

**CONSIDERATION
OF RESOLUTION
OF THE PROJECT
MEMBERS IN THE
CALAVERAS
PROJECT**

Following introduction of the matter by Councilman Hughes with a report being presented on the meeting that had been held with local financial analysts, Council, on motion of Mayor Pro Tempore Murphy, Katnich second, indicated its willingness to stay in the Calaveras Project at this time and authorized the increased financial commitment for the Calaveras Project amounting to \$97,318 to be charged against the Utility Outlay Reserve Account by the following vote:

Ayes: Councilmen - Hughes, Katnich, Murphy and McCarty

Noes: Councilmen - Pinkerton

Absent: Councilmen - None

Council directed Staff to obtain an update on the previously scheduled NCPA tour of the project site.

Following introduction of agenda item "i" - "Calaveras Project - Bond and Notes Ordinances" and a lengthy discussion, Council took the following actions:

a) On motion of Mayor Pro Tempore Murphy, Hughes second, Ordinance No. 1238 Ordinance of the City Council of the City of Lodi authorizing the Issuance of Public Power Revenue Bonds by Northern California Power Agency (North Fork Stanislaus River Hydroelectric Development Power Project) was introduced.

b) On motion of Mayor Pro Tempore Murphy, Hughes second, Ordinance No. 1239 - Ordinance of the City Council of the City of Lodi Authorizing the Issuance of Notes by the Northern California Agency (North Fork Stanislaus River Hydroelectric Development Power Project) was introduced.

NCPA

Northern California Power Agency

770 Kiely Boulevard • Santa Clara, California 95051 • (408) 248-3422

ROBERT E. GRIMSHAW
General Manager

September 8, 1981

TO: Participants in the Calaveras Project
FROM: Robert E. Grimshaw
SUBJECT: Transmittal of Resolution No. 81-56

Enclosed is a copy of a resolution of the Project Members in the Calaveras project, adopted August 27, 1981, increasing the total financial commitment of the Members of NCPA for the Calaveras project, under the existing Phase 2 agreement, from \$2,012,000 to \$3,000,000.

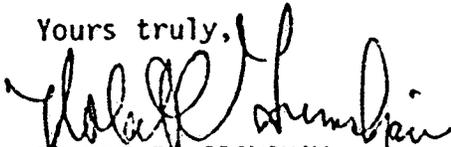
This letter and the resolution are official notice to you of the increase. If you are willing to accept your share of this increase, and pay it as billed by NCPA, you need do nothing.

If, on the other hand, you do not want to participate in the increase, or want to withdraw from the Project, you must act within 30 days after receipt of this letter.

Sections 6, 7, and 8 of the Calaveras Member Agreement (dated June 26, 1980) prescribe the procedure you should follow for partial or total withdrawal, and the result. The substance of it is that you must give NCPA written notice, within the 30-day period, of either nonparticipation in the increase, or withdrawal from the Project. If you do give that notice, your percentage participation in the Project will be reduced, or eliminated.

Please check with this office, or general counsel, if you have any questions at all about this matter, so that there is no misunderstanding.

Yours truly,


ROBERT E. GRIMSHAW
General Manager

Enc.

cc: Martin McDonough

SEP 10 1981

RESOLUTION NO. 81-56

NORTHERN CALIFORNIA POWER AGENCY

BE IT RESOLVED by the Project Members under the "Member Agreement for Financing of Planning and Development Activities of the Calaveras Hydroelectric Project", dated as of June 26, 1980, herein called "Member Agreement", that an increased financial commitment to the Project thereunder, to a total financial commitment of \$3 million, is hereby authorized within the meaning of Section 6 of said Agreement; and be it further

RESOLVED, that the Assistant Secretary of NCPA is hereby requested to mail copies of this resolution to all Project Members by registered mail, return receipt requested, and that such mailing shall constitute the "written notice of such proposed increase" within the meaning of Section 6; and the increase provided for in this resolution shall take effect as to each Project Member thirty days after the receipt of the notice by such Member, except and to the extent that any Member may follow the withdrawal provisions of Section 7 of such Member Agreement.

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
City of - Alameda	<u>Aye</u>	_____	_____
Biggs	_____	_____	<u>X</u>
Gridley	<u>Aye</u>	_____	_____
Healdsburg	<u>Aye</u>	_____	_____
Lodi	<u>Aye</u>	_____	_____
Lompoc	_____	_____	<u>X</u>
Palo Alto	<u>Aye</u>	_____	_____
Redding	<u>Aye</u>	_____	_____
Roseville	<u>Aye</u>	_____	_____
Santa Clara	<u>Aye</u>	_____	_____
Ukiah	<u>Aye</u>	_____	_____
Plumas-Sierra	<u>Aye</u>	_____	_____

ADOPTED AND APPROVED this 27th day of August, 1981.

Increased Financial Commitment
Calaveras Project

Authorized by Resolution 81-56	\$3,000,000
Assessed to Date	<u>2,012,000</u>
Balance	\$ 988,000

Alameda	10.88%	\$107,495
Biggs	.42%	4,150
Gridley	1.00%	9,880
Healdsburg	1.43%	14,128
Lodi	9.85%	97,318
Lompoc	2.18%	21,538
Palo Alto	22.92%	226,450
Plumas-Sierra	1.55%	15,314
Redding	9.41%	92,971
Roseville	6.24%	61,651
Santa Clara	31.08%	307,070
Ukiah	3.04%	30,035

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COUNCIL COMMUNICATION

TO: THE CITY COUNCIL

DATE

NO.

FROM: THE CITY MANAGER'S OFFICE

Sept. 24, 1981

SUBJECT: CALAVERAS HYDROELECTRIC PROJECT

The attached data has been prepared in response to Council's request at the September 16, 1981 meeting, for additional information regarding the Calaveras Project. This data is based on material provided to NCPA by Engineering Consultant R. W. Beck, in reports dated August 25, 1981 and September 3, 1981, copies of which are available in the office of the Utility Director.

In these reports, six scenarios (cases) are developed using different revenue bond interest rates and PG&E rate increase assumptions, etc. Three of these cases (No.'s 1, 5 & 6) have been selected as appropriate for analysis, as to their impact on Lodi; one of the three (Case 5) has been studied in greater detail. The assumptions associated with each of the three are tabulated below:

Case 1: Base case, which assumes the following:

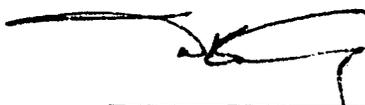
1. Construction cost and schedule per Engineering Consultant, Bechtel, estimate.
2. Bond interest rate equal to 13%.
3. PG&E energy costs based on 100% of proposed rate increase.

Case 5: Same as Case 1, except bond interest rate of 11%.

Case 6: Same as Case 5, except 50% of proposed rate increase is assumed.

The City has the alternative of marketing (i.e. laying off) its share of the output of the Calaveras Project during the early years. However, this type of arrangement is somewhat complex and full of uncertainty at this time. Therefore, it is considered beyond the scope of this report.

To date, the City of Lodi has paid assessments amounting to \$197,000 for the Calaveras Project. An additional special assessment of \$98,500 has recently been received, and is unpaid at this time.



David K. Curry
Utility Director

CALAVERAS HYDROELECTRIC PROJECT

SAVINGS (PENALTY) \$*1,000,000

<u>Year</u>	<u>Case 1 (13%)¹</u>	<u>Case 5 (11%)²</u>	<u>Case 6 (11%², 1/2 PC&E)</u>
1985	2.061	2.061	1.678
1986	0.321	0.976	0.251
1987	- 3.638	- 2.328	- 2.978
1988	- 3.336	- 2.026	- 2.740
1989	- 3.051	- 1.740	- 2.515
1990	- 2.740	- 1.423	- 2.268
1991	- 2.412	- 1.099	- 2.011
1992	- 2.010	- 0.696	- 1.697
1993	- 1.614	- 0.299	- 1.386
1994	- 1.195	0.121	- 1.057
1995	- 0.747	0.571	- 0.707
1996	- 0.245	1.074	- 0.313
1997	0.283	1.604	0.100

1 40-year term

2 30-year term

CALAVERAS HYDROELECTRIC PROJECT

ENERGY COST ¢ PER KWH

<u>Year</u>	<u>PG&E</u>	<u>Case 1 (13%)¹</u>	<u>Case 5 (11%)²</u>
1985	8.0	0.5	0.5
1986	8.7	8.1	6.9
1987	9.4	16.1	13.7
1988	10.0	16.2	13.8
1989	10.8	16.4	14.0
1990	11.5	16.6	14.1
1991	12.4	16.8	14.4
1992	13.3	17.0	14.5
1993	14.2	17.2	14.7
1994	15.2	17.4	15.0
1995	16.3	17.7	15.2
1996	17.4	17.9	15.5
1997	18.6	18.1	15.7

¹40-year term

²30-year term

CALAVERAS HYDROELECTRIC PROJECT

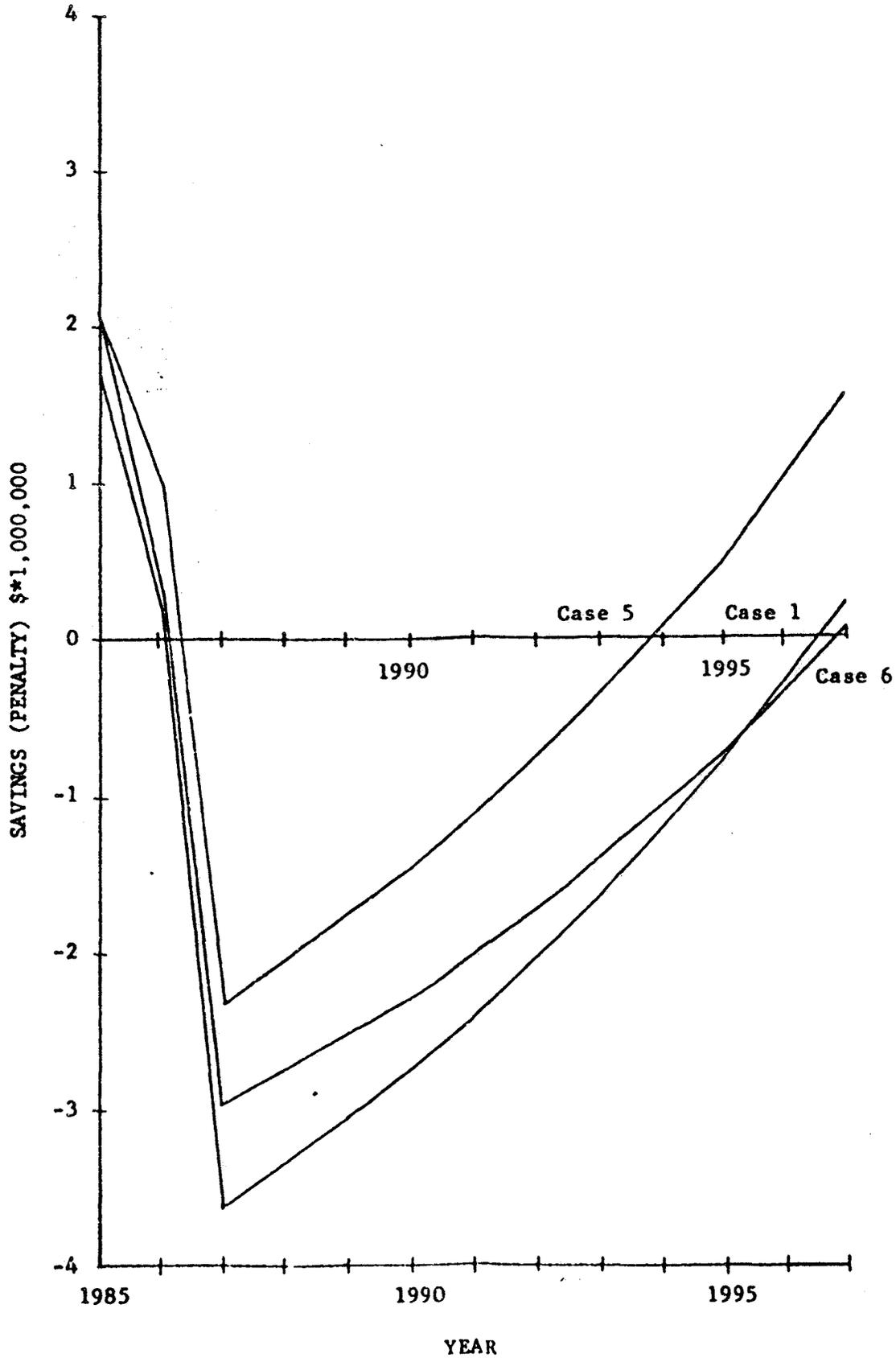
ENERGY COST ¢ PER KWH

<u>Year</u>	<u>PG&E</u>	<u>Case 6 (11%¹, 1/2 PG&E)</u>
1985	6.6	0.4
1986	7.1	6.6
1987	7.6	13.1
1988	8.2	13.2
1989	8.7	13.4
1990	9.3	13.5
1991	10.0	13.7
1992	10.7	13.8
1993	11.5	14.0
1994	12.3	14.2
1995	13.1	14.4
1996	14.0	14.6
1997	15.0	14.8

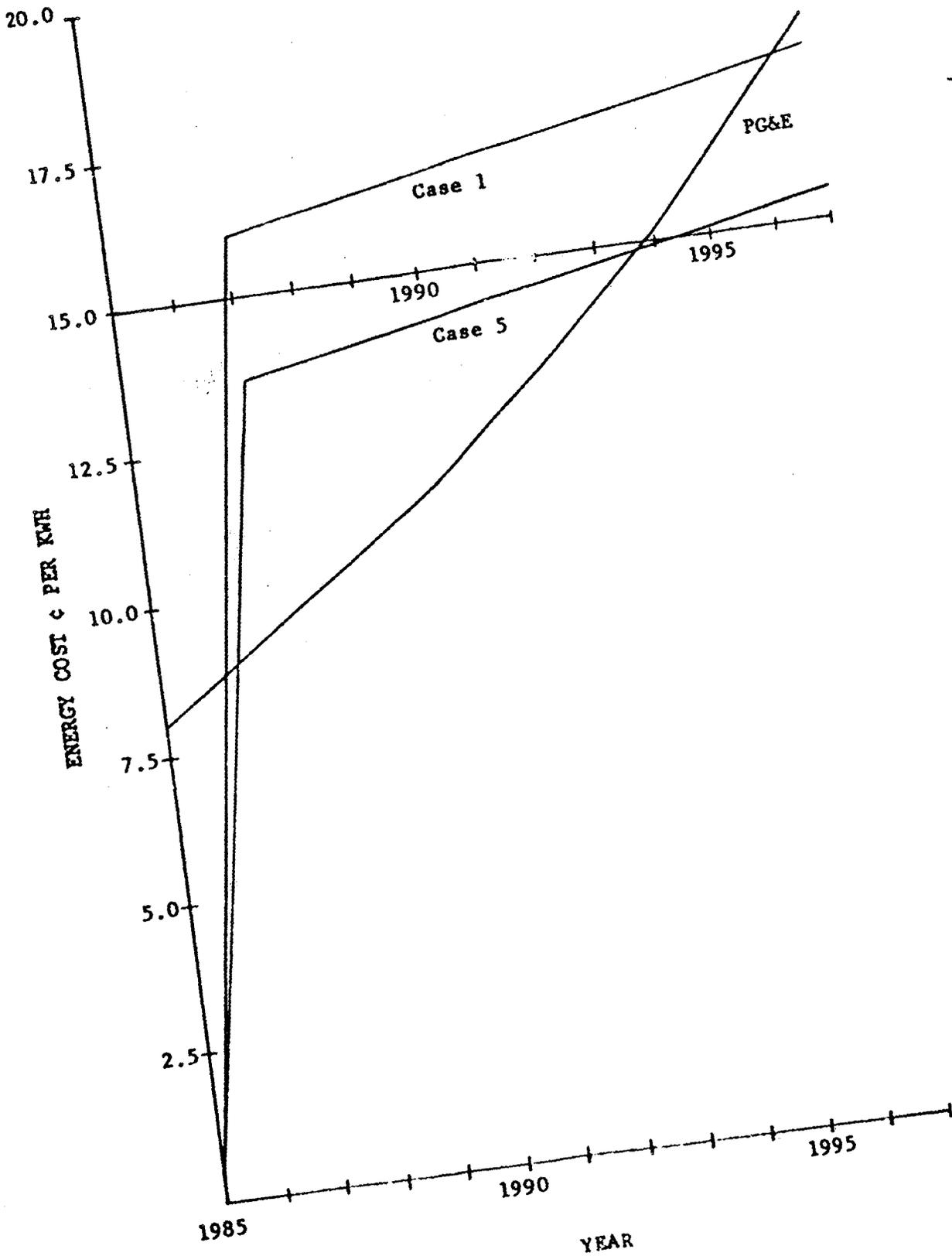
¹ 30-year term

9/24/81

CALAVERAS HYDROELECTRIC PROJECT

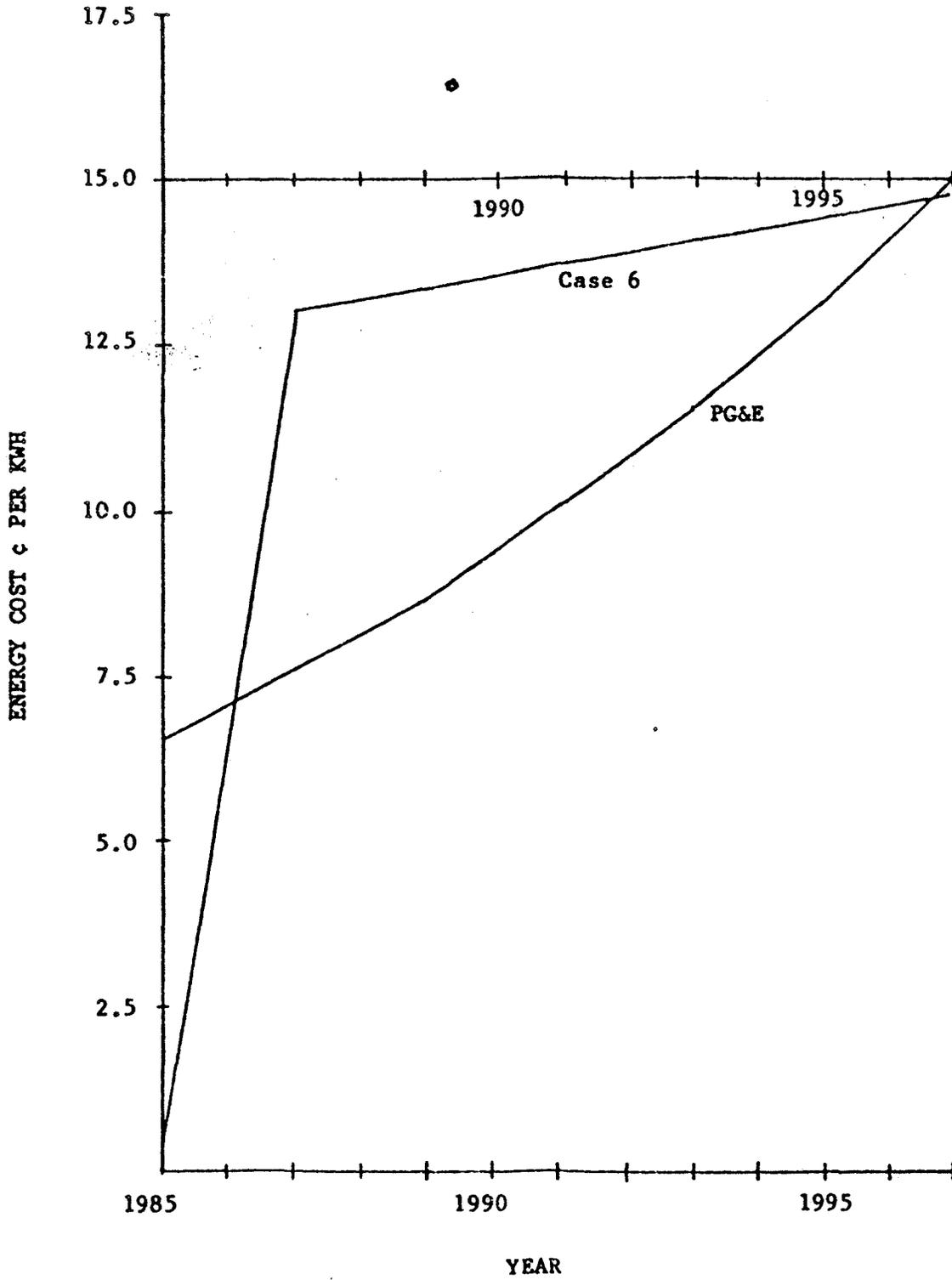


CALAVERAS HYDROELECTRIC PROJECT



9/24/81

CALAVERAS HYDROELECTRIC PROJECT



CALAVERAS HYDROELECTRIC PROJECT

PRESENT WORTH COMPARISON - CASE 5, 11%¹

<u>Interest Rate²</u>	<u>Years to Break Even</u>	<u>Total Costs³ \$*1,000,000</u>	<u>Benefits⁴ Prior to Bond Retirement \$*1,000,000</u>	<u>Benefits⁴ Subsequent to Bond Retirement \$*1,000,000</u>	<u>Total Benefits⁴ \$*1,000,000</u>	<u>Net Benefits⁴ \$*1,000,000</u>	<u>Benefit/Cost Ratio (Totals)</u>	<u>Benefit/Cost Ratio (Prior to Bond Retirement)</u>
10%	15.5	4.99	19.53	12.06	31.59	26.6	6.33	3.91
15%	17.0	3.70	7.70	2.02	9.72	6.02	2.63	2.08
20%	19.0	2.80	3.82	0.35	4.17	1.37	1.49	1.36

- 1 Interest on debt
- 2 Deflator index
- 3 Penalties
- 4 Savings

9/24/81

MGMSTOA STD
MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645

 Mailgram 

4-0183285281002 10/08/81 ICS IPMRNCZ CSP STOA
1 2093345634 MGM IDRN LODI CA 10-08 1133A EST

ALICE M REIMCHE
CITY CLERK
PO BOX 320
LODI CA 95241

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2093345634 IDRN LODI CA 12 10-08 1133A EST
FON 4082483422
GAIL SIPPLE
CARE NCPA RPT DLY MGM COPY MESSAGE
770 KIELY BLVD
SANTA CLARA CA 95051

REGARDING CALAVERAS PROJECT LODI IS IN. INTRODUCED ORDINANCE ON BONDS
AND NOTES.

ALICE M REIMCHE
CITY CLERK
PO BOX 320
LODI CA 95241

1136 EST

MGMCOMP MGM

MGMSTOA STO

OCT - 9 1981

MGMSTOA STO
WESTERN UNION TELEGRAM CO
5205 MILL ST
RENO NV 89502

Mailgram

1-030073M281 10/08/81 ICS 1PMROCG RNO STOA
00204 DH TDRN SANTA CLARA CA 0220P PDT 10-08

ALICE M REIMCHE
PO BOX 320
LODI CA 95241

YOUR MESSAGE OF 10-08 TO GAIL SIPPLE WAS DELIVERED AT 0950A
PDT ON 10-08.

THANK YOU FOR USING OUR SERVICE.

WESTERN UNION
5205 MILL ST RENO NV 89502

1622 EST

MGMCOMP MGM

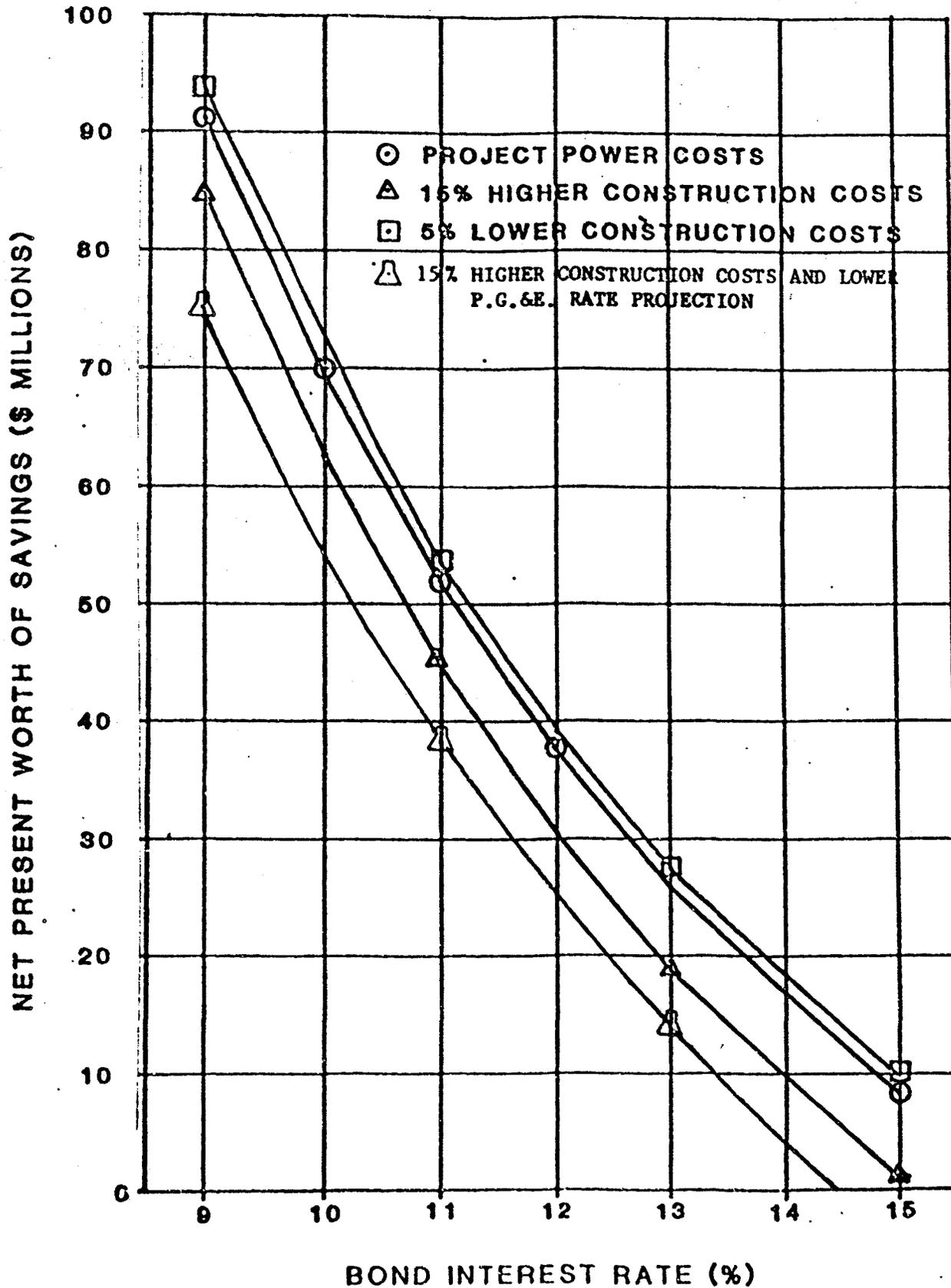
MGMSTOA STO

OCT - 9 1981

PRESENT WORTH

1985 DOLLARS

100% OF PROJECT OUTPUT
USED BY NCPA



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Continued October 7, 1981

- b) Mrs. T. R. Kettleman, 642 N. Cluff Ave., Lodi
- c) Mr. Henry Reynolds, 725 Costa Drive, Lodi
- d) Mr. Donald E. Geiszler, 836 N. Cluff Ave., Lodi

Following a lengthy discussion, on motion of Councilman Pinkerton, Katnich second, Council took the following action regarding the Kettleman and Geiszler Parcels:

If the proposed Cluff Avenue Assessment District proceeds.

- 1) Upon dedication of the required street right-of-way for the ultimate street improvements, the City will be responsible for the installation of the curb, gutter, and sidewalk and required driveways.
- 2) All paving fronting these parcels would be the responsibility of the assessment district.
- 3) The assessment district would install water and sewer fronting each parcel and the property owner would be required to pay for the water and sewer facilities at such time as they desired service.

No action was taken at this time on the Reynolds and LaMaie parcels.

On motion of Mayor Pro Tempore Murphy, Katnich second, this public Hearing was continued to the regular Council meeting of November 4, 1981.