

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, SEPTEMBER 24, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 24, 2013, commencing at 7:00 a.m.

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

Absent: None

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

B. Topic(s)

B-1 Receive Utility Financial Reports for the Fourth Quarter of Fiscal Year 2012/13 Ending June 30, 2013 (CM)

City Manager Rad Bartlam briefly introduced the subject matter of the fourth quarter utility financial reports.

Deputy Public Works Director Larry Parlin provided a PowerPoint presentation regarding the Public Works quarterly update ending June 30, 2013. Specific topics of discussion included water and wastewater cash flow summary, operating results, cash balances, bad debt write off, operational activities, and regulatory activities.

In response to Council Member Johnson, Mr. Parlin stated there was a capital cost savings because projects for main lining and at White Slough did not need to be completed immediately.

In response to Mayor Pro Tempore Katzakian, Mr. Bartlam stated the City Council will be receiving a PCE/TCE status update next week.

In response to Council Member Johnson, Mr. Parlin stated the leaks associated with the water meter project are stable although Teichert will have to do some follow-up repair work at its own expense.

In response to Council Member Johnson, Mr. Parlin stated approximately \$20,000 to \$30,000 is spent on public education and outreach efforts and staff will continue to participate at the Farmers Market and similar events to bring water conservation awareness.

In response to Council Member Hansen, Mr. Parlin confirmed that the permit is issued by the State Water Resources Control Board and it is an unfunded mandate.

In response to Council Member Johnson, Mr. Parlin stated the permit process involves data collection by the State, analyzing the data, and a decision as to whether or not the outreach efforts are sufficient or more needs to be done.

In response to Council Member Hansen, Mr. Parlin stated the permit is administratively issued and is good for five years.

In response to Council Member Johnson, Mr. Parlin stated there are no problems with Flag City.

In response to Council Member Hansen, Mr. Parlin provided an overview of the system at the treatment plant by way of controls, security, and alarm systems for operations that are fully technical and electronic-based versus manual.

In response to Council Member Hansen, Mr. Parlin stated one full-time contracted temporary position will be eliminated in the near future based on the original plan.

In response to Council Member Mounce, Mr. Parlin stated the call-in procedure for the new plant is similar to other existing facilities and overtime may or may not be included based on the employee that responds. Council Member Mounce asked that additional information be provided in the next quarterly update regarding the details of the cash on hand numbers.

In response to Mayor Nakanishi, Mr. Parlin stated the City's cash on hand amount is better than most and he will supply the access information about the new treatment plant to the City Council through the City Manager.

In response to Council Member Hansen, Mr. Parlin stated the water meters should be fully automated by the end of next year.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the Electric Utility quarterly update ending June 30, 2013. Specific topics of discussion included cash flow summary, reserve policy, cash balances, power sales, Energy Cost Adjustment (ECA) revenue, operating results, power supply costs, billing statistics, bad debt write off, open position, and activities.

In response to Council Member Johnson, Mr. Bartlam stated almost every dollar of the public benefit program is planned for and will be spent on projects including capital infrastructure, street light retrofitting, and work at Hutchins Street Square.

In response to Council Member Hansen, Mr. Bartlam and Ms. Kirkley stated energy efficiency improvements require both tenant and landlord consent even if they are being paid for by the tenant.

In response to Mayor Nakanishi, Ms. Kirkley stated she will forward the Northern California Power Agency annual report card, which sets forth the financial health of its member cities as requested.

In response to Council Member Hansen, Ms. Kirkley stated the City Council will receive an update next week regarding the City's current 20% amount for greenhouse emissions and its ongoing effort to achieve the 33% by 2020 as required by law.

In response to Council Member Hansen, Ms. Kirkley stated May 2017 is the target in-service date for the 230 kV interconnection project.

In response to Council Member Hansen, City Attorney Schwabauer provided a brief overview of the process related to the grievance filed in response to an Electric Utility recruitment of certain positions with reclassified salaries.

In response to Mayor Nakanishi, Ms. Kirkley confirmed that the ECA was implemented in 2007, is the most efficient alternative to monthly rate adjustments, and results in a more favorable view from the rating agencies.

In response to Council Member Mounce, Mr. Bartlam stated the Lakewood resident matter will be discussed at the October 29 Shirtsleeve Session and the City received a health and wellness grant for \$5,000 from the Healthy Eating Active Living Campaign related to the League of

California Cities.

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-Olson  
City Clerk



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Receive Utility Financial Reports for the Fourth Quarter of Fiscal Year 2012/13  
Ending June 30, 2013

**MEETING DATE:** September 24, 2013

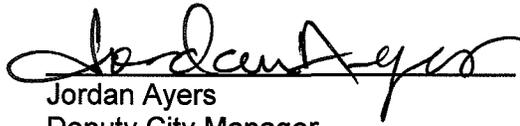
**PREPARED BY:** Deputy City Manager

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**RECOMMENDED ACTION:** Receive utility financial reports for the fourth quarter of the fiscal year 2012/13 ending June 30, 2013.

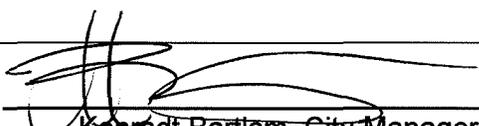
**BACKGROUND INFORMATION:** In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities. Highlights of the operations and financial performance of each utility will be presented at the meeting of September 24, 2013. Note 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:

  
Konrad Bartlam, City Manager



# Electric Utility Department

## **FY 13 Quarterly Update** (Ending June 30, 2013)

City Council Shirtsleeve Session  
September 24, 2013



## Electric Fund Cash Flow Summary (Ending June 30, 2013)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales Revenues	66,424,170	63,229,644	95%
Development Impact Fees	200,000	6,226	3%
Other Revenues (interest, misc)	3,829,820	2,796,121	73%
<b>Total Revenues</b>	<b>70,453,990</b>	<b>66,031,991</b>	<b>94%</b>
<b>Expenses</b>			
Purchase Power	39,066,260	38,118,432	98%
Non Power	10,204,530	9,321,942	91%
Capital Projects	1,417,000	1,291,454	91%
Debt Service	8,306,330	8,721,831	105%
Cost of Service	2,856,390	2,856,390	100%
In-lieu Transfer to General Fund	6,976,670	6,976,670	100%
<b>Total Expenses</b>	<b>68,827,180</b>	<b>67,286,719</b>	<b>98%</b>
<b>Net Chg in Bal Sheet Accts</b>		<b>5,796,328</b>	

<b>Net Increase (Decrease)</b>	<b>1,626,810</b>	<b>4,541,601</b>
<b>Beginning Local Cash Balance</b>	<b>8,694,211</b>	<b>8,694,211</b>
<b>Ending Local Cash Balance</b>	<b>10,321,021</b>	<b>13,235,812</b>
<b>GOR Balance</b>		<b>8,761,966</b>
<b>Total Reserve Balance</b>		<b>21,997,778</b>
<b>Reserve Policy Target</b>		<b>24,400,000</b>
<b>% of Target</b>		<b>90%</b>



## Electric Utility Reserve Policy

(Ending June 30, 2013)

Purpose	Basis	Target	Actual
Operating Reserve	90 Days Cash	\$ 17,200,000	\$ 13,235,812
Capital Reserve	Largest Distribution System Contingency	\$ 1,000,000	
NCPA General Operating Reserve	NCPA Identified Items	\$ 6,200,000	\$ 5,270,130
NCPA MPP/GPP Balance	MPP/GPP Security Commitments		\$ 3,491,836
<b>Total Target</b>		<b>\$ 24,400,000</b>	<b>\$ 21,997,778</b>



**Electric Funds**  
**Cash Balances**  
(Ending June 30, 2013)

Operating (160)	\$ 3,906,303
Utility Outlay Reserve Fund (161)	\$ 476,866
Electric Rate Stability Reserve (162)	\$ 2,157,205
Public Benefits Fund (164)	\$ 4,113,940
IMF EU Substation and Transmission (165)	\$ 659,812
Solar Surcharge Fund (166)	\$ (93,890)
Environmental Compliance (168)	\$ 2,015,576
NCPA – General Operating Reserve (GOR)	\$ 8,761,966
<b>Total</b>	<b>\$ 21,997,778</b>



## Power Sales

(Ending June 30, 2013)

	Budgeted Sales	Year to Date Sales	% Budget
kWh	434,431,553	435,822,465	100%
Revenue	\$ 66,424,170	\$ 63,229,644	95%

	Year	HDD	Normal	CDD	Normal
July	2012	0	0	321	363
August	2012	0	0	378	332
September	2012	0	6	247	222
October	2012	66	91	76	54
November	2012	289	360	0	0
December	2012	549	603	0	0
January	2013	644	595	0	0
February	2013	455	407	0	0
March	2013	221	324	0	0
April	2013	77	190	46	17
May	2013	11	60	135	102
June	2013	0	7	281	230
<b>FY13 Total</b>		<b>2312</b>	<b>2643</b>	<b>1484</b>	<b>1320</b>



## ECA Revenue

(Ending June 30, 2013)

Customer Class	Q1	Q2	Q3	Q4	Total
Residential	\$ (976,819)	\$ 413,363	\$ 762,558	\$ 165,900	\$ 365,001
Small Commercial	\$ (850,736)	\$ 390,157	\$ 743,678	\$ 190,530	\$ 473,629
Large Commercial/Small Industrial	\$ (254,377)	\$ 131,982	\$ 232,403	\$ 54,650	\$ 164,658
Industrial	\$ (436,044)	\$ 72,335	\$ 198,017	\$ 503,273	\$ 337,580
<b>Total ECA Revenue</b>	<b>\$ (2,517,976)</b>	<b>\$ 1,007,836</b>	<b>\$ 1,936,656</b>	<b>\$ 914,353</b>	<b>\$ 1,340,869</b>



## Electric Fund Operating Results (Ending June 30, 2013)

	FY13 Budget	FY13 Actual	% of Budget
Personnel	\$ 5,468,750	\$ 5,200,232	95%
Supplies, Materials, Services	\$ 2,210,720	\$ 1,566,132	71%
Equipment, Land, Structures	\$ 911,800	\$ 1,015,667	111%
Other Payments	\$ 1,554,480	\$ 1,492,004	96%
Utilities	\$ 58,780	\$ 47,907	82%
<b>Total Operating Expenses</b>	<b>\$ 10,204,530</b>	<b>\$ 9,321,942</b>	<b>91%</b>



## Power Supply Costs

(Ending June 30, 2013)

	<b>Budgeted</b>	<b>Year to Date</b>	<b>% of Budget</b>
Generation	\$ 31,517,160	\$ 35,793,446	114%
Transmission	\$ 8,949,490	\$ 6,913,169	77%
Management Services	\$ 1,290,670	\$ 1,401,391	109%
Third Party Revenue	\$ (2,691,060)	\$ (5,989,574)	223%
Adjustments			
<b>TOTAL</b>	<b>\$ 39,066,260</b>	<b>\$ 38,118,432</b>	<b>98%</b>



## Billing Statistics

(Ending June 30, 2013)

Budgeted Sales			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	149,173,856	\$ 25,047,697	\$ 0.1679
Small Commercial	152,873,821	\$ 24,310,122	\$ 0.1590
Large Commercial/Small Industrial	40,144,007	\$ 6,309,109	\$ 0.1572
Industrial	92,239,869	\$ 10,757,242	\$ 0.1166
<b>TOTAL</b>	<b>434,431,553</b>	<b>\$ 66,424,170</b>	<b>\$ 0.1529</b>

Actual Sales FY13			
Customer Class	kWh Sales	Revenue	Average Rate
Residential	151,814,834	\$ 25,377,977	\$ 0.1672
Small Commercial	152,534,226	\$ 23,677,716	\$ 0.1552
Large Commercial/Small Industrial	46,379,962	\$ 6,198,971	\$ 0.1337
Industrial	85,093,443	\$ 7,974,979	\$ 0.0937
<b>TOTAL</b>	<b>435,822,465</b>	<b>\$ 63,229,644</b>	<b>\$ 0.1451</b>



## Bad Debt Write Off (Ending June 30, 2013)

	# Of Accounts	Amount	% of Sales
Electric	930	\$123,805	0.20%



## FY14 Open Position

	Lodi Total	MWh		Lodi HLH	MWh		Lodi LLH	MWh	
	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load	Surplus/(Deficit)	Load	% of Load
July 2013		46,698	0.0%		16,117	0.0%		30,581	0.0%
August		47,316	0.0%		15,759	0.0%		31,557	0.0%
September	(7,401)	41,013	-18.0%	(3,438)	15,702	-21.9%	(3,963)	25,311	-15.7%
October	(9,130)	35,726	-25.6%	(3,984)	12,268	-32.5%	(5,146)	23,458	-21.9%
November	(3,565)	33,231	-10.7%	(2,899)	11,858	-24.4%	(666)	21,373	-3.1%
December	(6,636)	35,434	-18.7%	(4,414)	13,871	-31.8%	(2,222)	21,562	-10.3%
January 2014	(8,686)	35,494	-24.5%	(5,665)	13,022	-43.5%	(3,021)	22,472	-13.4%
February	(6,825)	31,639	-21.6%	(3,397)	11,243	-30.2%	(3,428)	20,396	-16.8%
March	(9,285)	34,136	-27.2%	(5,729)	12,734	-45.0%	(3,556)	21,402	-16.6%
April	(9,163)	33,625	-27.3%	(5,933)	11,623	-51.0%	(3,230)	22,002	-14.7%
May	(9,635)	37,231	-25.9%	(6,342)	13,155	-48.2%	(3,293)	24,076	-13.7%
June	(9,927)	40,804	-24.3%	(5,814)	14,588	-39.9%	(4,113)	26,216	-15.7%
<b>FY Total</b>	<b>(80,253)</b>	<b>452,347</b>	<b>-17.7%</b>	<b>(47,615)</b>	<b>161,940</b>	<b>-29.4%</b>	<b>(32,638)</b>	<b>290,406</b>	<b>-11.2%</b>
<b>Bal Yr Total</b>	<b>(80,253)</b>	<b>358,333</b>	<b>-22.4%</b>	<b>(47,615)</b>	<b>130,064</b>	<b>-36.6%</b>	<b>(32,638)</b>	<b>228,268</b>	<b>-14.3%</b>



## Electric Utility Activities

- 230 kV Interconnection Project
- Cap & Trade/Green House Gas (GHG)
- Renewable Portfolio Standard (RPS)
- Distribution System Patrols/Inspections
- OH/UG Maintenance Programs
- Energy Theft Diversion Program
- Staffing



# Public Works Department Water/Wastewater

## **FY 13 Quarterly Update** (Ending June 30, 2013)

City Council Shirtsleeve Session  
September 24, 2013



## Wastewater Fund Cash Flow Summary

(Ending June 30, 2013)

	Budget	Actuals	% of Budget
<b>Revenue</b>			
Sales	13,873,500	13,747,216	99%
Development Impact Mitigation Fees (wastewater & storm)	82,740	29,337	35%
Other (interest, septic, misc.)	279,040	528,878	190%
<b>Total Revenues</b>	<b>14,235,280</b>	<b>14,305,431</b>	<b>100%</b>
<b>Expenses</b>			
Operating	6,395,240	5,532,601	87%
Capital	2,763,657	1,095,686	40%
Debt Service	4,128,650	4,097,514	99%
Cost of Services Payment To General Fund	1,451,480	1,451,480	100%
<b>Total Expenses</b>	<b>14,739,027</b>	<b>12,177,281</b>	<b>83%</b>
Beginning Cash (Operations Only)		4,733,864	
Ending Cash (Operations Only)		6,485,042	
Days Cash (For Operations)		339	
Days Cash Target		90	
% of Target		376%	



## Wastewater Operating Results

(Ending June 30, 2013)

	Budget	Actuals	% of Budget
Personnel	\$ 3,239,330	\$ 2,999,428	93%
Supplies, Materials, Services	\$ 2,049,890	\$ 1,568,705	77%
Equipment, Land, Structures	\$ 101,000	\$ 35,863	36%
Other Payments	\$ 205,120	\$ 230,372	112%
Utilities	\$ 707,400	\$ 683,508	97%
Work for Others	\$ 92,500	\$ 14,725	16%
<b>Total Operating Expenses</b>	<b>\$ 6,395,240</b>	<b>\$ 5,532,601</b>	<b>87%</b>



**Wastewater Funds**  
**Cash Balances**  
(Ending June 30, 2013)

Operating (170)	6,485,042
Utility Capital / Infrastructure Replacement (171)	6,097,456
Capital Reserve (172) (Fund used to pay White Slough COP Debt Service)	2
Capital Reserve Restricted Assets (172) (White Slough COP Remaining Proceeds)	678,192
Wastewater IMF (173)	15,766
Rate Stabilization Reserve (174)	500,000
Storm Drain IMF (175)	597,248
<b>Total</b>	<b>14,373,706</b>



## Water Fund Cash Flow Summary

(Ending June 30, 2013)

	<b>Budget</b>	<b>Actuals</b>	<b>% of Budget</b>
<b>Revenue</b>			
Sales	12,419,950	12,441,039	100%
Development Impact Mitigation Fees	19,670	2,529	13%
Other (interest, tap fees, water meters, misc.)	2,376,940	2,692,201	113%
<b>Total Revenues</b>	<b>14,816,560</b>	<b>15,135,769</b>	<b>102%</b>
<b>Expenses</b>			
Operating	6,091,510	5,433,735	89%
Capital	18,250,841	13,556,708	74%
Debt Service	2,968,610	2,988,136	101%
Cost of Services Payment To General Fund	1,060,120	1,060,120	100%
<b>Total Expenses</b>	<b>28,371,081</b>	<b>23,038,699</b>	<b>81%</b>
Beginning Cash (Operations Only)		15,064,674	
Ending Cash (Operations Only)		8,279,037	
Days Cash (For Operations)		465	
Days Cash Target		90	
% of Target		517%	



## Water Operating Results

(Ending June 30, 2013)

	Budget	Actuals	% of Budget
Personnel	\$ 2,236,450	\$ 2,172,490	97%
Supplies, Materials, Services	\$ 1,418,500	\$ 1,035,181	73%
Equipment, Land, Structures	\$ 48,000	\$ 45,857	96%
Other Payments	\$ 1,351,280	\$ 1,377,987	102%
Utilities	\$ 731,280	\$ 669,715	92%
Work for Others	\$ 306,000	\$ 132,505	43%
<b>Total Operating Expenses</b>	<b>\$ 6,091,510</b>	<b>\$ 5,433,735</b>	<b>89%</b>



**Water Funds  
Cash Balances**  
(Ending June 30, 2013)

<b>Operating (180)</b>	8,279,037
<b>Utility Capital / Infrastructure Replacement (181)</b>	765,421
<b>Capital Reserve Restricted Assets (181)</b> (Water Plant Bond Remaining Proceeds)	2,693,654
<b>IMF (182)</b>	201
<b>PCE/TCE Settlements</b>	11,561,306
<b>PCE/TCE Rates (185)</b>	4,421,958
<b>Total</b>	<b>27,721,577</b>



## Bad Debt Write Off (Through June 30, 2013)

	<b># Of Accounts</b>	<b>Amount</b>	<b>% of Sales</b>
Wastewater	930	\$72,255	0.6%
Water	930	\$69,509	0.6%



# Water / Wastewater Utility Activities

## Operational

- Water Distribution
- Water Production
- Collection System
- Wastewater Treatment

## Regulatory

- SSO's
- Discharge Violations
- Monitoring and Reporting