

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, JUNE 11, 2019**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, June 11, 2019, commencing at 7:01 a.m.

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

Absent: Council Member Johnson, and Council Member Nakanishi

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

B. Topic(s)

B-1 Lodi Electric Utility Rules and Regulations – Downtown Point of Interconnection (EU)

Senior Power Engineer Hasan Shahriar provided a PowerPoint presentation regarding Lodi Electric Utility Rules and Regulations, Rule 1, Downtown District Point of Interconnection. Specific topics of discussion included background, recap of information provided at November 27, 2018 Shirtsleeve Session, Downtown district map, current challenges of district point of interconnection, proposed changes to Rule 1, desired arrangement, need for proposed changes, public outreach and meetings, cost estimate, payment sources, and recommendation.

Council Member Mounce concurred there is a significant problem downtown with points of interconnection and the City cannot ignore the problem or delay it into the future; however, the cost to business owners to correct these issues would be so significant that it could put many of them out of business. She fears that Lodi will become like the State, forcing mandates on business owners that are so onerous they can no longer afford to do business in Lodi. She would prefer to see the cost spread out over 20 years so it can more easily be absorbed. In response to Council Member Mounce, Mr. Shahriar confirmed that if the cost were borne by ratepayers, it would equate to \$1 per month for five years. With regard to a potential improvement district, Council Member Mounce stated that the business owners and property owners in the downtown area are on polar opposites of the spectrum. A majority of the property owners are aging and do not see the value of downtown, and other property owners inherited the property and do not care about the area; whereas, hardworking business owners are trying to create something wonderful for downtown Lodi and for themselves. If there is an improvement district, she would like a mechanism in place that if a property is sold, the cost is passed along to the next owner and that there be an amortization schedule to push the cost out over time so that it is affordable.

Mayor Pro Tempore Kuehne stated he was opposed to passing the cost onto ratepayers. In looking at the downtown district map, he pointed out there are many businesses that have or will soon be bringing their properties into compliance, which leaves a smaller number of properties, roughly half of the district, that need to be brought into conformity. He stated that, if the onus is on the property owner, they should have a set timeframe to bring their properties into compliance. City Manager Schwabauer stated that currently there is no mechanism requiring property owners to bring their properties into compliance by a certain date. Staff is looking to revise the ordinance to require property owners to bring their properties up to modern standards. One option is to require improvements if a major remodel is done on a property. Mayor Pro Tempore Kuehne stated it should also require it be done by a certain date, and he suggested 15 years, which would give the City another five years to deal with those owners who do not bring their properties into compliance by the deadline.

Council Member Mounce expressed concern that property owners could prevent their renters from making improvements to a building because it might trigger the required upgrades, which in turn could cause property owners to raise rents so significantly that it could hurt business owners. She stated she does not disagree with the idea, but she wants to protect the business owners who rent these properties. Mr. Schwabauer suggested a financing mechanism could be created in the form of an agreement between the landlord and tenant setting forth who would be responsible for the costs.

Council Member Mounce suggested there should also be a mechanism, similar to the water meters, that states if the cost is not paid, it goes with the property.

In response to Mayor Chandler, Interim Electric Utility Director Melissa Price stated it takes too many staff resources to do a property-by-property analysis of the cost obligation and it would require assistance from outside electricians to establish the cost from the electrical panel to the business, which is the portion Electric Utility does not handle. Mr. Schwabauer added that such an estimate would be meaningless to a business that chooses to make the improvements five to ten years from now.

Ms. Price provided a recap that staff's recommendation is to require downtown property owners to make electrical improvements if there is a service lateral failure or when there is a major renovation project or within 20 years. Staff is amenable to shortening the time period to 15 years as suggested earlier. She added that the Business Development Manager will also meet with any property owner that has challenges meeting compliance to see if there are any other funding or grant sources that could help off-set costs.

Mayor Chandler agreed with Mayor Pro Tempore Kuehne's suggestion of making the deadline 15 years versus 20 years, based on the photographs that clearly demonstrate a public safety concern. He further supports any assistance the City can provide that can put property owners in touch with resources to help off-set costs.

Council Member Mounce suggested staff look into whether grants may be available for the downtown if any portion is determined to be a historical district, to which Mr. Schwabauer responded that the Business Development Manager will look into the possibility. Council Member Mounce stated there may be property owners who will refuse to make the improvements, but the City could make a more attractive deal that says if they make them within a year, they have a lower amortization or interest rate versus waiting longer.

Mayor Pro Tempore Kuehne stated he believes the sale of a property should include compliance, and Council Member Mounce agreed, stating the bill should be paid in full when the property transfers.

Mayor Chandler questioned the definition of performance parameters for properties that are already up to code. Mr. Schwabauer responded that it would include anything that has a service lateral that provides service by accessing another building or is not accessible from a public right-of-way. City Attorney Magdich added that, based on Council discussion, improvements would also be required if the service lateral fails, there is a major renovation to the building, and within 15 years. With regard to change of ownership, she requested clarification on what the trigger would be; i.e. sale, transfer, etc.

Following discussion, it was determined that change of ownership should be the commercial sale of the property.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:40 a.m.

ATTEST:

Jennifer M. Ferraiolo  
City Clerk