



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Receive information regarding transfer of funds to the Electric Utility Capital Outlay Fund 161 (\$2,000,000) (EUD)

MEETING DATE: May 3, 2006

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council receive information regarding the transfer of funds to the Electric Utility Capital Outlay Fund 161 in the amount of \$2,000,000.

BACKGROUND INFORMATION: As discussed with the City Council on prior occasions, the Electric Utility's (EU) present financial condition is extremely weak. As of April 21, 2006, the electric utility's cash balance was \$1,146,923.

Cash balances excluding the amounts held by the Northern California Power Agency (NCPA), fluctuate based on receipts and the timing of critical payments. It has dipped as low as -\$257,970 during recent periods.

Current projections indicate that the utility will have little or no cash balance at fiscal year-end assuming no extraordinary cash infusions or significant changes in forecasted costs and/or revenues. The City Manager is authorized to utilize bond proceeds for any projects identified in the bond indenture documents approved by the City Council at the time bonds were issued. During the course of fiscal year 2005-06, the Electric Utility has expended approximately \$1.3 million (and may expend up to \$2.0 million by June 30, 2006) on the type of authorized projects as enumerated in the bond indenture documents. It was anticipated that operating cash balances would be used for the projects worked on by the Electric Utility in this fiscal year with little (if any) need for the use of bond proceeds for these projects. Due to the strain on operating cash balances from escalating power costs, operating cash will not be sufficient to pay for these projects and bond proceeds will be needed instead. Therefore, City Council is being apprised by this agenda item of the intent of staff to utilize approximately \$2.0 million of bond proceeds for the reimbursement of projects as previously authorized in the Bond indenture documents for the purposes as enumerated in those documents.

Attached is a listing of qualified capital-type expenditures through February 28, 2006 and a projection for fiscal year-end. The current balance in the electric bond proceeds account is \$11,772,688.

FISCAL IMPACT: Improve the Electric Utility Department fund balance.

FUNDING: Electric System Revenue Certificates of Participation Series A & B 2002 \$2,000,000.

Ruby R. Parste

Ruby Parste, Interim Finance Director

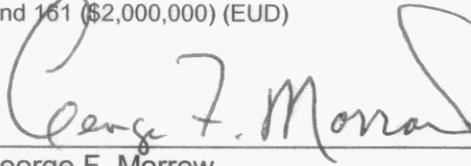
APPROVED: *Blair King*

Blair King, City Manager

Transfer of Funds to the Electric Utility Capital Outlay Fund 161 (\$2,000,000) (EUD)

May 3, 2006

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George F. Morrow
Electric Utility Director

Prepared By: Stacy Olson, Rate Analyst

cc: City Attorney
Deputy City Manager

**FY 2005-2006
Capital Expenditures**

BSU No.	Description	Actual (YTD Feb 2006)	Projected (March-June 2006)	FYE 05-06 Total
161633	StreetlightSafety Improvement	\$ 42,880.00	\$ 21,440.00	\$ 64,320.00
161651	Line Extensions	\$ 323,440.00	\$ 161,720.00	\$ 485,160.00
161652	Distribution System Improvement	\$ 154,231.00	\$ 57,500.00	\$ 211,731.00
161653	Service Connections	\$ 157,121.00	\$ 39,280.25	\$ 196,401.25
161654	Dusk to Dawn Lighting	\$ 3,721.00	\$ 1,860.50	\$ 5,581.50
161655	Substructures	\$ 60,545.00	\$ 30,272.50	\$ 90,817.50
161656	Service Connections (metering)	\$ 89,987.00	\$ 28,266.67	\$ 118,253.67
161657	Substation Construction, High Voltage	\$ 2,101.00	\$ -	\$ 2,101.00
161669	Substation Block Wall-Henning	\$ 4,362.00	\$ 65,138.00	\$ 69,500.00
161672	Streetlight Improvements	\$ 37,279.00	\$ -	\$ 37,279.00
161674	Streetlight Standards Upgrade	\$ 32,896.00	\$ 16,448.00	\$ 49,344.00
161677	Killelea Substation Construction	\$ 79,440.00	\$ 298,200.00	\$ 377,640.00
161679	Operations Center Modification	\$ 1,772.00	\$ -	\$ 1,772.00
161680	60kV Line Industrial S/S, High Voltage	\$ 37,931.00	\$ -	\$ 37,931.00
161685	Fiber Optic	\$ 206,915.00	\$ 15,840.00	\$ 222,755.00
	FY 05-06 Utility Outlay Fund Total	\$ 1,234,621.00	\$ 735,965.92	\$ 1,970,586.92