because the company is charged if there are.

Mayor Pro Tempore Kuehne made a motion, second by Council Member Johnson, to adopt Resolution No. 2019-44 adopting pre-approved Proposition 218 Consumer Price Index-based annual adjustment to rates for solid waste collection.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Johnson, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Noes: Council Member Mounce

Absent: None

H. Regular Calendar – None

I. Ordinances – None

J. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 10:52 p.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk