

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, DECEMBER 10, 2013**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 10, 2013, commencing at 7:00 a.m.

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

Absent: Council Member Johnson

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

B. Topic(s)

B-1 Receive Information Regarding Metering Options to Mobile Home Parks (PW)

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding mobile home parks metering. Specific topics of discussion included state law, public outreach efforts, general mobile home park information in the City, survey results, master meter justification, average monthly water and wastewater charges, total monthly savings, City and owner implementation, and owner preferred alternatives.

In response to Council Member Mounce, Mr. Sandelin stated specific rental amounts were not a part of the survey.

In response to Council Member Mounce, City Attorney Schwabauer stated that, while the Public Utilities Commission (PUC) does not regulate submetering, there are other State laws that regulate the amount a property owner may charge a tenant for utility services provided through submetering.

In response to Council Member Nakanishi, Mr. Sandelin stated park owners would need to pay for submetering although they do have the option to pass down the cost to the tenants over a period of time.

In response to Council Member Mounce, City Manager Bartlam stated under a master meter justification, if the costs were divided equally amongst all tenants based on space alone, the rates would go down, although it is the property owner's decision as to how to divide the costs.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin stated the master meters were installed in 2012, they have been in place over a year, collected data shows how much total water was being used, and that data is the basis for the calculations presented to the City Council. Mr. Sandelin stated with the master meter scenario tenants would pay the property owner directly for the utility service along with their rent.

In response to Council Member Mounce, Mr. Schwabauer stated property owners do have an ability to recover costs from tenants for administering the billing of the utility service.

In response to Mayor Katzakian, Mr. Sandelin reviewed the rate formulas under the current rate structure and specifically discussed commodity costs.

In response to Mayor Pro Tempore Hansen, Mr. Schwabauer briefly discussed the ability to

regulate unfair rent practices and increases through various agencies charged with that responsibility.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin stated that, while property owners would continue to pay the City directly, tenants would need to pay the property owner instead of the City because the tenant would no longer be a customer receiving utility billing from the City.

In response to Council Member Mounce, Mr. Bartlam stated that, while there may be an ability to allow the tenant to pay the City directly, it is not the preferred alternative because, unlike the property owner, the City does not have an enforcement mechanism to force payment or an ability to shut-off service when a tenant fails to pay.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin confirmed that the City recovery for the utility service will decrease by approximately \$100,000 through the master meter system for mobile home parks but according to the data it is better aligned with the cost of providing the service.

In response to Mayor Pro Tempore Hansen and Council Member Mounce, Mr. Schwabauer provided a brief overview of the shut-off process for non-payment of City utilities, including electric and water services, and the differences and similarities of the same.

In response to Mayor Pro Tempore Hansen, Mr. Sandelin confirmed that property owners have been engaged in the public meetings regarding this topic.

In response to Mayor Katakian, Mr. Sandelin confirmed that wastewater is adjusted annually on July 1.

In response to Council Member Nakanishi, Mr. Bartlam stated the idea of providing a credit to property owners involves the amount of additional work it may take for a property owner to bill his tenants. Mr. Bartlam stated a calculation divided equally among the number of spaces would not take much time but a calculation based on actual use of each space through an individual meter would take more time.

In response to Council Member Nakanishi, Deputy City Manager Jordan Ayers stated the base charge, without late fees, for non-payment is \$28,000 annually. Mr. Bartlam stated mobile home park owners will not experience this loss because they have recourse whereas the City does not.

In response to Council Member Nakanishi, Mr. Sandelin stated based on his research there are no mobile home parks in the State that have utility-owned individual water meters in the parks and they all operate through master meters. Mr. Sandelin stated in San Diego there are submetering requirements but developers and property owners pay for the meters.

In response to Council Member Mounce, Mr. Bartlam confirmed that mobile home park owners previously paid for the electrical meters on individual spaces.

The following individuals spoke in regard to the proposed change in water meter billing for mobile home tenants and expressed a variety of concerns including unfair and unequal rent increases, lack of an incentive to conserve water, costs associated with individual meters and who will pay for the same, past City practice with direct tenant billing, and equity amongst all ratepayers.

Shirley Plath  
Ray Lunne

Ed Poole  
Richard Streep  
Bruce Davis

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:45 a.m.

ATTEST:

Randi Johl-Olson  
City Clerk



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Receive Information Regarding Metering Options to Mobile Home Parks  
**MEETING DATE:** December 10, 2013 (Shirtsleeve Session)  
**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Receive information regarding metering options to mobile home parks.

**BACKGROUND INFORMATION:** For decades, most mobile home park tenants in Lodi have been individually billed for water, wastewater and refuse service. One exception is the Palms Mobile Home Park, located at 845 South Cherokee Lane, where the owner pays for all utilities.

For all mobile home parks, electric service is provided through a master meter, and the park tenants pay their pro-rated share of the electric cost to the park owner. Each park has electric sub meters that are read by the park owners and provide the basis for allocating the electric charges to the individual spaces. This has also been the case for many decades.

After meeting with a majority of the mobile home park property owners, it was very clear they are not interested in moving further into utility management and billing services. In fact, they would like to eliminate their role on the electric side if at all possible.

City staff conducted a survey of 68 mobile home parks located in Lathrop, Manteca, Tracy, and Stockton. County mobile home parks were not contacted because they are generally served by private wells or County Service Area wells. A total of 27 surveys (40%) could be completed, with the remaining 41 locations either refusing to participate or unable to be contacted. The results of the survey are summarized in the table below.

Results of 27 Surveys Completed

Total Number of Spaces	2,229
Water Master Meter	23 (4 with Private Wells)
Individual Water Meters (Utility Owned)	0
Individual Water Sub-Meters (Park Owned)	8 (2 in Parks with Private Wells)
Water Charges Included in Rent	13
Water Charges to Tenant with Sub-Meter	8
Water Charges to Tenant without Sub-Meter	6
Electric Master Meter	16
Individual Electric Meter (Utility Owned)	11
Gas Master Meter	16
Individual Gas Meter (Utility Owned)	11

Highlights of the 27 parks surveyed are:

1. Of those surveyed, 23 (85%) have water master meters and four have private wells. Of the 23 with master meters, 10 include the water cost in the space rent and 13 charge the space tenant based upon a water sub-meter (6) or other method (7).

APPROVED: \_\_\_\_\_

Konrad Bartlam, City Manager

2. Of those surveyed, 16 have electric and gas master meters and the park owners are charging space tenants for electric and gas usage. Individual utility-owned electric and gas meters exist at 11 locations.

The average water monthly usage per mobile home unit is 7.6 hundred cubic feet (CCF) per month, compared to the Citywide average of 18 CCF per month per residential customer. This customer group is one of the lowest water consumers in the City and, as a result, one would not expect usage to significantly reduce if master or individual meters were installed. This condition is directly related to the limited landscaped areas that exist in the mobile home parks.

Three alternatives to bill mobile home parks for water based upon usage are presented below, in the order of staff's preference. The mobile home park owners' order of preference is opposite that of staff's. Further discussion of each alternative is provided below.

**Alternative 1 – Master Meters:** Tenants see a 70 percent reduction in water cost (- \$17.92) and a 42 percent reduction in wastewater cost (- \$10.83) per month. Total savings = - \$28.75.

**Alternative 2 – Master Meter (Discounted):** Tenants see a 70 percent reduction in water cost (- \$17.92) and a 42 percent reduction in wastewater cost (- \$10.83) per month. Total savings = - \$28.75. Park owners keep the discount as a reimbursement for added labor and related costs.

**Alternative 3 – Individual Meters:** Tenants see increases of 20 percent (+ \$5.08) in water cost and 37 percent (+ \$9.66) in wastewater costs per month. Total increase = + \$14.74.

Alternative 1: Master water meters were installed at six of the seven mobile home parks in 2012. Usage has been recorded at these locations for at least the past 12 months and is reported in the six tables that make up Exhibit A. The two mobile home parks named Casa de Lodi are reported as a single line in the table. The Palms mobile home park is not yet fully metered and is not included in Exhibit A.

By dividing the 12-month cost of water equally per space and averaging the result for all six parks, the average per space monthly water charge is \$7.75 or 70 percent lower (- \$17.82) than the current City charge of \$25.67 for a mobile home unit. The average per space monthly wastewater charge is \$15.00 or 42 percent lower (- \$10.83) than the current City charge of \$25.83. Total savings = - \$28.75. Of course, each park's numbers are slightly different.

By simply raising the rent per space, based upon the above, by \$23.00 per month, the park owners cover their water and wastewater utility costs and the tenants save \$28.50 from what they had paid the City. There are no requirements for park owners to invoice the space tenants for water and wastewater utility costs or to incur the associated work effort to do so.

The City benefits by:

1. Having the mobile home park owners pay the water and wastewater bill along with the electric bill they already receive.
2. Eliminates the preparation of 540 individual utility bills. Once water and wastewater are off the bill, Waste Management bills directly and deals with collections from the space tenants.
3. Eliminates our current collections problems with tenants that have no City electric meter and that cannot have service terminated for non-payment.
4. Having the park owners and management promote water conservation, although mobile home tenants are amongst the lowest water consumers in the City.

Alternative 2: Master meter with owner discounts. This alternative is suggested by the mobile home park owners as it is similar in structure to PG&E mobile home discounts that the City's Electrical Utility has emulated. Currently, each park that is master metered receives a credit of \$11.54 per occupied space

that is given each month on the City's Electric Utility bill. This credit number has risen from \$8.13 at its inception in 1989. The credit is intended to partially offset the cost of owning and maintaining the distribution system, meter reading and billing services.

The amount of a similar water and wastewater credit would need to be determined. There is no City or State requirement to sub meter water service and, therefore, any credit would need to be substantiated. Wastewater service charges derive from measured water usage and no credit seems appropriate.

Under this alternative, tenants could still see, on average, a 70 percent reduction in water cost (- \$17.92) and a 42 percent reduction in wastewater cost (- \$10.83) per month. The total average savings is \$28.75 per space per month. Park owners would be required to install water sub meters. Park owners keep the discount as a reimbursement for meter reading and billing services. The City benefits are similar to Alternative 1.

A credit back to the mobile home park owners is not recommended because it could arguably apply to apartment and condominium properties that are also master metered. In addition, credit back arrangements were not found at the other mobile home parks serve by other water utilities. Again, the electric credit back emulated a PG&E program at mobile home parks served by that utility.

Alternative 3: Individual meters, installed by the City on private property connecting to private water mains, is the preferred solution of the mobile home park owners. Assuming similar meter installations to the water meter program, the net cost to the City would be approximately \$500,000 taking into account the \$300 per unit meter payment.

Under this scenario, each unit would be billed the monthly base charge (currently \$23.78 and \$23.52 for water and wastewater, respectively) and the tiered usage charge for a residential unit. The tenants would see increases of 20 percent (+ \$5.08) in water cost and 37 percent (+ \$9.66) in wastewater costs per month. Total = + \$14.74. The monthly billing would be based upon usage and compliant with state law. Based upon the average monthly usage data collected, the monthly water charge would be \$30.75 and the wastewater charge would be \$35.49.

Because mobile home units are amongst the lower users in the residential customer class and they are only 540 or 3.3 percent of our customers in this class, it is unlikely that measureable conservation could be realized by the installation of meters or even sub-meters.

Under this alternative the City would continue to bill the individual tenants. There would be an increase in maintenance effort associate with the additional 540 meters. The park owners would continue status quo with respect to their utility responsibilities. The tenants would see an increase in their total water and wastewater bill of \$14.74 or 29 percent above the current charge of \$51.50.

**FISCAL IMPACT:** Not Applicable

**FUNDING AVAILABLE:** Not Applicable

  
\_\_\_\_\_  
F. Wally Sandelin  
Public Works Director

**Exhibit A-1**

**Mobile Home Parks  
General Information**

Park	Address	Number of Pads	Rate Effective January 2013	Flat Rate Billed Amount	Current Billing To:
Casa De Lodi	812 and 817 E. Turner Rd	240	\$25.67	\$6,160.80	Tenants
Almond Drive Estates	471 E Almond Dr	85	\$25.67	\$2,181.95	Tenants
Shady Acres	621 E Lockeford St	43	\$25.67	\$1,103.81	Tenants
The Palms*	845 S Cherokee Ln	41	\$25.67	\$1,052.47	Park Owner
Cherokee Park	1651 S Cherokee Ln	43	\$25.67	\$1,103.81	Tenants
Lake Park **	1390 W Lockeford St	34	\$25.67	\$872.78	Tenants

All mobile home units are billed at the 1 bedroom apartment rate.

\*41 pads, 6 cottages & 3 small houses

\*\*34 usable spaces (the 35th space is all mailboxes and unusable)

**Exhibit A-2**

**Casa De Lodi  
812 and 817 E. Turner Rd**

Month	Meter Size	Usage-Based Charge		Meter Size	Usage-Based Charge	Total Usage-Based Charge	Flat Rate Billed Amount	Difference
Sep-13	3	\$1,602.22		3	\$1,059.42	\$2,661.64	\$6,160.80	\$3,499.16
Aug-13	3	\$1,652.82		3	\$1,006.06	\$2,658.88	\$6,160.80	\$3,501.92
Jul-13	3	\$1,683.18		3	\$1,026.30	\$2,709.48	\$6,160.80	\$3,451.32
Jun-13	3	\$1,672.14		3	\$1,026.30	\$2,698.44	\$6,160.80	\$3,462.36
May-13	3	\$1,339.10		3	\$960.06	\$2,299.16	\$6,160.80	\$3,861.64
Apr-13	3	\$1,300.46		3	\$857.94	\$2,158.40	\$6,160.80	\$4,002.40
Mar-13	3	\$1,300.46		3	\$425.54	\$1,726.00	\$6,160.80	\$4,434.80
Feb-13	3	\$1,305.98		3	\$405.30	\$1,711.28	\$6,160.80	\$4,449.52
Jan-13	3	\$1,172.58		3	\$435.66	\$1,608.24	\$6,160.80	\$4,552.56
Dec-12	3	\$1,070.31		3	\$416.01	\$1,486.32	\$6,009.60	\$4,523.28
Nov-12	3	\$1,271.91		3	\$559.11	\$1,831.02	\$6,009.60	\$4,178.58
Oct-12	3	\$1,366.96		3	\$910.11	\$2,277.07	\$6,009.60	\$3,732.53
Sep-12	3	\$1,409.10		3	\$843.51	\$2,252.61	\$6,009.60	\$3,756.99
Aug-12	3	\$1,366.96		3	\$918.21	\$2,285.17	\$6,009.60	\$3,724.43
Jul-12	3	\$1,451.24		3	\$993.81	\$2,445.05	\$6,009.60	\$3,564.55
Jun-12	3	\$1,366.96		3	\$905.96	\$2,272.93	\$6,009.60	\$3,736.67
May-12	3	\$1,830.49		3	\$725.26	\$2,555.74	\$6,009.60	\$3,453.86

There are two 8-inch meters installed due to fire hydrant requirements. Monthly base charges are based upon two 3-inch meter required to serve the mobile home units and park facilities.

Refer to Exhibit B-1 for the calculation of the flat rate billed amount.

**Exhibit A-3**

**Almond Drive Estates  
471 E Almond Dr**

Month	Meter Size	Usage-Based Charge	Flat Rate Billed Amount	Difference
Sep-13	3	\$780.66	\$2,181.95	\$1,401.29
Aug-13	3	\$920.50	\$2,181.95	\$1,261.45
Jul-13	3	\$867.14	\$2,181.95	\$1,314.81
Jun-13	3	\$855.18	\$2,181.95	\$1,326.77
May-13	3	\$822.06	\$2,181.95	\$1,359.89
Apr-13	3	\$612.30	\$2,181.95	\$1,569.65
Mar-13	3	\$577.34	\$2,181.95	\$1,604.61
Feb-13	3	\$483.50	\$2,181.95	\$1,698.45
Jan-13	3	\$517.54	\$2,181.95	\$1,664.41
Dec-12	3	\$497.01	\$2,128.40	\$1,631.39
Nov-12	3	\$611.31	\$2,128.40	\$1,517.09
Oct-12	3	\$795.81	\$2,128.40	\$1,332.59
Sep-12	3	\$861.25	\$2,128.40	\$1,267.15
Aug-13	3	\$1,023.77	\$2,128.40	\$1,104.63

Refer to Exhibit B-1 for the calculation of the flat rate billed amount.

### Exhibit A-4

#### Shady Acres 621 E Lockeford St

Month	Meter Size	Usage-Based Charge	Flat Rate Billed Amount	Difference
Sep-13	2	\$594.70	\$1,103.81	\$509.11
Aug-13	2	\$579.61	\$1,103.81	\$524.20
Jul-13	2	\$539.32	\$1,103.81	\$564.49
Jun-13	2	\$451.09	\$1,103.81	\$652.72
May-13	2	\$367.00	\$1,103.81	\$736.81
Apr-13	2	\$298.83	\$1,103.81	\$804.98
Mar-13	2	\$212.44	\$1,103.81	\$891.37
Feb-13	2	\$214.01	\$1,103.81	\$889.80
Jan-13	2	\$222.19	\$1,103.81	\$881.62
Dec-12	2	\$218.87	\$1,076.72	\$857.85
Nov-12	2	\$235.88	\$1,076.72	\$840.84
Oct-12	2	\$363.95	\$1,076.72	\$712.77
Sep-12	2	\$470.51	\$1,076.72	\$606.21
Aug-12	2	\$358.91	\$1,076.72	\$717.81
Jul-12	2	\$363.14	\$1,076.72	\$713.58
Jun-12	2	\$322.37	\$1,076.72	\$754.35
May-12	2	\$243.89	\$1,076.72	\$832.83
Apr-12	2	\$213.83	\$1,076.72	\$862.89
Mar-12	2	\$230.21	\$1,076.72	\$846.51
Feb-12	2	\$242.63	\$1,076.72	\$834.09

Refer to Exhibit B-1 for the calculation of the flat rate billed amount.

**Exhibit A-5**

**Cherokee Park  
1651 S Cherokee Ln**

Month	Meter Size	Usage-Based Charge		Meter Size	Usage-Based Charge	Total Usage-Based Charge	Flat Rate Billed Amount	Difference
Sep-13	2	\$178.13		1 1/2	\$98.05	\$276.18	\$1,103.81	\$827.63
Aug-13	2	\$186.41		1 1/2	\$103.66	\$290.07	\$1,103.81	\$813.74
Jul-13	2	\$186.59		1 1/2	\$107.07	\$293.66	\$1,103.81	\$810.15
Jun-13	2	\$168.28		1 1/2	\$103.66	\$271.95	\$1,103.81	\$831.86
May-13	2	\$173.53		1 1/2	\$102.65	\$276.18	\$1,103.81	\$827.63
Apr-13	2	\$148.50		1 1/2	\$81.49	\$229.99	\$1,103.81	\$873.82
Mar-13	2	\$150.71		1 1/2	\$80.20	\$230.91	\$1,103.81	\$872.90
Feb-13	2	\$151.45		1 1/2	\$82.23	\$233.67	\$1,103.81	\$870.14
Jan-13	2	\$150.80		1 1/2	\$78.09	\$228.89	\$1,103.81	\$874.92
Dec-12	2	\$159.11		1 1/2	\$76.59	\$235.70	\$1,076.72	\$841.02
Nov-12	2	\$179.63		1 1/2	\$83.88	\$263.51	\$1,076.72	\$813.21
Oct-12	2	\$193.22		1 1/2	\$95.22	\$288.44	\$1,076.72	\$788.28
Sep-12	2	\$183.41		1 1/2	\$106.29	\$289.70	\$1,076.72	\$787.02
Aug-12	2	\$198.44		1 1/2	\$110.43	\$308.87	\$1,076.72	\$767.85

There are two meters installed. There is one 2-inch meter and one 1 1/2 -inch meter. Monthly base charges are based upon the size of the installed meter.

Refer to Exhibit B-1 for the calculation of the flat rate billed amount.

**Exhibit A-6**

**Lake Park  
1390 W Lockeford St**

Month	Meter Size	Usage-Based Charge	Flat Rate Billed Amount	Difference
Sep-13	2	\$287.88	\$872.78	\$584.90
Aug-13	2	\$281.99	\$872.78	\$590.79
Jul-13	2	\$273.53	\$872.78	\$599.25
Jun-13	2	\$271.69	\$872.78	\$601.09
May-13	2	\$277.03	\$872.78	\$595.75
Apr-13	2	\$223.48	\$872.78	\$649.30
Mar-13	2	\$223.11	\$872.78	\$649.67
Feb-13	2	\$235.17	\$872.78	\$637.61
Jan-13	2	\$219.53	\$872.78	\$653.25
Dec-12	2	\$209.78	\$851.36	\$641.58
Nov-12	2	\$216.53	\$851.36	\$634.83
Oct-12	2	\$238.49	\$851.36	\$612.87
Sep-12	2	\$237.32	\$851.36	\$614.04
Aug-12	2	\$205.10	\$851.36	\$646.26
Jul-12	2	\$218.87	\$851.36	\$632.49
Jun-12	2	\$205.82	\$851.36	\$645.54
May-12	2	\$134.36	\$851.36	\$717.00

Refer to Exhibit B-1 for the calculation of the flat rate billed amount.