

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, AUGUST 16, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 16, 2011, commencing at 7:00 a.m.

Present: Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson  
Absent: Council Member Hansen, and Council Member Katzakian  
Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Receive Utility Financial Reports for the Fourth Quarter of Fiscal Year 2010/11 Ending June 30, 2011 (CM)

City Manager Rad Bartlam briefly introduced the subject matter of the utility quarterly update.

Deputy Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the Public Works water and wastewater utility update. Specific topics of discussion included water and wastewater cash flow summaries, operating results, cash balances, bad debt write-off, and accomplishments.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the development fees received were associated with the water treatment facility and a PCE/TCE project.

In response to Council Member Nakanishi, Mr. Bartlam stated with wastewater everything that is not spent from what is collected goes into the utility reserve.

In response to Mayor Johnson, Mr. Swimley stated there are still some wineries that continue to truck waste out to the facility.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the average cash on hand is 90 days for Lodi. He stated currently the utility well exceeds that amount because some money will be spent on capital projects.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated previously the capital fund was used to pay debt service and was not back-filled. He stated that account is now being back-filled at \$750,000 per year for debt service and when the balance is zero that fund will no longer be negative.

In response to Council Member Nakanishi, Public Works Director Wally Sandelin stated the debt service that was paid out of the capital fund was related to a bond issue for the White Slough facility back in the 1980s.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the Build America bonds will be used for the water treatment facility bond issue.

A brief discussion ensued among Mayor Pro Tempore Mounce, Mr. Sandelin, Deputy City Manager Jordan Ayers, and Mr. Bartlam regarding how cash on hand days are calculated with the City and rating agencies and the inclusion of capital costs. Mr. Sandelin stated he will

distribute to the Council the current financial model, which shows the true actual numbers for operating.

In response to Council Member Nakanishi, Mr. Swimley stated the PCE/TCE line item was set up some years ago to provide an accounting of the clean-up and settlement of PCE/TCE.

In response to Mayor Johnson, Mr. Swimley stated the actual costs associated with implementing the latest state mandate associated with storm water drainage permits is unknown as is the effect on local businesses.

In response to Council Member Nakanishi, Mr. Swimley stated the supplies and equipment line item is considerably less because there were some roll overs from previous years that did not get spent.

In response to Mayor Johnson, Mr. Sandelin stated the final resurfacing of Mills Avenue will occur in October during the two week school break and the pipe on Turner has already been boarded.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the electric utility quarterly update. Specific topics of discussion included electric cash flow summary, operating results, cash balances, power supply costs, power sales, Energy Cost Adjustment revenue, billing statistics, bad debt write-off, Northern California Power Agency (NCPA) general operating reserve (GOR), open position, and accomplishments.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated the reserve goal for the utility for cash on hands is 90 days.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated the revenues and expenditures will be matched up throughout the year for timing purposes to ensure that the solar rebates do not run out.

In response to Council Member Nakanishi, Ms. Kirkley confirmed the utility is mandated to set aside 2.5% of revenues for public benefit programs, the funds can accumulate for use on a larger energy efficiency project, and the average amount spent annually is approximately \$900,000.

In response to Mayor Johnson, Ms. Kirkley stated the sale of excess power is done on a daily basis at market rates, sales vary greatly depending upon the amount of the original purchase, and there have been days when Cal-ISO is giving power away.

In response to Mayor Johnson, Mr. Bartlam stated staff is going to try to ratchet down the number of days for delinquent accounts from 90 to 45 because the longer unpaid amounts turn into bad debt write off.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam and Mr. Ayers stated the City could pull the amount of the GOR increase from NCPA if it so desired although NCPA currently has a better interest rate.

In response to Council Member Nakanishi, Mr. Ayers provided an overview of how GOR works, stating he will research the amount that has been over or under paid at the end of year previously and provide those numbers as requested.

In response to Mayor Pro Tempore Mounce, Mr. Ayers stated the rating agency does not have a preference for the money being held at the City versus NCPA.

In response to Mayor Johnson, Ms. Kirkley confirmed that overall there were no negative

comments received with respect to automated meters and provided an overview of the energy theft diversion program.

In response to Myrna Wetzel, Ms. Kirkley stated the new pole installation and testing is being handled by Osmose, the City's contractor on the project.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:55 a.m.

ATTEST:

Randi Johl  
City Clerk



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Receive Utility Financial Reports for the Fourth Quarter of Fiscal Year 2010/11  
Ending June 30, 2011

**MEETING DATE:** August 16, 2011

**PREPARED BY:** Deputy City Manager

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**RECOMMENDED ACTION:** Receive utility financial reports for the fourth quarter of fiscal year 2010/11 ending June 30, 2011.

**BACKGROUND INFORMATION:** In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of August 16, 2011. Note that the data contained in these reports is prior to our annual audit and is subject to change.

**FISCAL IMPACT:** None directly related to the preparation of the report. However, the presentation is intended to keep the Council apprised of the financial conditions of the major municipal utilities.

Jordan Ayers  
Deputy City Manager

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APPROVED:

Konradt Bartlam, City Manager



# Public Works Department Water/Wastewater

## **FY 11 Quarterly Update** (Ending June 30, 2011)

City Council Shirtsleeve Session  
August 16, 2011



## Wastewater Fund Cash Flow Summary (Ending June 30, 2011)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales	13,527,180	12,826,369	95%
Development Impact Mitigation Fees	447,750	3,025,135	676%
Other (interest, septic, misc.)	179,460	585,587	326%
<b>Total Revenues</b>	<b>14,154,390</b>	<b>16,437,091</b>	<b>116%</b>
<b>Expenses</b>			
Operating	7,527,960	5,848,334	78%
Capital	2,947,275	2,017,723	68%
Debt Service	4,127,840	4,148,805	101%
Cost of Services Payment To General Fund	1,451,480	1,451,480	100%
<b>Total Expenses</b>	<b>16,054,555</b>	<b>13,466,342</b>	<b>84%</b>
Beginning Cash (Operations Only)		2,927,295	
Ending Cash (Operations Only)		3,438,689	
Days Cash		172	



## Wastewater Operating Results

(Ending June 30, 2011)

	Budget	Actuals	% of Budget
Personnel	\$ 3,282,310	\$ 3,267,333	100%
Supplies, Materials, Services	\$ 3,138,144	\$ 1,688,515	54%
Equipment, Land, Structures	\$ 65,206	\$ 40,226	62%
Other Payments	\$ 187,100	\$ 56,626	30%
Utilities	\$ 818,500	\$ 758,934	93%
Work for Others	\$ 36,700	\$ 36,700	100%
<b>Total Operating Expenses</b>	<b>\$ 7,527,960</b>	<b>\$ 5,848,334</b>	<b>78%</b>



**Wastewater Funds**  
**Cash Balances**  
(Ending June 30, 2011)

Operating (170)	3,438,689
Utility Capital / Infrastructure Replacement (171)	5,489,884
Capital Reserve (172) (Fund used to pay White Slough COP Debt Service)	(958,875)
Capital Reserve Restricted Assets (172) (White Slough COP Remaining Proceeds)	4,744,504
IMF (173)	2,106,863
Rate Stabilization Reserve (174)	500,000
<b>Total</b>	<b>15,321,065</b>



## Water Fund Cash Flow Summary

(Ending June 30, 2011)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales	11,992,640	11,940,022	100%
Development Impact Mitigation Fees	271,480	14,803	5%
Other (interest, tap fees, water meters, misc.)	477,860	2,532,899	530%
<b>Total Revenues</b>	<b>12,741,980</b>	<b>14,487,724</b>	<b>114%</b>
<b>Expenses</b>			
Operating	4,796,965	4,366,281	91%
Capital	25,149,688	16,209,778	64%
Debt Service	1,507,628	1,507,628	100%
Cost of Services Payment To General Fund	1,060,120	1,060,120	100%
<b>Total Expenses</b>	<b>32,514,401</b>	<b>23,143,807</b>	<b>71%</b>
Beginning Cash (Operations Only)		3,113,513	
Ending Cash (Operations Only)		7,625,428	
Days Cash		513	



## Water Operating Results

(Ending June 30, 2011)

	Budget	Actuals	% of Budget
Personnel	\$ 1,403,580	\$ 1,307,878	93%
Supplies, Materials, Services	\$ 757,495	\$ 693,766	92%
Equipment, Land, Structures	\$ 81,640	\$ 43,949	54%
Other Payments	\$ 1,488,100	\$ 1,331,424	89%
Utilities	\$ 721,150	\$ 643,983	89%
Work for Others	\$ 345,000	\$ 345,281	100%
<b>Total Operating Expenses</b>	<b>\$ 4,796,965</b>	<b>\$ 4,366,281</b>	<b>91%</b>



**Water Funds  
Cash Balances**  
(Ending June 30, 2011)

<b>Operating (180)</b>	7,625,428
<b>Utility Capital / Infrastructure Replacement (181)</b>	4,923,209
<b>Capital Reserve Restricted Assets (181)</b> (Water Plant Bond Remaining Proceeds)	29,236,390
<b>IMF (182)</b>	102,527
<b>PCE/TCE Settlements</b>	11,221,429
<b>PCE/TCE Rates (185)</b>	4,814,524
<b>Total</b>	<b>57,923,552</b>



## Bad Debt Write Off (Through June 30, 2011)

	# Of Accounts	Amount	% of Sales
Wastewater	1,123	\$92,761	0.72%
Water	1,123	\$91,428	0.77%



# Water / Wastewater Utility Accomplishments

## Operational

- Water Distribution
- Water Production
- Collection System
- Wastewater Treatment
- Regulatory
  - SSO's
  - Discharge Violations
  - Monitoring and Reporting



# Electric Utility Department

## **FY 11 Quarterly Update** **(Ending June 30, 2011)**

City Council Shirtsleeve Session  
August 16, 2011



## Electric Cash Flow Summary (Ending June 30, 2011)

	FY11	FY11	
Revenue	Budgeted	6/30 Actuals	% of Budget
Sales Revenues	72,019,230	62,167,351	86.3%
Other Revenues (interest, misc)	425,000	1,827,930	430.1%
<b>Total Revenues</b>	<b>72,444,230</b>	<b>63,995,281</b>	<b>88.3%</b>
Expenses			
Purchase Power	43,205,800	37,827,387	87.6%
Non Power	11,782,509	9,577,910	81.3%
Cost of Service	2,856,390	2,856,390	100.0%
In-lieu Transfer to General Fund	6,976,670	6,976,670	100.0%
Capital Projects	4,079,559	1,878,431	46.0%
Debt Service	7,364,772	6,902,458	93.7%
<b>Total Expenses</b>	<b>76,265,700</b>	<b>66,019,246</b>	<b>86.6%</b>
<b>Net Chg in Bal Sheet Accts</b>		<b>(257,921)</b>	
<b>Net Increase (Decrease)</b>	<b>(3,821,470)</b>	<b>(1,766,044)</b>	
<b>Beginning Local Cash Balance</b>	<b>12,125,836</b>	<b>12,125,836</b>	
<b>Ending Local Cash Balance</b>	<b>8,304,366</b>	<b>10,359,792</b>	
<b>Beginning GOR</b>	<b>11,011,668</b>	<b>11,011,668</b>	
<b>Net Increase (Decrease) in GOR</b>		<b>1,854,604</b>	
<b>Ending GOR</b>	<b>11,011,668</b>	<b>12,866,272</b>	
<b>Total Local Cash Balance and GOR</b>	<b>19,316,034</b>	<b>23,226,064</b>	
<b>Days of Cash on Hand</b>	<b>109</b>	<b>148</b>	



**Electric**  
**Operating Results**  
 (Ending June 30, 2011)

	Budget	Actuals	% of Budget
Personnel	\$ 6,683,070	\$ 5,907,024	88%
Supplies, Materials, Services	\$ 2,279,286	\$ 1,546,233	68%
Equipment, Land, Structures	\$ 1,546,010	\$ 738,905	48%
Other Payments	\$ 1,203,203	\$ 1,324,141	110%
Utilities	\$ 70,940	\$ 61,607	87%
Work for Others			
<b>Total Operating Expenses</b>	<b>\$ 11,782,509</b>	<b>\$ 9,577,910</b>	<b>81%</b>



**Electric Funds  
Cash Balances**  
(Ending June 30, 2011)

Operating (160)	\$ 1,156,063
Utility Outlay Reserve Fund (161)	3,500,262
Electric Rate Stability Reserve (162)	2,141,521
Public Benefits Fund (164)	3,162,001
IMF EU Substation and Transmission (165)	582,452
Solar Surcharge Fund (166)	(227,992)
Energy Efficiency & CBGP - ARRA (167)	45,485
NCPA – General Operating Reserve (GOR)	12,866,272
<b>Total</b>	<b>\$ 23,226,064</b>



**Power Supply Costs**  
 (Through June 30, 2011)

	<b>Budgeted</b>	<b>Year to Date</b>	<b>% of Budget</b>
Generation	\$ 35,727,071	\$ 33,748,737	94.5%
Transmission	\$ 7,789,578	\$ 6,589,737	84.6%
Management Services	\$ 1,401,170	\$ 1,422,436	101.5%
Third Party Revenue	\$ (2,708,341)	\$ (3,933,523)	145.2%
<b>TOTAL</b>	<b>\$ 42,209,478</b>	<b>\$ 37,827,387</b>	<b>89.6%</b>



## Power Sales

(Through June 30, 2011)

	Budgeted Sales	Year to Date Sales	% Budget
kWh	445,740,373	421,130,329	94.5%
Revenue	\$ 72,019,230	\$ 62,167,351	86.3%

	Year	HDD	Normal	CDD	Normal
July	2010	0	0	313	390
August	2010	0	0	245	363
September	2010	0	5	216	247
October	2010	94	76	1	73
November	2010	392	348	0	0
December	2010	457	609	0	0
January	2011	604	592	0	0
February	2011	483	391	0	0
March	2011	338	313	1	0
April	2011	186	169	6	18
May	2011	122	54	23	111
June	2011	34	6	176	254
<b>FY11 Total</b>		<b>2710</b>	<b>2563</b>	<b>981</b>	<b>1456</b>



## ECA Revenue

(Through June 30, 2011)

Customer Class	Q1	Q2	Q3	Q4	Total
Residential	(172,664)	319,326	884,819	(123,898)	907,583
Small Commercial	(158,469)	294,776	836,053	(123,644)	848,715
Large Commercial/Small Industrial	(46,377)	72,968	202,567	(37,993)	191,166
Industrial	(116,875)	187,946	554,897	(82,815)	543,152
<b>Total ECA Revenue</b>	<b>(494,385)</b>	<b>875,015</b>	<b>2,478,336</b>	<b>(368,351)</b>	<b>2,490,615</b>



## Billing Statistics

(Through June 30, 2011)

<b>Budgeted Sales FY11</b>			
<b>Customer Class</b>	<b>kWh Sales</b>	<b>Revenue</b>	<b>Average Rate</b>
Residential	151,352,637	\$ 28,010,849	\$ 0.1851
Small Commercial	165,198,278	\$ 28,188,450	\$ 0.1706
Large Commercial/Small Industrial	35,290,459	\$ 5,244,767	\$ 0.1486
Industrial	93,898,999	\$ 10,575,165	\$ 0.1126
<b>TOTAL</b>	<b>445,740,373</b>	<b>\$ 72,019,230</b>	<b>\$ 0.1616</b>

<b>Actual Sales FY11</b>			
<b>Customer Class</b>	<b>kWh Sales</b>	<b>Revenue</b>	<b>Average Rate</b>
Residential	144,256,683	\$ 24,513,203	\$ 0.1699
Small Commercial	148,801,071	\$ 23,739,609	\$ 0.1595
Large Commercial/Small Industrial	37,177,914	\$ 5,119,340	\$ 0.1377
Industrial	90,894,661	\$ 8,795,199	\$ 0.0968
<b>TOTAL</b>	<b>421,130,329</b>	<b>\$ 62,167,351</b>	<b>\$ 0.1476</b>



## Bad Debt Write Off

(Through June 30, 2011)

	# Of Accounts	Amount	% of Sales
Electric	1,123	\$262,388	0.42%



**NCPA "GOR"**  
(Through June 30, 2011)

## **GOR levels**

- **\$11,011,688 (June 30, 2010)**
- **\$12,866,272 (June 30, 2011)**

**Interest Income/Budget & TANC Settlement \$2,096,993**  
**Scheduling Coordination Balancing Acct \$(242,389)**

**\$1,854,604 Increase**



## FY12 Open Position

	Lodi Total Surplus/(Deficit)	MWh Load	% of Load	Lodi HLH Surplus/(Deficit)	MWh Load	% of Load	Lodi LLH Surplus/(Deficit)	MWh Load	% of Load
July 2011		45,487	0.0%		28,556	0.0%		16,931	0.0%
August	(185)	45,601	-0.4%	1,039	30,777	3.4%	(1,223)	14,824	-8.3%
September	2,926	39,850	7.3%	3,351	25,580	13.1%	(425)	14,270	-3.0%
October	(6)	34,834	0.0%	-206	22,096	-0.9%	200	12,738	1.6%
November	(1,990)	33,039	-6.0%	-837	20,969	-4.0%	-1,153	12,070	-9.6%
December	(3,663)	35,052	-10.5%	(1,811)	22,211	-8.2%	(1,852)	12,841	-14.4%
January 2012	(3,404)	35,439	-9.6%	(1,884)	21,788	-8.6%	(1,520)	13,651	-11.1%
February	(623)	32,156	-1.9%	(38)	20,896	-0.2%	(585)	11,260	-5.2%
March	(219)	34,126	-0.6%	59	22,421	0.3%	(277)	11,705	-2.4%
April	(18,392)	33,348	-55.2%	(11,606)	20,905	-55.5%	(6,786)	12,443	-54.5%
May	(18,217)	36,914	-49.3%	(11,739)	24,007	-48.9%	(6,478)	12,907	-50.2%
June	(16,636)	40,707	-40.9%	(9,973)	27,209	-36.7%	(6,663)	13,498	-49.4%
<b>FY Total</b>	<b>(60,409)</b>	<b>446,553</b>	<b>-13.5%</b>	<b>(33,645)</b>	<b>287,416</b>	<b>-11.7%</b>	<b>(26,763)</b>	<b>159,137</b>	<b>-16.8%</b>
<b>Bal Yr Total</b>	<b>(60,409)</b>	<b>401,066</b>	<b>-15.1%</b>	<b>(33,645)</b>	<b>258,860</b>	<b>-13.0%</b>	<b>(26,763)</b>	<b>142,206</b>	<b>-18.8%</b>

Notes:

Excessive open position in Q4 will be closed with NCPA MPP/GPP

LEC projected start date is June 1, 2012



# Electric Utility Accomplishments

- AMR Meter Installations
  - Residential 100% complete
  - Commercial 25% complete
- Energy Theft Diversion Program - \$28,284 (Oct- June 2010)
- Economic Development - New Business/Jobs Rate Incentive
- Customer Programs:
  - Solar CY2010 - 410 kW
  - Energy Efficiency FY2010/11 - 2.5M kWh (est.)
- Milsoft Distribution System Modeling
- Reynolds Ranch Development - Costco