

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, NOVEMBER 1, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, November 1, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson

Absent: None

Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 First Quarter Fiscal Year 2011/12 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

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

Deputy Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the water and wastewater fiscal year 2012 quarterly update. Specific topics of discussion included the water and wastewater cash flow summary, operating results, cash balances, bad debt write off, and accomplishments.

In response to Mayor Johnson, Mr. Swimley stated the difference in cash days in both the water and wastewater funds is due to starting with a larger amount of money in the water fund, which will be spent in the next phase of the water meter program.

In response to Council Member Hansen, Mr. Bartlam stated the cash on hand goal for all three utilities is 25% of the operating reserve and 181 days is approximately 50%.

In response to Mayor Pro Tempore Mounce, Deputy City Manager Jordan Ayers stated the debt service includes the County's process associated with accruing interest in one year and reversing in the next year, which also includes the cash to accrual numbers.

In response to Mayor Johnson, Mr. Swimley stated the sanitary sewer overflow spills were reduced because staff set a goal of zero spills and intentionally focused on a clean strategy in targeted areas.

In response to Council Member Nakanishi, Mr. Swimley stated the City has an every other year infrastructure replacement program of \$2 million, which replaces approximately two to three miles of line.

In response to Council Member Hansen, Mr. Swimley stated staff targets the oldest pipes first for replacement including those in easements and alleys. Mr. Swimley stated in some cases the pipe may be increased by a small amount due to the new material of the pipe, which is one continuous liner without joints and can handle more water.

In response to Council Member Hansen, Mr. Swimley stated the new system is much less prone to leakage.

In response to Council Member Nakanishi, Mr. Swimley stated the City does cross train in water and wastewater and rotate staff. He stated water and wastewater share about 26 staff members and the treatment plant has about 20 staff members.

In response to Mayor Pro Tempore Mounce, Mr. Swimley stated the water line on Flora and Stockton Street was replaced during the improvements but he is not sure about the water meters being moved from the back to the front.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the electric utility fiscal year 2012 quarterly update. Specific topics of discussion included cash flow summary, operating results, cash balances, power supply costs, power sales, energy cost adjustment (ECA) revenue, billing statistics, bad debt write off, Northern California Power Agency general operating reserve, open position, and accomplishments.

In response to Mayor Johnson, Ms. Kirkley stated General Mills runs its facility when it is making puffed cereal based on when gas is low and staff is working with General Mills to establish communication regarding notifying the City when the plant will be on or off line.

In response to Council Member Hansen, Ms. Kirkley stated filling the existing two vacancies that will work on the substations has been a challenge because of the lack of qualified applicants in the industry at the current time. She stated staff is doing some cross training for emergency situations but there is still a need for qualified applicants and a good trainer.

In response to Mayor Pro Tempore Mounce, Mr. Bartlam stated the City is using contract staff in the interim while the vacant positions are being recruited for.

In response to Mayor Johnson, Mr. Bartlam stated contract staff can only be used for a temporary period due to CalPers requirements on amount of hours that can be worked and there is a need for permanent employees to provide consistency with these positions.

In response to Council Member Nakanishi, Ms. Kirkley stated she assumes that other agencies including PG&E and SMUD are having similar challenges in recruiting for these types of positions.

In response to Council Member Hansen, Ms. Kirkley stated a cooling degree day is based on a formula related to the monthly temperature based on normal averages, geographical area, and what is actually needed to cool a house or business.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated it is difficult to compare rates for utilities because the rate may be comprised of different elements including the base rate, user tax, ECA, tiers, and rate class. Mr. Bartlam stated the most accurate comparison is done when a utility bill is provided and analyzed on its own for the various components.

Council Member Nakanishi requested information regarding demographics for bad debt write off for the utilities.

In response to Mayor Johnson, Ms. Kirkley confirmed that the meter reading complaints initially received with the new system have diminished greatly.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley confirmed that the street lights include eight separate grids throughout the City.

In response to Council Member Hansen, Ms. Kirkley stated that, with respect to street light and pole improvements, the additional equipment is replaced only when it is necessary.

In response to Council Member Hansen and Mayor Pro Tempore Mounce, Mr. Ayers stated the Energy Efficiency Community Block Grant program is a one-time program unless it is reauthorized by the federal government. Ms. Kirkley confirmed the electric trash receptacles appear to be working fine.

In response to Council Member Nakanishi, Ms. Kirkley provided a brief overview of the history and application of the energy cost adjustment.

In response to Council Member Hansen, Ms. Kirkley stated staff will be presenting information regarding the power supply to the west at an upcoming Shirtsleeve Session.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:02 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: First Quarter Fiscal Year 2011/12 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: November 1, 2011

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the first quarter of Fiscal Year 2011/12 ending September 30.

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 November 1, 2011.

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.

FUNDING AVAILABLE: Not applicable.

Jordan Ayers
Deputy City Manager

APPROVED:

Konradt Bartlam, City Manager



Public Works Department Water/Wastewater

FY 12 Quarterly Update (Ending September 30, 2011)

City Council Shirtsleeve Session
November 1, 2011



Wastewater Fund Cash Flow Summary

(Ending September 30, 2011)

	Budget	Actuals	% of Budget
Revenue			
Sales	13,308,990	3,138,210	24%
Development Impact Mitigation Fees (wastewater & storm)	74,220	83,761	113%
Other (interest, septic, misc.)	212,540	30,766	14%
Total Revenues	13,595,750	3,252,7237	24%
Expenses			
Operating	6,864,750	1,283,067	19%
Capital	9,904,005	1,372,982	14%
Debt Service	4,127,670	680,217	16%
Cost of Services Payment To General Fund	1,451,480	362,870	25%
Total Expenses	22,347,905	3,699,136	17%
Beginning Cash (Operations Only)		3,415,273	
Ending Cash (Operations Only)		3,269,870	
Days Cash (For Operations)		181	



Wastewater Operating Results

(Ending September 30, 2011)

Personnel	\$ 3,303,560	\$ 705,895	21%
Supplies, Materials, Services	\$ 2,375,740	\$ 267,962	11%
Equipment, Land, Structures	\$ 106,000	\$ 20,496	19%
Other Payments	\$ 202,100	\$ 104,445	52%
Utilities	\$ 857,350	\$ 184,269	21%
Work for Others	\$ 20,000	\$ -	0%
Total Operating Expenses	\$ 6,864,750	\$ 1,283,067	19%



Wastewater Funds
Cash Balances
 (Ending September 30, 2011)

Operating (170)	3,269,870
Utility Capital / Infrastructure Replacement (171)	5,369,974
Capital Reserve (172) (Fund used to pay White Slough COP Debt Service)	(3,105,033)
Capital Reserve Restricted Assets (172) (White Slough COP Remaining Proceeds)	3,959,288
Wastewater IMF (173)	2,122,562
Rate Stabilization Reserve (174)	500,000
Storm Drain IMF (175)	1,982,022
Total	14,098,683



Water Fund Cash Flow Summary

(Ending September 30, 2011)

	Budget	Actuals	% of Budget
Revenue			
Sales	12,073,210	3,293,611	27%
Development Impact Mitigation Fees	133,180	3,307	2%
Other (interest, tap fees, water meters, misc.)	1,645,950	114,298	7%
Total Revenues	13,852,340	3,411,216	25%
Expenses			
Operating	4,423,700	1,247,556	28%
Capital	37,832,365	5,961,274	16%
Debt Service	2,966,856	(182,655)	(6%)
Cost of Services Payment To General Fund	1,060,120	265,030	25%
Total Expenses	46,283,041	7,291,205	16%
Beginning Cash (Operations Only)		7,619,063	
Ending Cash (Operations Only)		9,682,001	
Days Cash (For Operations)		584	



Water Operating Results

(Ending September 30, 2011)

	Budget	Actuals	% of Budget
Personnel	\$ 1,459,900	\$ 307,294	21%
Supplies, Materials, Services	\$ 577,510	\$ 98,502	17%
Equipment, Land, Structures	\$ 47,000	\$ -	0%
Other Payments	\$ 1,303,340	\$ 626,307	48%
Utilities	\$ 720,950	\$ 215,453	30%
Work for Others	\$ 315,000	\$ -	0%
Total Operating Expenses	\$ 4,423,700	\$ 1,247,556	28%



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

Operating (180)	9,682,001
Utility Capital / Infrastructure Replacement (181)	2,110,904
Capital Reserve Restricted Assets (181) (Water Plant Bond Remaining Proceeds)	24,678,888
IMF (182)	(86,497)
PCE/TCE Settlements	11,001,143
PCE/TCE Rates (185)	4,727,137
Total	52,113,576



Bad Debt Write Off (Through June 30, 2011)

	# Of Accounts	Amount	% of Sales
Wastewater	260	\$21,111	0.7%
Water	260	\$20,944	0.6%



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 12 Quarterly Update (Ending September 30, 2011)

City Council Shirtsleeve Session
November 1, 2011



Electric Cash Flow Summary (Ending September 30, 2011)

	FY12	FY12	
Revenue	Budgeted	9/30 Actuals	% of Budget
Sales Revenues	66,772,590	18,927,919	28.3%
Other Revenues (interest, misc)	513,040	160,020	31.2%
Total Revenues	67,285,630	19,087,939	28.4%
Expenses			
Purchase Power	40,518,060	10,097,489	24.9%
Non Power	10,217,101	1,973,616	19.3%
Cost of Service	2,856,390	714,099	25.0%
In-lieu Transfer to General Fund	6,976,670	1,744,170	25.0%
Capital Projects	3,833,137	267,321	7.0%
Debt Service	7,228,470	3,271,600	45.3%
Total Expenses	71,629,828	18,068,295	25.2%
Net Chg in Bal Sheet Accts		(2,624,909)	

Net Increase (Decrease)	(4,344,198)	(1,605,265)
Beginning Local Cash Balance	10,334,750	10,334,750
Ending Local Cash Balance	5,990,552	8,729,485
Beginning GOR	12,867,525	12,867,525
Net Increase (Decrease) in GOR		11,757
Ending GOR	12,867,525	12,879,282

Total Local Cash Balance and GOR	18,858,077	21,608,767
Days of Cash on Hand	114	134



Electric
Operating Results
 (Ending September 30, 2011)

	Budget	Actuals	% of Budget
Personnel	\$ 5,824,120	\$ 1,189,178	20%
Supplies, Materials, Services	\$ 1,974,776	\$ 406,224	21%
Equipment, Land, Structures	\$ 1,120,985	\$ 211,687	19%
Other Payments	\$ 1,243,800	\$ 155,114	12%
Utilities	\$ 53,420	\$ 11,415	21%
Work for Others			
Total Operating Expenses	\$ 10,217,101	\$ 1,973,618	19%



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

Operating (160)	\$ 2,138,182
Utility Outlay Reserve Fund (161)	802,704
Electric Rate Stability Reserve (162)	2,144,398
Public Benefits Fund (164)	3,215,628
IMF EU Substation and Transmission (165)	535,813
Solar Surcharge Fund (166)	(112,415)
Energy Efficiency & CBGP - ARRA (167)	5,175
NCPA – General Operating Reserve (GOR)	12,879,282
Total	\$ 21,608,767



Power Supply Costs

(Through September 30, 2011)

	Budgeted	Year to Date	% of Budget
Generation	\$ 32,220,862	\$ 8,118,922	25.2%
Transmission	\$ 7,212,913	\$ 1,948,323	27.0%
Management Services	\$ 2,451,315	\$ 377,009	15.4%
Third Party Revenue	\$ (1,367,030)	\$ (346,765)	25.4%
TOTAL	\$ 40,518,060	\$ 10,097,489	24.9%



Power Sales
(Through September 30, 2011)

	Budgeted Sales	Year to Date Sales	% Budget
kWh	429,331,865	125,484,888	29.2%
Revenue	\$ 66,772,590	\$ 18,927,919	28.3%

	Year	HDD	Normal	CDD	Normal
July	2011	0	0	311	329
August	2011	0	0	319	332
September	2011	0	5	304	222
FY12 Total		0	5	934	883



ECA Revenue
(Through September 30, 2011)

Customer Class	Q1
Residential	\$ (112,187)
Small Commercial	(110,731)
Large Commercial/Small Industrial	(32,491)
Industrial	(67,294)
Total ECA Revenue	\$ (322,703)



Billing Statistics

(Through September 30, 2011)

Budgeted Sales FY12			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	146,607,311	\$ 26,462,750	\$ 0.1805
Small Commercial	153,017,229	\$ 25,758,030	\$ 0.1683
Large Commercial/Small Industrial	37,160,814	\$ 5,204,260	\$ 0.1400
Industrial	92,546,511	\$ 9,347,550	\$ 0.1010
TOTAL	429,331,865	\$ 66,772,590	\$ 0.1555

Actual Sales FY12			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	45,872,344	\$ 7,735,166	\$ 0.1686
Small Commercial	43,168,617	\$ 7,065,086	\$ 0.1637
Large Commercial/Small Industrial	12,105,096	\$ 1,728,422	\$ 0.1428
Industrial	24,338,831	\$ 2,399,245	\$ 0.0986
TOTAL	125,484,888	\$ 18,927,919	\$ 0.1508



Bad Debt Write Off (Through September 30, 2011)

	# Of Accounts	Amount	% of Sales
Electric	260	\$39,148	0.21%



NCPA "GOR"
(Through September 30, 2011)

GOR levels

- \$12,867,525 (Jun 30, 2011)
- \$12,879,282 (Sep 30, 2011)

Interest Income \$11,757

\$11,757 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%		16,931	0.0%		28,556	0.0%
August		45,601	0.0%		14,824	0.0%		30,777	0.0%
September		39,850	0.0%		14,270	0.0%		25,580	0.0%
October		34,834	0.0%		12,738	0.0%		22,096	0.0%
November	(2,316)	33,039	-7.0%	-1,178	12,070	-9.8%	-1,138	20,969	-5.4%
December	(4,690)	35,052	-13.4%	(2,612)	12,841	-20.3%	(2,078)	22,211	-9.4%
January 2012	(3,895)	35,439	-11.0%	(2,198)	13,651	-16.1%	(1,697)	21,788	-7.8%
February	64	32,156	0.2%	381	11,260	3.4%	(317)	20,896	-1.5%
March	(299)	34,126	-0.9%	(15)	11,705	-0.1%	(284)	22,421	-1.3%
April	(8,113)	33,348	-24.3%	(3,777)	12,443	-30.4%	(4,336)	20,905	-20.7%
May	(8,386)	36,914	-22.7%	(4,117)	12,907	-31.9%	(4,269)	24,007	-17.8%
June	(8,400)	40,707	-20.6%	(3,403)	13,498	-25.2%	(4,997)	27,209	-18.4%
FY Total	(36,035)	446,553	-8.1%	(16,920)	159,137	-10.6%	(19,115)	287,416	-6.7%
Bal Yr Total	(36,035)	401,066	-9.0%	(16,920)	142,206	-11.9%	(19,115)	258,860	-7.4%



Electric Utility Accomplishments

- Underground Maintenance Program
 - Grid 57: 90%
 - Grid 56: 40%
- Automatic Meter Reading Project
 - *Residential: complete*
 - *Commercial: 90%*
- Streetlight Grounding & Fusing Project
 - *Grid A: 99%*
 - Grid B: started
- Pole Inspection & Testing
 - Osrose contract executed/work commenced September
- EECBG Funds expended