

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 21, 2012**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 21, 2012, commencing at 7:05 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Katzakian, and Mayor Mounce

Absent: Mayor Pro Tempore Nakanishi

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 2011/12 Ending June 30, 2012 (CM)

City Manager Bartlam provided a brief introduction to the subject matter of the fourth quarter utility financial reports.

Deputy Public Works Director Larry Parlin provided a PowerPoint presentation regarding the water and wastewater quarterly update. Specific topics of discussion included water and wastewater cash flow summary, operating results, cash balances, bad debt write off, and operational and regulatory accomplishments.

In response to Council Member Hansen, Mr. Parlin stated the current cash on hand amount is 302 days and the policy requires 90 days cash on hand. City Manager Bartlam stated there will be an action coming before the City Council in the future to eliminate the 2003 wastewater debt with the excess of these funds.

In response to Mayor Mounce, Mr. Bartlam stated an excess of cash on hand does not indicate an overcharge as it was intended to be built up and delay future rate increases.

In response to Council Member Katzakian, Mr. Bartlam stated staff is monitoring the usage of the new water meters and to date as anticipated there is only a redistribution and no change in revenue for water usage.

In response to Council Member Hansen, Mr. Parlin stated the flow capacity remains sufficient due to less building and construction and the type of growth that has occurred.

In response to Council Member Johnson, Mr. Parlin stated the ultra violet process is expensive and the employees have captured savings by extending the life of the bulbs, enhancing the cleaning process, and eliminating the costs of treating wastewater that goes to farmland.

Council Member Hansen and Mayor Mounce suggested publicly thanking the employees at a future City Council meeting.

In response to Myrna Wetzel, Mr. Parlin explained the difference between the water that is distributed to farmland from wastewater versus the Lodi Energy Center.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the electric

utility quarterly update. Specific topics of discussion included cash flow summary, operating results, cash balances, power supply costs, power sales, energy cost adjustment revenue, billing statistics, bad debt write off, general operating reserve (GOR), open position, and quarterly accomplishments.

In response to Mayor Mounce, Ms. Kirkley stated the other revenue line item includes work performed for others including new businesses such as Home Depot.

In response to Council Member Johnson, Customer Services Manager Rob Lechner stated interest in public benefit fund programs has remained steady with respect to residential and commercial interest and it really depends on the desire to expend money up front to receive a refund later.

Council Member Hansen suggested a future Shirtsleeve Session to discuss the status of AB 32 requirements and the City's portfolio options regarding the same.

In response to Council Member Katzakian, Mr. Bartlam stated the GOR reserve is sufficient and can be kept at either Northern California Power Agency or internally because the interest amount is relatively the same.

In response to Mayor Mounce, Electric Operations Superintendent Kevin Riedinger stated the grid work is being performed east of Ham Lane, down by Harney Lane and over to Hutchins Street.

In response to Council Member Johnson, Mr. Riedinger stated staff has addressed the copper theft concerns by placing the copper in rigid conduit and encasing it in a hard seal.

In response to Myrna Wetzel, Ms. Kirkley stated the meter reading program for residential is fully implemented.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:52 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 2011/12
Ending June 30, 2012

MEETING DATE: August 21, 2012

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the fourth quarter of Fiscal Year 2011/12 ending June 30, 2012.

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 21, 2012. 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

APPROVED:

Konradt Bartlam, City Manager



Public Works Department Water/Wastewater

FY 12 Quarterly Update (Ending June 30, 2012)

City Council Shirtsleeve Session
August 21, 2012



Wastewater Fund Cash Flow Summary

(Ending June 30, 2012)

	Budget	Actuals	% of Budget
Revenue			
Sales	13,308,990	13,279,345	100%
Development Impact Mitigation Fees (wastewater & storm)	74,220	220,978	298%
Other (interest, septic, misc.)	194,110	411,630	212%
Total Revenues	13,577,320	13,911,953	102%
Expenses			
Operating	6,864,750	5,892,616	86%
Capital	9,905,005	6,482,997	65%
Debt Service	4,127,670	4,145,421	100%
Cost of Services Payment To General Fund	1,451,480	1,451,480	100%
Total Expenses	22,348,905	17,972,514	80%
Beginning Cash (Operations Only)		4,741,021	
Ending Cash (Operations Only)		6,086,071	
Days Cash (For Operations)		302	
Days Cash Target		90	
% of Target		336%	



Wastewater Operating Results

(Ending June 30, 2012)

Personnel	\$ 3,303,560	\$ 3,050,911	92%
Supplies, Materials, Services	\$ 2,375,740	\$ 1,565,540	66%
Equipment, Land, Structures	\$ 106,000	\$ 48,622	46%
Other Payments	\$ 202,100	\$ 506,921	251%
Utilities	\$ 857,350	\$ 710,622	83%
Work for Others	\$ 20,000	\$ 10,000	50%
Total Operating Expenses	\$ 6,864,750	\$ 5,892,616	86%



Wastewater Funds
Cash Balances
 (Ending June 30, 2012)

Operating (170)	6,086,071
Utility Capital / Infrastructure Replacement (171)	4,623,318
Capital Reserve (172) (Fund used to pay White Slough COP Debt Service)	0
Capital Reserve Restricted Assets (172) (White Slough COP Remaining Proceeds)	813,792
Wastewater IMF (173)	655,587
Rate Stabilization Reserve (174)	500,000
Storm Drain IMF (175)	692,002
Total	13,370,770



Water Fund Cash Flow Summary

(Ending June 30, 2012)

	Budget	Actuals	% of Budget
Revenue			
Sales	12,073,210	12,079,743	100%
Development Impact Mitigation Fees	133,180	111,429	84%
Other (interest, tap fees, water meters, misc.)	2,739,550	1,788,953	65%
Total Revenues	14,945,940	13,980,125	94%
Expenses			
Operating	4,852,600	4,207,298	87%
Capital	44,111,235	28,234,382	64%
Debt Service	2,966,860	2,966,856	100%
Cost of Services Payment To General Fund	1,060,120	1,060,120	100%
Total Expenses	52,990,815	36,468,656	69%
Beginning Cash (Operations Only)		12,619,591	
Ending Cash (Operations Only)		10,789,650	
Days Cash (For Operations)		748	
Days Cash Target		90	
% of Target		831%	



Water Operating Results

(Ending June 30, 2012)

	Budget	Actuals	% of Budget
Personnel	\$ 1,567,900	\$ 1,500,178	96%
Supplies, Materials, Services	\$ 898,410	\$ 413,951	46%
Equipment, Land, Structures	\$ 47,000	\$ 969	2%
Other Payments	\$ 1,303,340	\$ 1,333,621	102%
Utilities	\$ 720,950	\$ 668,579	93%
Work for Others	\$ 315,000	\$ 290,000	92%
Total Operating Expenses	\$ 4,852,600	\$ 4,207,298	87%



**Water Funds
Cash Balances**
(Ending June 30, 2012)

Operating (180)	10,789,650
Utility Capital / Infrastructure Replacement (181)	1,678,160
Capital Reserve Restricted Assets (181) (Water Plant Bond Remaining Proceeds)	8,572,975
IMF (182)	(2,636)
PCE/TCE Settlements	10,664,468
PCE/TCE Rates (185)	4,533,453
Total	36,236,070



Bad Debt Write Off (Through June 30, 2012)

	# Of Accounts	Amount	% of Sales
Wastewater	1,069	\$92,614	0.7%
Water	1,069	\$87,290	0.7%



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 June 30, 2012)

City Council Shirtsleeve Session
August 21, 2012



Electric Fund Cash Flow Summary (Ending June 30, 2012)

	Budget	Actuals	% of Budget
Revenue			
Sales Revenues	66,772,590	64,228,726	96.2%
Development Impact Fees		176,660	
Other Revenues (interest, misc)	513,040	968,419	188.8%
Total Revenues	67,285,630	65,373,805	97.2%
Expenses			
Purchase Power	40,518,060	38,435,233	94.9%
Non Power	10,217,101	8,143,193	79.7%
Capital Projects	3,833,137	2,140,622	55.8%
Debt Service	7,228,470	7,491,179	103.6%
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%
Total Expenses	71,629,828	66,043,287	92.2%
Net Chg in Bal Sheet Accts		(995,878)	
Net Increase (Decrease)	(4,344,198)	(1,665,361)	
Beginning Local Cash Balance	10,359,752	10,359,572	
Ending Local Cash Balance	6,015,554	8,694,211	
Beginning GOR	12,867,525	12,867,525	
Net Increase (Decrease) in GOR		(1,291,093)	
Ending GOR	12,867,525	11,576,432	
Total Local Cash Balance and GOR	18,883,079	20,270,643	
Days of Cash on Hand	114	131	



Electric Fund Operating Results

(Ending June 30, 2012)

	FY12 Budget	FY12 Actual	% of Budget
Personnel	\$ 5,824,120	\$ 5,075,422	87%
Supplies, Materials, Services	\$ 1,974,776	\$ 1,565,898	79%
Equipment, Land, Structures	\$ 1,120,985	\$ 465,088	41%
Other Payments	\$ 1,243,800	\$ 984,333	79%
Utilities	\$ 53,420	\$ 52,451	98%
Total Operating Expenses	\$ 10,217,101	\$ 8,143,193	80%



**Electric Funds
Cash Balances**
(Ending June 30, 2012)

Operating (160)	\$ 3,185,975
Utility Outlay Reserve Fund (161)	\$ (484,597)
Electric Rate Stability Reserve (162)	\$ 2,151,309
Public Benefits Fund (164)	\$ 3,331,065
IMF EU Substation and Transmission (165)	\$ 653,586
Solar Surcharge Fund (166)	\$ (143,127)
Energy Efficiency & CBGP - ARRA (167)	\$ 0
NCPA – General Operating Reserve (GOR)	\$ 11,576,432
Total	\$ 20,270,643



Power Supply Costs

(Through June 30, 2012)

	Budget	Actuals	% of Budget
Generation	\$ 32,220,862	\$ 32,342,982	100.4%
Transmission	\$ 8,339,585	\$ 6,572,404	78.8%
Management Services	\$ 1,324,643	\$ 1,389,273	104.9%
Third Party Revenue	\$ (1,367,030)	\$ (1,869,426)	136.8%
TOTAL	\$ 40,518,060	\$ 38,435,233	94.9%



Power Sales

(Through June 30, 2012)

	Budgeted Sales	Year to Date Sales	% Budget
kWh	429,331,865	435,655,731	101.5%
Revenue	\$66,772,590	\$64,228,726	96.2%

	Year	HDD	Normal	CDD	Normal
July	2011	0	0	311	363
August	2011	0	0	319	332
September	2011	1	6	304	222
October	2011	67	91	51	54
November	2011	413	360	0	0
December	2011	654	603	0	0
January	2012	562	595	0	0
February	2012	403	407	0	0
March	2012	366	324	0	0
April	2012	183	190	42	17
May	2012	29	60	103	102
June	2012	14	7	203	230
FY12 Total		2692	2643	1333	1320



ECA Revenue

(Through June 30, 2012)

Customer Class	Q1	Q2	Q3	Q4	Total
Residential	\$ (112,187)	\$ 595,061	\$ 1,049,986	\$ (626,599)	\$ 906,261
Small Commercial	\$ (110,731)	\$ 619,546	\$ 1,003,429	\$ (639,023)	\$ 873,221
Large Commercial/Small Industrial	\$ (32,491)	\$ 187,674	\$ 294,038	\$ (197,023)	\$ 252,198
Industrial	\$ (67,294)	\$ 423,626	\$ 494,947	\$ (290,097)	\$ 561,182
Total ECA Revenue	\$ (322,703)	\$ 1,825,907	\$ 2,842,400	\$ (1,752,742)	\$ 2,592,862



Billing Statistics

(Through June 30, 2012)

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	149,814,375	\$ 25,606,368	\$ 0.1709
Small Commercial	150,220,915	\$ 23,745,530	\$ 0.1581
Large Commercial/Small Industrial	43,188,564	\$ 5,921,458	\$ 0.1371
Industrial	92,431,877	\$ 8,955,370	\$ 0.0969
TOTAL	435,655,731	\$ 64,228,726	\$ 0.1474



Bad Debt Write Off (Through June 30, 2012)

	# Of Accounts	Amount	% of Sales
Electric	1069	\$203,404	0.31%



NCPA General Operating Reserve (GOR)
(Through June 30, 2012)

GOR Balance

- **\$12,867,525 (Jun 30, 2011)**
- **\$11,576,432 (Jun 30, 2012)**

Interest Income	\$ 43,068
Budget Settlement	\$ 916,031
Public Benefit Fund Payment	(\$ 149,232)
MPP Security Account	(\$ 1,530,766)
GPP Security Account	(\$ 549,010)
CRR Collateral Account	(\$ 21,184)

\$1,291,093 Decrease



FY13 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 2012		46,322	0.0%		28,725	0.0%		17,597	0.0%
August	(7,224)	46,645	-15.5%	(5,492)	31,285	-17.6%	(1,732)	15,360	-11.3%
September	(5,515)	40,959	-13.5%	(3,242)	25,245	-12.8%	(2,273)	15,714	-14.5%
October	(5,123)	35,717	-14.3%	(3,342)	23,498	-14.2%	(1,781)	12,219	-14.6%
November	(4,055)	33,735	-12.0%	(2,738)	21,808	-12.6%	(1,317)	11,927	-11.0%
December	(4,195)	35,867	-11.7%	(2,225)	21,676	-10.3%	(1,970)	14,191	-13.9%
January 2013	(5,666)	36,392	-15.6%	(3,152)	23,235	-13.6%	(2,514)	13,157	-19.1%
February	(3,794)	32,461	-11.7%	(1,732)	20,946	-8.3%	(2,062)	11,515	-17.9%
March	(8,199)	34,947	-23.5%	(3,634)	21,929	-16.6%	(4,565)	13,018	-35.1%
April	(12,587)	34,068	-36.9%	(7,090)	22,136	-32.0%	(5,497)	11,932	-46.1%
May	(12,707)	37,781	-33.6%	(6,843)	24,619	-27.8%	(5,864)	13,162	-44.6%
June	(12,738)	41,629	-30.6%	(4,977)	26,505	-18.8%	(7,761)	15,124	-51.3%
FY Total	(81,803)	456,523	117.9%	(44,467)	291,607	115.2%	(37,336)	164,916	122.6%
Bal Yr Total	(81,803)	456,523	-17.9%	(44,467)	291,607	-15.2%	(37,336)	164,916	-22.6%



Electric Utility Accomplishments

- UG Maintenance Program
- OH Maintenance Program
- Automatic Meter Reading Project
- Streetlight Ground & Fusing
- Energy Theft Diversion Program
- Transmission Cost Containment
- Distribution Capacity Program
- EUD Staffing