LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

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* * A G E N D A * *

REGULAR / SPECIAL JOINT MEETING
Lodi City Council
Lodi Public Financing Authority

Date: March 4, 2020
Closed Session: 6:30 p.m.
Regular Meeting: 7:00 p.m.
For information contact: Asst. City Clerk (209) 333-6702

6:55 p.m. Invocation/Call to Civic Responsibility. Invocations/Calls may be offered by any of the various religious and non-religious organizations within and around the City of Lodi. These are voluntary offerings of private citizens, to and for the benefit of the Council. The views or beliefs expressed by the Speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the beliefs or views of any speaker.

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

a) Conference with Adele Post, Human Resources Manager, and Andrew Keys, Deputy City Manager (Labor Negotiators), Regarding AFSCME General Services and Maintenance & Operators, Lodi Professional Firefighters, Council Appointees, and Confidential Employees Pursuant to Government Code §54957.6 (CM)

C-3 Adjourn to Closed Session

NOTE: THE FOLLOWING ITEMS WILL COMMENCE NO SOONER THAN 7:00 P.M.

C-4 Return to Open Session / Disclosure of Action

A. Call to Order / Roll Call

B. Presentations

B-1 Bob Johnson – A Life of Service

C. Consent Calendar (Reading; Comments by the Public; Council Action)

C-1 Receive Register of Claims for January 31, 2020 through February 13, 2020 in the Amount of $3,213,590.97 (FIN)

C-2 Approve Minutes (CLK)
a) February 5, 2020 (Regular Meeting)
b) February 11 and February 18, 2020 (Shirtsleeve Sessions)

Res. C-3 Adopt Resolution Awarding Bids for Purchase of 36 Wood Poles from Stella Jones, of Tacoma, Washington ($27,695.21) (EU)

Res. C-4 Adopt Resolution Awarding Contract for Municipal Services Center Security Fence Improvement Project to Martin General Engineering, Inc., of Rancho Cordova ($154,900), Authorizing the City Manager to Execute Change Orders ($15,100), and Appropriating Funds ($130,225) (PW)

Res. C-5 Adopt Resolution Authorizing City Manager to Execute Change Order No. 2 with West Coast Arborists, Inc., of Stockton for Two-Year Contract Extension for Power Line Clearing and Vegetation Management ($2,500,000) (EU)

Res. C-6 Adopt Resolution Authorizing City Manager to Execute Shared Services Agreement with Northern California Power Agency for After Hour Answering Services for Electric Utility and Public Works Department for a Period of Two Years ($154,480) (EU)

Res. C-7 Adopt Resolution Approving Purchase of Three-Year License for Cisco Cloud Email Security Platform and Data Protection Services from CDW-G, of Vernon Hills, Illinois ($23,256) (IT)

Res. C-8 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with Quest Media and Supplies Inc., of Roseville, for the Installation of Wireless Access Points and Data Cabling in Hutchins Street Square and Appropriate Funds ($27,326.27) (IT)

Res. C-9 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement and Non-Disclosure Agreement with Magellan Advisors, LLC, of Denver, Colorado, for Broadband Feasibility Study Services and Appropriate Funds ($84,800) (EU)

Res. C-10 Adopt Resolution Approving Revised Pretreatment Program Enforcement Plan and Local Limits for Industrial Dischargers Using City Wastewater System (PW)

C-11 Receive Report Regarding First and Second Quarters Fiscal Year 2019/20 Water, Wastewater and Electric Utility Financial Reports (CM)

C-12 Appointment of Sandra Vargas to the Lodi Improvement Committee (CLK)

D. Comments by the Public on Non-Agenda Items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3l). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda was posted (Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

E. Comments by the City Council Members on Non-Agenda Items

F. Comments by the City Manager on Non-Agenda Items

G. Public Hearings

Res. G-1 Public Hearing to Consider Resolution Adopting Pre-Approved, Proposition 218 Consumer Price Index-Based Annual Adjustment to Rates for Solid Waste Collection (PW)

H. Regular Calendar

Res. H-1 Adopt Resolution Approving Fiscal Year 2019/20 Mid-Year Budget Adjustments (CM)

Res. H-2 Adopt Resolutions and Authorize Documents and Actions Regarding the Refunding of a
Res. Series of Water Revenue Bonds that was Originally Issued in 2010 (CM)

(a) Adopt Resolution of the City Council Authorizing Documents and Official Actions Relating to the Refinancing of an Outstanding Installment Payment Obligation for Water System Improvements and the Issuance by the Lodi Public Financing Authority of Refunding Water Revenue Bonds; and

(b) Adopt Resolution of the Board of Directors of the Lodi Public Financing Authority Authorizing the Issuance and Sale of Refunding Water Revenue Bonds to Refinance the Construction of Water System Improvements, and Approving Related Documents and Official Actions

NOTE: Joint action of the Lodi City Council and Lodi Public Financing Authority

H-3 Provide Direction to City Manager to Request that the San Joaquin County Board of Supervisors Do Not Opt in to AB 626, and Thus Allow Micro Enterprise Home Kitchen Operations (CM)

Res. H-4 Adopt Resolution Approving the Memorandum of Understanding Between the City of Lodi and Lodi Professional Firefighters for the Period January 1, 2020 through December 31, 2022 (CM)

Res. H-5 Adopt Resolutions Approving the Memorandums of Understanding Between the City of Lodi and
Res. AFSCME (General Services and Maintenance & Operators Units) for the Period January 1, 2020 through December 31, 2022 (CM)

I. Ordinances – None

J. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

_____
Pamela M. Farris
Assistant City Clerk

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 72 hours prior to the meeting date. Language interpreter requests must be received at least 72 hours in advance of the meeting to help ensure availability. Contact Pamela M. Farris at (209) 333-6702. Solicitudes de interpretación de idiomas deben ser recibidas por lo menos con 72 horas de anticipación a la reunión para ayudar a asegurar la disponibilidad. Llame a Pamela M. Farris (209) 333-6702.

Meetings of the Lodi City Council are telecast on SJTV, Channel 26. The City of Lodi provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the City's website at www.lodi.gov by clicking the meeting webcasts link.

AGENDA ITEM B-01

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Bob Johnson – A Life of Service

MEETING DATE: March 4, 2020

PREPARED BY: City Clerk

RECOMMENDED ACTION: Presentation regarding Bob Johnson – A Life of Service.

BACKGROUND INFORMATION: Staff will provide a PowerPoint presentation in memory and appreciation of Council Member Bob Johnson's life of service.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Steve Schwabauer
City Manager

APPROVED: _____
Steve Schwabauer, City Manager

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AGENDA ITEM C-01

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Receive Register of Claims for January 31, 2020 through February 13, 2020 in the Total Amount of $3,213,590.97

MEETING DATE: March 4, 2020

PREPARED BY: Internal Services Director

RECOMMENDED ACTION: Receive the attached Register of Claims for $3,213,590.97

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of $3,213,590.97 for January 31, 2020 through February 13, 2020. Also attached is Payroll in the amount of $1,501,711.32 through February 9, 2020.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: As per attached report.

Andrew Keys
Internal Services Director

APPROVED: _____
Stephen Schwabauer, City Manager

Council Report
City of Lodi - v11.3.19 Live
1/31/2020 through 2/13/2020

Fund	Fund Title	Amount
100	General Fund	$1,438,983.35
103	Measure L	$14,865.50
120	Library Fund	$22,766.25
140	Expendable Trust	$120,095.04
200	Parks Rec & Cultural Services	$25,695.77
205	State Grants	$16,885.50
216	PD Misc Grants	$30,787.46
270	Comm Dev Special Rev Fund	$1,558.27
300	Street Fund	$8,547.95
301	Gas Tax-2105 2106 2107	$53,505.13
304	Gas Tax -2031	$12,265.26
307	Federal - Streets	$79,818.62
401	Equipment Replacement Fund	$26,355.77
403	Vehicle Replacement Fund - PD	$2,200.78
407	Vehicle Replacement Fund- PRCS	$46,773.16
431	Capital Outlay/General Fund	$32,788.88
432	Parks & Rec Capital	$16,506.28
434	Arts in Public Places-IMF	$300.00
500	Electric Utility Fund	$188,888.26
501	Utility Outlay Reserve Fund	$24,561.83
504	Public Benefits Fund	$81,928.25
508	Environmental Compliance	$1,000.00
530	Waste Water Utility Fund	$46,450.84
531	Waste Wtr Util-Capital Outlay	$1,400.00
560	Water Utility Fund	$114,641.66
561	Water Utility-Capital Outlay	$570.18
590	Central Plume	$3,987.00
600	Dial-a-Ride/Transportation	$6,738.33
601	Transit Capital	$17,200.00
650	Internal Service/Equip Maint	$78,973.45
655	Employee Benefits	$694,015.39
801	L&L Dist Z1-Almond Estates	$2,536.81
Total		**$3,213,590.97**

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Council Report: Payroll
City of Lodi - v11.3.19 Live
Pay Period 2/9/2020

Fund	Description	Amount
100	General Fund	$764,767.26
103	Measure L	$110,836.69
120	Library Fund	$23,586.56
200	Parks Rec & Cultural Services	$113,754.98
214	LPD-OTS Grants	$504.95
270	Comm Dev Special Rev Fund	$21,793.41
301	Gas Tax-2105 2106 2107	$35,534.35
500	Electric Utility Fund	$186,331.03
501	Utility Outlay Reserve Fund	$41,551.81
530	Waste Water Utility Fund	$144,308.50
560	Water Utility Fund	$19,698.32
600	Dial-a-Ride/Transportation	$10,273.38
650	Internal Service/Equip Maint	$19,908.22
655	Employee Benefits	$8,861.86
Report Total		$1,501,711.32

AGENDA ITEM C-02

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Approve Minutes
a) February 5, 2020 (Regular Meeting)
b) February 11, 2020 (Shirtsleeve Session)
c) February 18, 2020 (Shirtsleeve Session)

MEETING DATE: March 4, 2020

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:
a) February 5, 2020 (Regular Meeting)
b) February 11, 2020 (Shirtsleeve Session)
c) February 18, 2020 (Shirtsleeve Session)

BACKGROUND INFORMATION: Attached are copies of the subject minutes marked Exhibit A through C, respectively.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Pamela M. Farris
Assistant City Clerk

Attachments

APPROVED: _____
Stephen Schwabauer, City Manager

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LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, FEBRUARY 5, 2020

C-1 Call to Order / Roll Call

The City Council Closed Session meeting of February 5, 2020, was called to order by Mayor Kuehne at 6:04 p.m.

Present: Council Member Chandler, Council Member Mounce, Mayor Pro Tempore Nakanishi, and Mayor Kuehne
Absent: Council Member Johnson
Also Present: City Manager Schwabauer, City Attorney Magdich, and Adminitrative Secretary Chadwick

C-2 Announcement of Closed Session

a) Conference with Adele Post, Human Resources Manager, and Andrew Keys, Deputy City Manager (Labor Negotiators), Regarding AFSCME General Services and Maintenance & Operators, Lodi Professional Firefighters, Council Appointees, and Confidential Employees Pursuant to Government Code §54957.6 (CM)

C-3 Adjourn to Closed Session

At 6:04 p.m., Mayor Kuehne adjourned the meeting to a Closed Session to discuss the above matters. The Closed Session adjourned at 6:50 p.m.

C-4 Return to Open Session / Disclosure of Action

At 7:00 p.m., Mayor Kuehne reconvened the City Council meeting, and City Attorney Magdich disclosed the following actions.

Item C-2a) was discussion and direction with no reportable action.

A. Call to Order / Roll Call

The Regular City Council meeting of February 5, 2020, was called to order by Mayor Kuehne at 7:00 p.m.

Present: Council Member Chandler, Council Member Mounce, Mayor Pro Tempore Nakanishi, and Mayor Kuehne
Absent: Council Member Johnson
Also Present: City Manager Schwabauer, City Attorney Magdich, and Adminitrative Secretary Chadwick

B. Presentations – None

C. Consent Calendar (Reading; Comments by the Public; Council Action)

Council Member Mounce made a motion, second by Mayor Pro Tempore Nakanishi, to approve the following items hereinafter set forth, **except those otherwise noted**, in accordance with the report and recommendation of the City Manager.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Chandler, Council Member Mounce, Mayor Pro Tempore Nakanishi, and Mayor Kuehne
Noes: None
Absent: Council Member Johnson

C-1 Receive Register of Claims for December 27, 2019 through January 16, 2020 in the Amount of $5,561,726.03 (FIN)

Claims were approved in the amount of $5,561,726.03.

C-2 Approve Minutes (CLK)

The minutes of December 18, 2019 (Regular Meeting), December 24, 2019 (Shirtsleeve Session), December 31, 2019 (Shirtsleeve Session), January 1, 2020 (Regular Meeting), January 7, 2020 (Shirtsleeve Session), January 14, 2020 (Shirtsleeve Session), January 14, 2020 (Special Meeting), January 15, 2020 (Regular Meeting), and January 21, 2020 (Shirtsleeve Session) were approved as written.

C-3 Accept Quarterly Investment Report as Required by the City of Lodi Investment Policy (CM)

Accepted Quarterly Investment Report as required by the City of Lodi Investment Policy.

C-4 Accept Quarterly Report of Purchases Between $10,000 and $20,000 (CM)

Accepted Quarterly Report of Purchases between $10,000 and $20,000.

C-5 Approve Plans and Specifications and Authorize Advertisement for Bids for Wastewater Main Rehabilitation Program (Project No. 8) (PW)

Approved plans and specifications and authorized advertisement for bids for Wastewater Main Rehabilitation Program (Project No. 8).

C-6 Approve Plans and Specifications and Authorize Advertisement for Well 27 Granular Activated Carbon Filter System (PW)

Item No. C-6 was pulled at the request of staff.

C-7 Approve Specifications and Authorize Advertisement for Bids for 2020 Pavement Maintenance Project (PW)

Approved specifications and authorized advertisement for bids for 2020 Pavement Maintenance Project.

C-8 Approve Specifications and Authorize Advertisement for Bids for Lodi Avenue and Mills Avenue Resurfacing Project (PW)

Approved specifications and authorized advertisement for bids for Lodi Avenue and Mills Avenue Resurfacing Project.

C-9 Adopt Resolution Awarding Bid for Purchase of Medium Voltage Cable from The Okonite Company, of San Ramon ($52,474.19) (EU)

Adopted Resolution No. 2020-17 awarding bid for purchase of medium voltage cable from The Okonite Company, of San Ramon, in the amount of $52,474.19.

C-10 Adopt Resolution Authorizing Vehicle Replacement and Purchase of Animal Services Truck from Downtown Ford, of Sacramento, Utilizing State of California Contract No. 1-18-23-20A and Appropriate Funds ($62,900) (PD)

Adopted Resolution No. 2020-18 authorizing vehicle replacement and purchase of Animal Services truck from Downtown Ford, of Sacramento, utilizing State of California Contract No. 1-18-23-20A and appropriating funds in the amount of $62,900.

C-11 Adopt Resolution Authorizing City Manager to Execute Change Orders to Water Meter Program Phase 8 ($270,000), Providing Water Service to Henderson School (13451 North Extension Road), Authorizing City Manager to Execute All Documents Related to Water Service and Reimbursement, and Appropriating Funds ($270,000) (PW)

Adopted Resolution No.2020-19 authorizing the City Manager to execute change orders to Water Meter Program Phase 8, in the amount of $270,000, providing water service to Henderson School (13451 North Extension Road), authorizing the City Manager to execute all documents related to water service and reimbursement, and appropriating funds in the amount of $270,000.

C-12 Accept Improvements Under Contract for Lockeford Street Improvement Project and Adopt Resolution Amending Traffic Resolution No. 97-148, by Removing Multi-Way Stop Control at Lockeford Street and Stockton Street (PW)

Accepted improvements under contract for Lockeford Street Improvement Project and adopted Resolution No. 2020-20 amending Traffic Resolution No. 97-148 by removing multi-way stop control at Lockeford Street and Stockton Street.

C-13 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with Schatz Construction & Restoration, of Lodi, for Interior Improvements at Carnegie Forum ($67,482), and Appropriating Funds ($47,482) (PW)

Adopted Resolution No. 2020-21 authorizing the City Manager to execute Professional Services Agreement with Schatz Construction & Restoration, of Lodi, for interior improvements at Carnegie Forum, in the amount of $67,482, and appropriating funds in the amount of $47,482.

C-14 Adopt Resolution Authorizing City Manager to Execute Amendment No. 2 to Professional Services Agreement with Civil Hydro Tech, LLC, of Sunnyvale, for Central Plume Source Area Closure Report and On-Call Citywide Plume Management Services ($43,000), and Appropriating Funds ($43,000) (PW)

Adopted Resolution No. 2020-22 authorizing the City Manager to execute Amendment No. 2 to Professional Services Agreement with Civil Hydro Tech, LLC, of Sunnyvale, for Central Plume Source Area Closure Report and on-call Citywide plume management services, in the amount of $43,000, and appropriating funds in the amount of $43,000.

C-15 Adopt Resolution Authorizing City Manager to Execute Member Task Request Confirmation No. 0149 Pursuant to Shared Services Program Agreement between Northern California Power Agency (NCPA) and Southern California Public Power Authority

(SCPPA) to Administer The Keep Your Cool Commercial Refrigeration Program; Provide Support Services and Install Energy Efficiency Measures to Commercial Refrigeration Customers of Lodi Electric Utility for Remainder of Fiscal Year 2020 and through Fiscal Year 2021, and Authorize Expenditure of $53,325 (EU)

Adopted Resolution No. 2020-23 authorizing the City Manager to execute Member Task Request Confirmation No. 0149 pursuant to Shared Services Program Agreement between Northern California Power Agency (NCPA) and Southern California Public Power Authority (SCPPA) to administer the Keep Your Cool Commercial Refrigeration Program; provide support services, and install energy efficiency measures to commercial refrigeration customers of Lodi Electric Utility for remainder of Fiscal Year 2020 and through Fiscal Year 2021, and authorizing expenditure of $53,325.

C-16 Adopt Resolution Approving Final Map for Rose Gate II, Unit No. 1, Tract No. 3896 (PW)

Adopted Resolution No. 2020-24 approving Final Map for Rose Gate II, Unit No. 1, Tract No. 3896.

C-17 Adopt Resolution Foregoing 2020 Pre-Approved Engineering News Record Adjustment for Usage-Based and Flat Water Rates for Residential, Commercial, and Industrial Customers (PW)

Adopted Resolution No. 2020-25 foregoing 2020 pre-approved Engineering News Record adjustment for usage-based and flat water rates for residential, commercial, and industrial customers.

C-18 Authorize Staff to Solicit Proposals for Long-Term Lease Agreement for City-Owned Buildings Located at 100 East Pine Street and 125 North Stockton Street (PW)

Authorized staff to solicit proposals for long-term lease agreement for City-owned buildings located at 100 East Pine Street and 125 North Stockton Street.

C-19 Adopt Resolution Approving City of Lodi Pay Schedule Dated January 30, 2020 (CM)

Adopted Resolution No. 2020-26 approving City of Lodi pay schedule dated January 30, 2020.

C-20 Adopt Resolution Approving Impact Mitigation Fee Program Annual Report for Fiscal Year 2018/19 (CM)

Adopted Resolution No. 2020-27 approving Impact Mitigation Fee Program Annual Report for Fiscal Year 2018/19.

C-21 Confirm Annual Appointment of City Council Members on Various Boards, Committees, and Commissions (CLK)

Confirmed annual appointment of City Council Members on various boards, committees, and commissions.

C-22 Receive Annual Report Regarding Boards, Committees, and Commissions Relating to Attendance, Training, and Filing Requirements (CLK)

Item No. C-22 was pulled by Mayor Pro Tempore Nakanishi for discussion purposes.

In response to Mayor Pro Tempore Nakanishi, City Manager Schwabauer explained that the policy was established by the City Council to provide information regarding the attendance of board and commission member, as well as for their compliance with AB 1234 and other training requirements; the policy requires yearly reporting stating whether or not members are in compliance; and it provides an opportunity for Council to hold members of boards and commissions accountable should there be a problem with attendance or with obligations required under the law. In further response, Mr. Schwabauer stated he believes this has been the policy for the past six or seven years.

Council Member Chandler made a motion, second by Mayor Pro Tempore Nakanishi, to receive annual report regarding boards, committees, and commissions relating to attendance, training, and filing requirements.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Chandler, Council Member Mounce, Mayor Pro Tempore Nakanishi, and Mayor Kuehne
Noes: None
Absent: Council Member Johnson

C-23 Set Public Hearing for March 4, 2020, to Consider Resolution Adopting Pre-Approved, Proposition 218 Consumer Price Index-Based Annual Adjustment to Rates for Solid Waste Collection (PW)

Set public hearing for March 4, 2020, to consider resolution adopting pre-approved Proposition 218 Consumer Price Index-based annual adjustment to rates for solid waste collection.

D. Comments by the Public on Non-Agenda Items THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES. Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3l). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda was posted (Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

Matt Rempfer, City of Lodi Public Works employee speaking on behalf of the AFSCME bargaining team for Maintenance & Operators and General Services, stated that AFSCME members were in attendance at the Council meeting because they care about their families, their careers, and the community. He asked that Council recognize the hard work and effort put forth by the employees represented by AFSCME, and they would like to thank Council for their continued support.

E. Comments by the City Council Members on Non-Agenda Items

Council Member Chandler reported that at the Northern California Power Agency (NCPA) Strategic Conference held earlier this month in Sacramento, there was a wine tasting competition among the 16 communities that are part of NCPA, and Lodi won top red wine with Michael David's Earthquake zinfandel. He stated that on January 27, he spent the day at the State capitol advocating on behalf of NCPA and other municipally-owned electric utilities, meeting with Senator Galgiani and Assembly Members Eggman and Cooper, who have been very supportive of the needs of NCPA.

Council Member Mounce congratulated City Manager Schwabauer on the success of the

PCE/TCE issue and thanked him for his hard work over the years to finally reach this point. In regard to SB 50, Council Member Mounce stated she had reached out to representatives on this bill and the League has worked very hard on this issue; for now the bill has been put at bay but she expects it to return. Council Member Mounce also addressed the needs of the East Side. She stated that cars are often parked for long periods of time, making street sweeping difficult. Further, originally, the Lodi Improvement Committee (LIC) worked in tandem with Code Enforcement, however, LIC has moved away from enforcement. The East Side needs both enforcement and education; if LIC is not going to put their focus on the enforcement part, then Council needs to give Code Enforcement more help. Nancy Baker and Code Enforcement are doing an amazing job, but they need help. Council Member Mounce also addressed the homelessness issue in Downtown, which is ever increasing. She stated that the City needs to come up with a plan for somewhere for the homeless to go, as they are destroying the Downtown, and she asked that Council move forward with a low-barrier shelter.

Mayor Kuehne reinforced Council Member Mouce's comments on Code Enforcement and the need to increase staffing. He further stated there are conversations taking place regarding a low-barrier shelter, including conversations with Assemblymember Cooper's office regarding funding, and things are looking hopeful. Mayor Kuehne further stated that the City is in a healthy place and he gave his thanks to the employees for standing by the City and working hard, and it is appreciated.

F. Comments by the City Manager on Non-Agenda Items

City Manager Schwabauer echoed Mayor Kuehne's comments.

G. Public Hearings – None

H. Regular Calendar

H-1 Adopt Resolution Amending Salary Ranges for Positions of Electric Distribution Operator I, Electric Distribution Operator II, and Electric Distribution Operator Supervisor within Electric Utility Department (CM)

Human Resources Manager Adele Post provided a presentation regarding amendment of the salary ranges for the positions of Electric Distribution Operator I, Electric Distribution Operator II, and Electric Distribution Operator Supervisor within the Electric Utility Department. Specific topics of discussion included highly-technical positions, the need to develop in-house candidates, providing training and development opportunities with the ability to advance within the department, providing competitive wages to retain employees and attract qualified external candidates, qualifications of Electric Distribution Operator position, 2015 changes to job descriptions, negative impact of changes on common industry practice of the transition path of Lineman to Operator, critical need to fill vacancies, the need for salary range adjustments for internal promotion opportunities within Electric Utility staff and to attract qualified external applicants, and IBEW agreement to salary range changes.

Council Member Mounce made a motion, second by Council Member Chandler, to adopt Resolution No. 2020-28 amending the salary ranges for the positions of Electric Distribution Operator I, Electric Distribution Operator II, and Electric Distribution Operator Supervisor within Electric Utility Department.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Chandler, Council Member Mounce, Mayor Pro Tempore Nakanishi,

and Mayor Kuehne
Noes: None
Absent: Council Member Johnson

H-2 Adopt Resolution Amending Salary Ranges for Positions of Utilities Superintendent, Water Plant Superintendent, and Wastewater Plant Superintendent within Public Works Department (CM)

Human Resources Manager Adele Post provided a presentation regarding amendment of the salary ranges for the positions of Utilities Superintendent, Water Plant Superintendent, and Wastewater Plant Superintendent within the Public Works Department. Specific topics of discussion included two-step range adjustment of 5% each to address internal compaction and labor market competitiveness, respectively; the 24-month vacancy of Wastewater Plant Superintendent position; unsuccessful recruitment for vacancy; need for competitive salary to attract qualified candidates; need for salary range adjustment to retain qualified staff; benchmark of superintendent positions together; and possible future impact on Utilities Manager position due to 10% differential.

Council Member Mounce made a motion, second by Council Member Chandler, to adopt Resolution No. 2020-29 amending the salary ranges for the positions of Utilities Superintendent, Water Plant Superintendent, and Wastewater Plant Superintendent within the Public Works Department.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Chandler, Council Member Mounce, Mayor Pro Tempore Nakanishi, and Mayor Kuehne
Noes: None
Absent: Council Member Johnson

I. Ordinances – None

J. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 7:39 p.m.

ATTEST:

Kari Chadwick
Administrative Secretary

LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 11, 2020

The February 11, 2020, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Pamela M. Farris
Assistant City Clerk

LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, FEBRUARY 18, 2020

The February 18, 2020, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Pamela M. Farris
Assistant City Clerk

AGENDA ITEM **C-03**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Awarding Bids for the Purchase of 36 Wood Poles from Stella Jones of Tacoma, Washington. ($27,695.21).

MEETING DATE: March 4, 2020

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt resolution awarding bids for the purchase of 36 wood poles from Stella Jones of Tacoma, Washington in the amount of $27,695.21.

BACKGROUND INFORMATION: On February 5, 2020 the Lodi Electric utility advertised bids to replenish inventory consumed as a result of ongoing maintenance and development projects.

The Electric Utility advertised bids to purchase 36 wood poles. On February 19, 2020 bids were opened with four suppliers submitting proposals as shown in Exhibit-1. Staff reviewed the proposals and deemed the following as the lowest responsive bids and compliant with the approved specifications.

	Anixter	General Pacific	Oeser	Stella-Jones	w/ 1% CA Lumber Products Assessment
10 ea. 35 ft. Cl. 3	$5,910.45	$5,737.25	$6,029.53	$5,568.00	$5,623.68
20 ea. 45 ft. Cl. 3	$17,081.85	$16,605.55	$18,619.00	$16,235.00	$16,397.35
6 ea. 50 ft. Cl. 3	$9,320.33	$5,748.08	$5,598.67	$5,618.00	$5,674.18
Total Bid	$32,312.63	$28,090.88	$30,247.20	**$27,421.00**	**$27,695.21**

FISCAL IMPACT: Procurement cost is $27,695.21.

FUNDING AVAILABLE: Included in FY2019/20 Budget Account No. 500.13496.

Andrew Keys
Deputy City Manager/Internal Services Director

Jeff Berkheimer
Electric Utility Director

PREPARED BY: Tim Combs, Electric Utility Superintendent/NB

APPROVED: _____
Stephen Schwabauer, City Manager

Exhibit A

Feb. 19, 2020

Wood Utility Pole

	Anixter	General Pacific	Oeser	Stella-Jones	w/ 1% CA Lumber Products Assessment
10 ea. 35 ft. Cl. 3	$5,910.45	$5,737.25	$6,029.53	$5,568.00	$5,623.68
20 ea. 45 ft. Cl. 3	$17,081.85	$16,605.55	$18,619.00	$16,235.00	$16,397.35
6 ea. 50 ft. Cl. 3	$9,320.33	$5,748.08	$5,598.67	$5,618.00	$5,674.18

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AWARDING
THE BID FOR THE PURCHASE OF WOOD POLES FROM
STELLA JONES, OF TACOMA, WASHINGTON

==========

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on February 19, 2020 at 11:00 a.m. for the purchase of thirty six (36) wood poles for the Electric Utility Department, described in the specifications therefore approved by the City Council on May 15, 2019; and

WHEREAS, said bids have been compared as to total costs checked, and tabulated and a report thereof filed with the City Manager; and

WHEREAS, the bids meeting the City's specifications with the lowest bid costs are shown below:

	Anixter	General Pacific	Oeser	**Stella-Jones**	**w/ 1% CA Lumber Products Assessment**
10 ea. 35 ft. Cl. 3	$5,910.45	$5,737.25	$6,029.53	**$5,568.00**	**$5,623.68**
20 ea. 45 ft. Cl. 3	$17,081.85	$16,605.55	$18,619.00	**$16,235.00**	**$16,397.35**
6 ea. 50 ft. Cl. 3	$9,320.33	$5,748.08	$5,598.67	**$5,618.00**	**$5,674.18**
Total Bid	$32,312.63	$28,090.88	$30,247.20	**$27,421.00**	**$27,695.21**

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the bid for the purchase thirty-six (36) wood poles to Stella Jones of Tacoma, Washington ($27,695.21)

Dated: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held on March 4, 2020 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM **C-04**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Awarding Contract for Municipal Services Center Security Fence Improvement Project to Martin General Engineering, Inc., of Rancho Cordova ($154,900), Authorizing City Manager to Execute Change Orders ($15,100), and Appropriating Funds ($130,225)

MEETING DATE: March 4, 2020

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution awarding contract for Municipal Services Center Security Fence Improvement Project to Martin General Engineering, Inc., of Rancho Cordova, in the amount of $154,900, authorizing City Manager to execute change orders in an amount not to exceed $15,100, and appropriating funds in the amount of $130,225.

BACKGROUND INFORMATION: This project includes replacing roughly 330 feet of security fencing, a pedestrian gate, and an updated automated vehicular gate, at the Municipal Services Center (MSC), located at 1331 South Ham Lane.

The existing fence is chain link and does not provide the security needed to meet today's requirements. The proposed fence is eight-foot high wrought iron fencing with pickets at the top and replicates the security fence design recently constructed at the Transit Center and Surface Water Treatment Facility, which has proven to be secure and functional.

Plans and specifications for this project were approved on January 15, 2020. The City received the following seven bids for this project on February 12, 2020:

Bidder	Location	Bid	Above/(Below) Engineer's Estimate
Engineer's Estimate		$ 210,000	
Martin General Engineering	Rancho Cordova	$ 154,900	($ 55,100)
Arrow Fencing	Redwood Valley	$ 155,070	($ 54,930)
A.M. Stephens Const. Co.	Lodi	$ 159,667	($ 50,333)
Diede Construction, Inc.	Woodbridge	$ 181,690	($ 28,310)
Golden Bay Fence Plus Iron Works	Stockton	$ 198,208	($ 11,792)
Pisor Fence Division	Citrus Heights	$ 199,980	($ 10,020)
* Ashron Const. & Restoration	Galt	$ 240,500	$ 30,500

*Non-responsive

FISCAL IMPACT: This project will minimize the ongoing maintenance costs to the chain link gate and will reduce the likelihood of equipment stored in the yard from being stolen. This project will not impact the General Fund.

APPROVED: _____

Stephen Schwabauer, City Manager

FUNDING AVAILABLE:

Fiscal Year 2019/20 Budget:	
Transit Capital (60199000.77020)	$ 39,775
Requested Appropriation:	
Water Capital (56199000.77020)	$ 90,450*
Wastewater Capital (53199000.77020)	$ 39,775
TOTAL:	$ 170,000
Requested Transfer to Water Capital:	
Electric Utility Department (50199000.76220)	$ 50,675

*after transfer is completed Water Capital Fund will contribute $39,775 towards Project

Andrew Keys
Deputy City Manager/Internal Services Director

Charles E. Swimley, Jr.
Public Works Director

Prepared by Sean Nathan, Senior Civil Engineer
CES/SN/tc
Attachment

Cc: Utilities Superintendent

CITY OF LODI, CALIFORNIA

THIS CONTRACT made by and between the CITY OF LODI, State of California, herein referred to as the "City," and MARTIN GENERAL ENGINEERING, INC., a California corporation, herein referred to as the "Contractor."

W I T N E S S E T H :

That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other, as follows:

The complete Contract consists of the following documents which are incorporated herein by this reference, to-wit:

Notice Inviting Bids	The July 1992 Edition,
Information to Bidders	Standard Specifications,
General Provisions	State of California,
Special Provisions	Business and Transportation Agency,
Bid Proposal	Department of Transportation
Contract	
Contract Bonds	
Plans	

All of the above documents, sometimes hereinafter referred to as the "Contract Documents," are intended to cooperate so that any work called for in one and not mentioned in the other is to be executed the same as if mentioned in all said documents.

ARTICLE I - That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the City and under the condition expressed in the two bonds bearing even date with these presents and hereunto annexed, the Contractor agrees with the City, at Contractor's cost and expense, to do all the work and furnish all the materials except such as are mentioned in the specifications to be furnished by the City, necessary to construct and complete in a good workmanlike and substantial manner and to the satisfaction of the City the proposed improvements as shown and described in the Contract Documents which are hereby made a part of the Contract.

ARTICLE II - The City hereby promises and agrees with the Contractor to employ, and does hereby employ, the Contractor to provide all materials and services not supplied by the City and to do the work according to the terms and conditions for the price herein, and hereby contracts to pay the same as set forth in Section 5.600, "Measurement, Acceptance and Payment," of the General Provisions, in the manner and upon the conditions above set forth; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

ARTICLE III - The Contractor agrees to conform to the provisions of Chapter 1, Part 7, Division 2 of the Labor Code. The Contractor and any Subcontractor will pay the

general prevailing wage rate and other employer payments for health and welfare, pension, vacation, travel time, and subsistence pay, apprenticeship or other training programs. The responsibility for compliance with these Labor Code requirements is on the prime contractor.

ARTICLE IV - And the Contractor agrees to receive and accept the following prices as full compensation for furnishing all materials and for doing all the work contemplated and embraced in this agreement; also for all loss or damage arising out of the nature of the work aforesaid or from the action of the elements, or from any unforeseen difficulties or obstructions which may arise or be encountered in the prosecution of the work until its acceptance by the City, and for all risks of every description connected with the work; also for all expenses incurred by or in consequence of the suspension or discontinuance of work and for well and faithfully completing the work, and the whole thereof, in the manner and according to the Plans and Contract Documents and the requirements of the Engineer under them, to-wit:

Perform the work necessary to install wrought iron security fencing, automated sliding gate, gate control systems and a pedestrian swing gate to secure the Municipal Services Center (MSC). The work also includes installing a concrete accessible path, curb, and other incidental and related work, all as shown on the plans and specifications for the above project.

See Section 6-07 "Description of Bid Items" for additional information.

BID ITEMS

Item	Description	QTY	Unit	Unit Price	Total
1	Mobilization, Temporary Facilities and Demobilization	1	LS	$6,500.00	$6,500.00
2	Demolition, Clearing and Grubbing	1	LS	$13,300.00	$13,300.00
3	Install Security Fence	330	LF	$140.00	$46,200.00
4	Pedestrian Gate Installation and Improvements	1	LS	$10,900.00	$10,900.00
5	Install 28' Vehicular Gate and Improvements	1	LS	$78,000.00	$78,000.00

TOTAL BID $154,900.00

ARTICLE V - By my signature hereunder, as Contractor, I certify that I am aware of the provisions of Section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

ARTICLE VI - It is further expressly agreed by and between the parties hereto that, should there be any conflict between the terms of this instrument and the Bid Proposal

of the Contractor, then this instrument shall control and nothing herein shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

ARTICLE VII - The City is to furnish the necessary rights-of-way and easements and to establish lines and grades for the work as specified under the Special Provisions. All labor or materials not mentioned specifically as being done by the City will be supplied by the Contractor to accomplish the work as outlined in the specifications.

ARTICLE VIII - The Contractor agrees to commence work pursuant to this contract within 15 calendar days after the City Manager has executed the contract and to diligently prosecute to completion within **60 CALENDAR DAYS**.

ARTICLE IX - State of California Senate Bill 854 requires the following:

- No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].
- No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.
- This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

WHEN SIGNING THIS CONTRACT, THE CONTRACTOR AGREES THAT THE TIME OF COMPLETION FOR THIS CONTRACT IS REASONABLE AND THE CONTRACTOR AGREES TO PAY THE CITY LIQUIDATED DAMAGES AS SET FORTH IN SECTION 6-04.03 OF THE SPECIAL PROVISIONS. CONTRACTOR AGREES THAT THIS AMOUNT MAY BE DEDUCTED FROM THE AMOUNT DUE THE CONTRACTOR UNDER THE CONTRACT.

IN WITNESS WHEREOF, the parties to these presents have hereunto set their hands the year and date written below.

CONTRACTOR:

_____

By:_____

_____
Title

(CORPORATE SEAL)

CITY OF LODI, a municipal corporation

By:_____
STEPHEN SCHWABAUER
City Manager

Date:_____

Attest:

_____
PAMELA M. FARRIS
Assistant City Clerk

Approved As To Form:

_____
JANICE D. MAGDICH
City Attorney

Capital Improvement Program

2019 - 2020

Project Title:	Transit Facility Upgrades - Misc.	PWTR-20003	#80
Section I	Description	Project Length	07/19 to 06/20	High

Miscellaneous repairs and purchases to maintain transit facilities in a state of good repair.

Justification/factor driving project

As the transit-funded facilities such as the Parking Structure and Transit Station continue to age, repairs and miscellaneous purchases are becoming more frequent and costly each year. This project will provide a funding source for those unexpected, but necessary repairs or replacements.

Additional Information

Transit capital fund - TDA expenditure

Section II — Estimated Project Costs

Expenditure	Prior Years	FY 18/19 Budget	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total
Miscellaneous			$ 261,225					$ 261,225
Contracts			$ 166,500					
Internal Staff			$ 2,500					$ 2,500
Total Capital Costs	$ -	$ -	$ 430,225	$ -	$ -	$ -	$ -	$ 263,725

Section III — Funding Sources/Methods of Financing

Funding Source(s)	Prior Years	FY 18/19 Budget	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Total
601 - Transit - Capital			$ 300,000					$ 300,000
531 - Wastewater Capital Outlay			$ 39,775					
561 - Water Capital Outlay			$ 90,450					$ 90,450
Total Project Financing	$ -	$ -	$ 430,225	$ -	$ -	$ -	$ -	$ 390,450

Section IV — Operating Budget Impact

Operating Cost or (savings)	Prior Years	FY 18/19 Budget	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	Total
Personnel								$ -
Other Operating Costs								$ -
Total Operating Impact	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AWARDING CONTRACT FOR MUNICIPAL SERVICES CENTER SECURITY FENCE IMPROVEMENT PROJECT TO MARTIN GENERAL ENGINEERING, INC., OF RANCHO CORDOVA; AUTHORIZING THE CITY MANAGER TO EXECUTE CHANGE ORDERS; AND FURTHER APPROPRIATING FUNDS

==========

WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on February 12, 2020, at 11:00 a.m., for Municipal Services Center Security Fence Improvement Project, described in the plans and specifications therefore approved by the City Council on January 15, 2020; and

WHEREAS, said bids have been checked and tabulated and a report thereof filed with the City Manager as follows:

Bidder	**Location**	**Above/(Below) Bid**	**Engineer's Estimate**
Engineer's Estimate		$ 210,000	
Martin General Engineering	Rancho Cordova	$ 154,900	($ 55,100)
Arrow Fencing	Redwood Valley	$ 155,070	($ 54,930)
A.M. Stephens Const. Co.	Lodi	$ 159,667	($ 50,333)
Diede Construction, Inc.	Woodbridge	$ 181,690	($ 28,310)
Golden Bay Fence Plus Iron Works	Stockton	$ 198,208	($ 11,792)
Pisor Fence Division	Citrus Heights	$ 199,980	($ 10,020)
*Ashron Const. & Restoration	Galt	$ 240,500	$ 30,500

*Non-responsive

WHEREAS, staff recommends that the City Council award the contract for Municipal Services Center Security Fence Improvement Project to Martin General Engineering, Inc., of Rancho Cordova, in the amount of $154,900; and

WHEREAS, staff also recommends that the City Council authorize the City Manager to execute change orders in an amount not to exceed $15,100; and

WHEREAS, staff recommends transferring funds in the amount of $50,675 from Electric Utility (50199000.76020) to Water (56100000.50001); and

WHEREAS, staff also recommends the City Council appropriate funds in the amounts of $90,450, from the fund balance of Water Capital (56199000.77020) and $39,775 from the fund balance of Wastewater Capital (53199000.77020) for fiscal year 2019/20.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby award the contract for Municipal Services Center Security Fence Improvement Project to Martin General Engineering, Inc., of Rancho Cordova, in the amount of $154,900; and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute the contract and change orders in an amount not to exceed $15,100; and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby transfer funds in the amount of $50,675 from Electric Utility (50199000.76020) to Water (56100000.50001); and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby authorize an appropriation for Municipal Services Center Security Fence Improvement Project, in the amount of $130,225, as set forth above; and

BE IT FURTHER RESOLVED, pursuant to Section 6.3q of the City Council Protocol Manual (adopted 11/6/19, Resolution No. 2019-223), the City Attorney is hereby authorized to make minor revisions to the above-referenced document(s) that do not alter the compensation or term, and to make clerical corrections as necessary.

Dated: March 4, 2020
==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM **C-05**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Change Order No. 2 with West Coast Arborists, Inc. of Stockton for Two-Year Contract Extension for Power Line Clearing and Vegetation Management ($2,500,000)

MEETING DATE: March 4, 2020

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute Change Order No. 2 with West Coast Arborists, Inc. of Stockton for a two-year contract extension for power line clearing and vegetation management, in an amount not to exceed $2,500,000.

BACKGROUND INFORMATION: In July 2017, the City Council awarded a multi-year contract for power line clearing and vegetation management services in the amount of $750,000 annually for a three-year term with the option to renew two additional years.

While the original approval was for a contract with Utility Tree Service, Inc. (UTS), the City and UTS were unable to reach agreement on final contract terms and conditions; thus, the contract was subsequently awarded to the next lowest bidder - West Coast Arborists, Inc. (WCA). Because of the delay associated with the time between when negotiations terminated with UTS and the time a final contract was executed with WCA, there was a backlog of vegetation management needs that required attention once WCA was issued a notice to proceed. Therefore, on December 4, 2019, the City Council approved Change Order No. 1 for $655,087 to add additional WCA crews to address the backlog.

WCA's current three-year contract with the City is set to end June 30, 2020 unless the City chooses to exercise the contract extension provision. Based on discussions with other utilities currently bidding for similar services, if the City were to end its current contract, it could face significant cost increases due to the current demand by utilities for vegetation management services. WCA has agreed to maintain its pricing, adding only inflationary adjustments for which they did not realize, but were entitled to request, during their initial three-year term.

WCA has been performing well for the City and Lodi Electric Utility (LEU) continues to receive positive feedback regarding their completed work. Pursuant to State of California General Order 95, LEU must routinely patrol, clear and remove vegetation that encroaches into its overhead power lines. In addition, as part of the recently adopted Wildfire Mitigation Plan required under Senate Bill 901, LEU is committed to meeting or exceeding the minimum industry standard vegetation management practices as it relates to clearing vegetation from power lines. LEU is also committed to responding to customer-initiated requests in a timely manner.

As such, staff recommends authorizing the City Manager to execute Change Order No. 2 to extend WCA's existing contract for two additional years through June 30, 2022 and increasing the annual not-to-exceed amount from $750,000/year to $1,250,000/year for a total two-year extension cost of $2,500,000.

APPROVED: _____

Stephen Schwabauer, City Manager

This will ensure sufficient funding to address both existing and possible additional requirements once LEU's Wildfire Mitigation Plan is submitted to the Governor's newly established Wildfire Safety Advisory Board by July 2020.

FISCAL IMPACT: Vegetation management costs will not exceed $1,250,000 annually for Fiscal Year 2020/21 and 2021/22.

FUNDING AVAILABLE: Funds will be budgeted for as part of the annual budget process in account number 50064500.72499.

Andrew Keys
Deputy City Manager/Internal Services Director

Jeff Berkheimer
Electric Utility Director

Prepared by: Melissa Price, Rates & Resources Manager
JB/MP/nb

CITY OF LODI

PROPOSED CHANGE ORDER

PROJECT: **Power Line Clearing / Vegetation Management**	***CO No.:*** **2**
CONTRACTOR: **West Coast Arborists, Inc.**	***PCO No.:***
	RFI No.:
ARCHITECT/ENGINEER: **City of Lodi**	***FI No.:***
	Submit Proposal Within 15 Days Upon Receipt of This Request

Brief Description Of Work

Power Line Clearing / Vegetation Management Services

Change Order #2: Contract Extension to continue performing power line clearing and vegetation management services including GPS tree inventory data collection through June 30, 2022 per pricing in attached contractor proposal dated February 10, 2020 for an annual total not-to-exceed cost as indicated below.

Not-to-exceed amount of $1,250,000 - FY 2020/21 (July 1, 2020 - June 30, 2021)
Not-to-exceed amount of $1,250,000 - FY 2021/22 (July 1, 2021 - June 30, 2022)

Request, Proposal, Recommendation And Approval

Requesting Official:	Jeff Berkheimer	Request Date:	2/7/2020	Schedule Impact:	see adjusted contract completion date below Days
Contractor Proposal Date:	2/10/2020	Add Amount:	$2,500,000	Deduct Amount	$0.00
Reason For Change:	Contract Extension			Account:	50064500.72499

CONTRACTOR AGREES TO FURNISH ALL LABOR AND MATERIALS AND PERFORM ALL WORK REQUIRED TO COMPLETE THE ABOVE DESCRIBED WORK CHANGE IN ACCORDANCE WITH THE REQUIREMENTS FOR SIMILAR WORK COVERED BY THE CONTRACT EXCEPT AS OTHERWISE STIPULATED HEREIN FOR THE STATED CONSIDERATION. TO PERFORM THE CHANGES FOR THE AMOUNT INDICATED WHICH INCLUDES ANY EXTENDED OR JOBSITE OVERHEAD, DISRUPTION, RIPPLE EFFECT AND OTHER IMPACT COSTS. NO WORK WILL BE STARTED UNTIL THIS PROPOSAL IS ACCEPTED. IF THE CONTRACTOR DOES NOT SIGN ACCEPTANCE OF THIS ORDER, THE CONTRACTOR SHOULD REFER TO SECTION 4-1.03A OF THE STANDARD SPECIFICATIONS REGARDING FILING A WRITTEN PROTEST WITHIN THE SPECIFIED TIME.

		ORIGINAL CONTRACT:	Represents 3 years (FY 17/18-FY 19/20) at a not-to-exceed of $750K/year	$2,250,000.00
		PREVIOUS ADDS:	Change Order No. 1 through FY 19/20	$655,087.00
Contractor	Date	PREVIOUS DEDUCTS:		$0.00
		THIS CHANGE ORDER:		**$2,500,000.00**
Electric Utility Director	Date	**TOTAL CONTRACT AMOUNT INCLUDING ALL CHANGE ORDERS:**		**$5,405,087.00**
City Manager	Date			
		ORIGINAL COMPLETION DATE:		**6/30/2020**
		ADJUSTED CONTRACT COMPLETION DATE:		**6/30/2022**

Approved as to Form:

JANICE D. MAGDICH
City Attorney

Tree Care Professionals Serving Communities Who Care About Trees www.WCAINC.com

February 10, 2020

Lodi Electric Utility
ATTN: Melissa C. Price, Rates & Resources Manager
1331 S. Ham Lane
Lodi, CA 95242

RE: UTILITY LINE CLEARANCE SERVICES AGREEMENT

Dear Ms. Price,

With this contract year coming to a close on June 30, 2020, West Coast Arborists, Inc. would like to take this opportunity to express our gratitude to you and your staff for making the partnership successful. Together we have worked diligently to ensure that the City's urban forest continues to thrive.

The purpose of this letter is to respond to your request dated February 7, 2020, pertaining to our current agreement for utility line clearing services. At this time we would like express our interest in extending our current agreement for an additional 2-year term with a cost adjustment. The adjustment for FY20-21 reflects an increase of 7.1% based on the past Consumer Price Index for 2018 (3.9%) and 2019 (3.2%). This will help to offset the increases in prevailing wage as established by the Department of Industrial Relations and our other operating costs.

Subject to City Council approval, the new bid rates will become effective on July 1, 2020 and will remain valid through June 30, 2021. After June 30, 2021, the rates are subject to change per the latest Consumer Price Index for the previous 12 months. The proposed rates for FY 2021-22 reflect an approximate CPI adjustment of 3.5% for budgeting purposes. Attached to this letter, please find our proposed rate schedule.

We appreciate your ongoing efforts to make this Agreement a success for both the City and WCA and look forward to continuing a successful business relationship. Should you have any questions, please do not hesitate to contact me at (800) 521-3714.

Sincerely,

Patrick Mahoney
President

West Coast Arborists, Inc.
2200 E. Via Burton Street • Anaheim, CA 92806 • 714.991.1900 • 800.521.3714 • Fax 714.956.3745

CITY OF LODI - ELECTRIC UTILITY

Pricing for Utility Line Clearance Trimming Services performed by WCA, Inc.

Date submitted: February 10, 2020

Item	Description	Unit	2017-2020 Current Prices	FY 2020-2021 Proposed Prices	FY2021-2022 Proposed Prices
1	Aerial Crew	Man Hour	$89.00	$95.00	$98.00
2	Foreman/Supervisor	Man Hour	$89.00	$95.00	$98.00
3	ISA Certified Arborist	Man Hour	$89.00	$95.00	$98.00
4	Stump Grinding Crew	Man Hour	$89.00	$95.00	$98.00
5	Emergency Aerial Crew	Man Hour	$129.00	$139.00	$144.00
6	Emergency Foreman/Supervisor	Man Hour	$129.00	$139.00	$144.00
7	Emergency ISA Certified Arborist	Man Hour	$129.00	$139.00	$144.00
8	Emergency Groundman	Man Hour	$129.00	$139.00	$144.00
9	Emergency Stump Grinding Crew	Man Hour	$129.00	$139.00	$144.00
	OPTIONAL SERVICES				
1	GPS Tree Inventory Data Collection	Tree Site	N/A	$4.00	$4.00

The current rates originated from the bid dated June 14, 2017. Please note that rates above include equipment.

Per the City's request dated February 7th, 2020, we are submitting our proposed rates. The rates for FY20-21 reflect an increase of 7.1% based on the Consumer Price Index for 2018 (3.9%), and 2019 (3.2%)

Subject to City Council approval, the new rates will become effective on July 1, 2020 and will remain valid through June 30, 2021.

After June 30, 2021, the rates are subject to change per the latest Consumer Price Index for the previous 12 months.
The proposed rates for FY2021-22 reflect an approximate CPI adjustment of 3.5% for budgeting purposes.

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE CHANGE ORDER NO. 2 WITH WEST COAST ARBORISTS, INC., OF STOCKTON, FOR TWO-YEAR CONTRACT EXTENSION FOR POWER LINE CLEARING AND VEGETATION MANAGEMENT

==========

WHEREAS, In July 2017, the City Council awarded a multi-year contract for power line clearing and vegetation management services in the amount of $750,000 annually for a three-year term with the option to renew two additional years; and

WHEREAS, while the original approval was for a contract with Utility Tree Service, Inc. (UTS), the City and UTS were unable to reach agreement on final contract terms and conditions; thus, the contract was subsequently awarded to the next lowest bidder - West Coast Arborists, Inc. (WCA); and

WHEREAS, because of the delay associated with the time between when negotiations terminated with UTS and the time a final contract was executed with WCA, there was a backlog of vegetation management needs that required attention once WCA was issued a notice to proceed; and

WHEREAS, on December 4, 2019, the City Council approved Change Order No. 1 for $655,087 to add additional WCA crews to address the backlog; and

WHEREAS, WCA's current three-year contract with the City is set to end June 30, 2020 unless the City chooses to exercise the contract extension provision and based on discussions with other utilities currently bidding for similar services, if the City were to end its current contract, it could face significant cost increases due to the current demand by utilities for vegetation management services; and

WHEREAS, WCA has agreed to maintain its pricing, adding only inflationary adjustments for which they did not realize, but were entitled to request, during their initial three-year term; and

WHEREAS, WCA has been performing well for the City and Lodi Electric Utility (LEU) continues to receive positive feedback regarding their completed work; and

WHEREAS, pursuant to State of California General Order 95, LEU must routinely patrol, clear and remove vegetation that encroaches into its overhead power lines and as part of the recently adopted Wildfire Mitigation Plan required under Senate Bill 901, LEU is committed to meeting or exceeding the minimum industry standard vegetation management practices as it relates to clearing vegetation from power lines; and

WHEREAS, staff recommends authorizing the City Manager to execute Change Order No. 2 to extend WCA's existing contract for two additional years through June 30, 2022 and increasing the annual not-to-exceed amount from $750,000/year to $1,250,000/year for a total two-year extension cost of $2,500,000.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute Change Order No. 2 with West Coast Arborists, Inc., of Stockton, for a two-year contract extension for power line clearing and vegetation management, in an amount not to exceed $2,500,000 through June 30, 2022.

Dated: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM **C-06**

CITY OF LODI
COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Shared Services Agreement with Northern California Power Agency for After Hour Answering Services for Electric Utility and Public Works Department for a Period of Two Years ($154,480)

MEETING DATE: March 4, 2020

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute shared services agreement with Northern California Power Agency (NCPA) for after hour answering services for Electric Utility and Public Works Department, for a period of two years from April 30, 2020 to April 30, 2022 in an amount not to exceed $154,480.

BACKGROUND INFORMATION: The after hour answering services for Lodi Electric Utility (LEU) and Public Works (PW) are currently provided by a small local company that provides call center and answering services for local small businesses including medical answering, building maintenance, customer service, etc.

The existing contractor's lack of utility experience has created a number of service problems for the utilities. Staff proposes to terminate the existing contract and obtain the same services from Cooperative Response Services, Inc. (CRC). It is a nationwide, cooperatively owned and operated, 24/7 contact center and answering service provider who specialize in utilities, including round-the-clock dispatch and customer care. They currently serve over 450 members in 45 states, representing over 8 million consumers. Their customers include, among others Oklahoma Electric Cooperative of Oklahoma, Lyntegar Electric Corporation of Texas, Lane Electric Co-op in Oregon and Sussex Rural Electric Co-op in New Jersey. NCPA member, Alameda Municipal Power, is also in the process of obtaining their services. CRC's services are available to LEU and PW under NCPA's Shared Services Agreement approved by the City Council by Resolution 2016-162.

The current contract annual cost is $13,200, depending on call volume, compared to an annual cost with CRC of $77,240.

This project is in accordance with LEU's Strategic Plan to achieve and maintain a high level of customer satisfaction rating as measured by biannual survey.

FISCAL IMPACT: Not to exceed $154,480.

FUNDING AVAILABLE: Costs included in FY 19/20, 20/21 and 21/22 Budget.

APPROVED: _____
Stephen Schwabauer, City Manager

Andrew C. Keys
Deputy City Manager/Internal Services Director

Jeff Berkheimer
Electric Utility Director

Charles E. Swimley
Public Works Director

PREPARED BY: Hasan Shahriar PE; Engineering and Operations Manager

CONFIRMATION UNDER THE NCPA SUPPORT SERVICES PROGRAM AGREEMENT

1. This is a Confirmation pursuant to the Support Services Program Agreement and subject to the terms and conditions of that agreement, except as expressly provided in this Confirmation. All capitalized terms have the meaning given to them in the Support Services Program Agreement.

2. The Participating Member for this Confirmation is the CITY OF LODI in the total amount of not-to-exceed $150,000.00 for the Cooperative Response Center, Inc. services described in paragraph 3.

3. CITY OF LODI requests the following described Support Services in the dollar amount specified. NCPA agrees to provide the following Support Services to the Participating Member:

Cooperative Response Center, Inc. to provide after-hours answering services and energy dispatch services for the City of Lodi/Lodi Electric Utility, as outlined in the CRC proposal, copy attached. Services shall commence in early 2020 and continue for a period of 24-months.

4. The CITY OF LODI agrees to pay for the Support Services in the amount set forth in paragraph 2 above; plus the administrative fees in the amount not-to-exceed $4,480.00 ($685 for development of the Confirmation and first month's processing, plus $165 per month for each additional month administrative costs are actually incurred) in accordance with the provisions of the Support Services Program Agreement. Billing to the CITY OF LODI for said services will be through a Special Invoice. The total amount expended under this Confirmation will not exceed $154,480.00.

5. A Security Account deposit is not required for this Confirmation.

Date: _____

Participating Member:
CITY OF LODI

By its Designated Representatives:

_____
Stephen Schwabauer, City Manager

And

_____
Janice D. Magdich, City Attorney

Attest:

By: _____
~~Jennifer M. Ferraiolo, City Clerk~~
Pamela M. Ferris, Asst. City Clerk

Date: _____

NORTHERN CALIFORNIA POWER AGENCY

By: _____
Randy S. Howard, General Manager

Attest:

_____
Cary A. Padgett, Assistant Secretary to Commission

Approved as to form:

By: _____
Jane E. Luckhardt. NCPA General Counsel

ES-AGY-2016-001

Confirmation No. 0157

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE A CONFIRMATION UNDER SHARED SERVICES AGREEMENT WITH NORTHERN CALIFORNIA POWER AGENCY (NCPA) FOR AFTER HOUR ANSWERING SERVICES FOR ELECTRIC UTILITY AND PUBLIC WORKS

==========

WHEREAS, the after hour answering services for Lodi Electric Utility (LEU) and Public Works are currently provided by a small company that provides call center and answering services for local small businesses including medical answering, building maintenance, and customer service; and

WHEREAS, the existing contractor's lack of utility experience has created a number of service problems for the utilities; and

WHEREAS, LEU is proposing to engage the services of CRC, a nationwide, cooperatively owned and operated, 24/7 contact center and answering service provider who specialize in utilities, including round-the-clock dispatch and customer care; and

WHEREAS, CRC's services are available to LEU under NCPA's Shared Services Agreement approved by the City Council by Resolution 2016-162; and

WHEREAS, this project is in accordance with LEU's Strategic Plan to achieve and maintain a high level of customer satisfaction rating.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute a Confirmation under the Shared Services Agreement with Northern California Power Agency, for after hour answering services from CRC in an amount not to exceed $154,480 for a period of two years from April 30, 2020 to April 30, 2022.

Dated: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held on March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM C-7

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving Purchase of Three Year License for Cisco Cloud Email Security Platform and Data Protection Services from CDW-G of Vernon Hills, Illinois ($23,256.00)

MEETING DATE: March 4, 2020

PREPARED BY: Information Technology Manager

RECOMMENDED ACTION: Adopt resolution approving purchase of three year license for Cisco Cloud Email Security Platform and Data Protection Services from CDW-G of Vernon Hills, Illinois in the amount of $23,256.00.

BACKGROUND INFORMATION: As part of the City's efforts to replace aging network security infrastructure, a refresh of the City's email filtering service is scheduled for this calendar year. The City currently is using a Cisco email filter appliance that has reached end of life. Under a three-year software license agreement the email filtering service will be moved to a cloud based service through Cisco's hosted solution. The new service will offer much of the same protection from spam and viral email attacks. In addition, the new service will offer an improved protection against phishing, ransomware and malware attachments. As a new service, the filter will provide data loss prevention and capabilities for encryption to safeguard sensitive information.

The purchase of the license is done through a value added reseller (VAR) CDW-G, since Cisco does not sell its products directly to customers. In accordance with Lodi Municipal Code Section 3.20.077, the Information Technology Manager has the ability to acquire electronic hardware through negotiation, requests for proposal or competitive bids and award based on "best value" criteria. The Information Technology Manager has selected to utilize the negotiation method for acquiring the Cisco Email filtering service for the following reasons:

- IT manufactures will work with one value-added reseller (VAR) when creating quotes for products for a single customer.
- Other VARs will not quote a product from the same manufacture if a prior quote had already been created for a competing VAR for a single customer.

FISCAL IMPACT: Funding for this project is included in the California state grant for cybersecurity.

FUNDING AVAILABLE: Three year license agreement: 21620400.77020

2/21/20

Benjamin Buecher
Information Technology Manager

Andrew Keys
Deputy City Manager

APPROVED: Stephen Schwabauer, City Manager

QUOTE CONFIRMATION

PEOPLE WHO GET IT

DEAR BENJAMIN BUECHER,

Thank you for considering CDW•G for your computing needs. The details of your quote are below. Click here to convert your quote to an order.

QUOTE #	QUOTE DATE	QUOTE REFERENCE	CUSTOMER #	GRAND TOTAL
LGJR829	2/19/2020	CISCO PREMIUM 3 YEAR	1348160	$23,256.00

QUOTE DETAILS

ITEM	QTY	CDW#	UNIT PRICE	EXT. PRICE
Cisco Cloud Email Security Premium - subscription license - 1 license - wit Mfg. Part#: CES-PREM-AMP-BNDL UNSPSC: 43233205 Electronic distribution - NO MEDIA 36.00 Months From 31-Jan-2020 to 30-Jan-2023 Contract: Standard Pricing	17100	5511718	$1.26	$21,546.00
Cisco Email Security Safe Unsubscribe Add-On - license - 1 license Mfg. Part#: CES-SAFEUS UNSPSC: 43233205 Electronic distribution - NO MEDIA 36.00 Months From 31-Jan-2020 to 30-Jan-2023 Contract: Standard Pricing	17100	4221129	$0.10	$1,710.00

PURCHASER BILLING INFO

Billing Address:
CITY OF LODI
ACCTS PAYABLE
PO BOX 3006
LODI, CA 95241-1910
Phone: (209) 333-5538
Payment Terms: Net 30 Days-Govt State/Local

DELIVER TO

Shipping Address:
CITY OF LODI
DANNY DUKE
221 W PINE ST
LODI, CA 95240-2089
Shipping Method: ELECTRONIC DISTRIBUTION

SUBTOTAL	$23,256.00
SHIPPING	$0.00
SALES TAX	$0.00
GRAND TOTAL	$23,256.00

Please remit payments to:

CDW Government
75 Remittance Drive
Suite 1515
Chicago, IL 60675-1515

Need Assistance? CDW•G SALES CONTACT INFORMATION

Brian Clouser | (866) 339-4119 | briaclo@cdwg.com

This quote is subject to CDW's Terms and Conditions of Sales and Service Projects at http://www.cdwg.com/content/terms-conditions/product-sales.aspx
For more information, contact a CDW account manager

© 2020 CDW•G LLC, 200 N. Milwaukee Avenue, Vernon Hills, IL 60061 | 800.808.4239

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE PURCHASE OF THREE-YEAR LICENSE FOR CISCO CLOUD EMAIL SECURITY PLATFORM AND DATA PROTECTION SERVICES FROM CDW-G, OF VERNON HILLS, ILLINOIS

==========

WHEREAS, the City's email filtering system is scheduled for refresh this calendar year; and

WHEREAS, the current Cisco email filter appliance has reached its end of life; and

WHEREAS, the new email filtering service will be a cloud based service through Cisco's hosted solution providing protection from spam, viral email attacks, phishing, ransomware and malware attachments. The email filter will provide data loss prevention and capabilities for encryption; and

WHEREAS, the purchase of the license if done through a value added reseller (VAR), CDW-G; Cisco does not sell its products directly to customers. In accordance with Lodi Municipal Code Section 3.20.077, the Information Technology Manager has selected to utilize the negotiation method for acquiring Cisco email filtering service for the following reasons:

- IT manufactures will work with one value-added reseller (VAR) when creating quotes for products for a single customer.

- Other VARs will not quote a product from the same manufacture if a prior quote had already been created for a competing VAR for a single customer.

WHEREAS, the Information Technology Manager recommends that the City Council approve the purchase of the three-year license for Cisco Cloud Email Security Platform and Data Protection Services from CDW-G.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to approve the purchase of the three-year license for the email filtering system to replace the current end-of-life email filtering system, in the amount of $23,256.00.

Dated: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM C-8

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Professional Service Agreement with Quest Media and Supplies Inc., of Roseville, for the Installation of Wireless Access Points and Data Cabling in Hutchins Street Square and Appropriate Funds ($27,326.27)

MEETING DATE: March 4, 2020

PREPARED BY: Information Technology Manager

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute Professional Service Agreement with Quest Media and Supply Inc., of Roseville, for the installation of wireless access points and data cabling in Hutchins Street Square for the amount of $27,326.27.

BACKGROUND INFORMATION: The Parks, Recreation and Cultural Services Department operates and manages Hutchins Street Square Community Center and Performing Arts Theater. An integral part of programming and rental services delivery is providing users/customers the ability to access and utilize a wireless local area network or "Wi-Fi" as part of the overall user experience. The lack of facility-wide Wi-Fi infrastructure over the past 5 years has impacted PRCS's ability to remain competitive in both the corporate meeting space market, as well as the indoor concert venue market.

A request for bids was sent out to four different data cabling vendors. Three of the vendors responded with a confirmation to meet for a site walk through on January 7, 2020. The vendors were given floor plans and walked through Hutchins Street Square to view and study the space where City staff identified the need for wireless and cable network accessibility. Of the three vendors that participated in the site walk-through, only two submitted bids.

The vendors were required to show pricing for parts and labor. The project is to be completed in three phases; 1) Wi-Fi installation in Theater; 2) Wi-Fi and network cabling in conference rooms, pool and classrooms; 3) Wi-Fi for outdoor auditorium.

2 Responding Vendors	Total System Price
Quest Media and Supplies	$27,326.27
Delta Wireless	$58,445.14

FISCAL IMPACT: Funding from the Parks Capital Improvement Fund is available for this project.

FUNDING AVAILABLE: Appropriate $27,326.27 from the Parks Capital Improvement fund balance to project PKCP-20006.Contracts.

Andrew Keys
Deputy City Manager

APPROVED: _____
Stephen Schwabauer, City Manager

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, 2020, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and Quest Media and Supplies, Inc., a California corporation (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for installation of wireless access points and data cabling in Hutchins Street Square (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to

weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on March 4, 2020 and terminates upon the completion of the Scope of Services or on February 28, 2021, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.3 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees and costs), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence, sole negligence, or sole willful misconduct of the City of Lodi, its elected and appointed officials, directors, officers, employees and volunteers. CITY may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If CITY chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, CONTRACTOR shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs. The defense and indemnification obligations required by this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations set forth herein.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 **Responsibility of CITY**

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 **Insurance Requirements for CONTRACTOR**

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 **Successors and Assigns**

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 **Notices**

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: Benjamin Buecher

To CONTRACTOR: Quest Media & Supplies, Inc.
9000 Foothills Blvd.
Roseville, CA 95747
Attn: Vladimir Pivtorak

Section 4.9 **Cooperation of CITY**

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 **CONTRACTOR is Not an Employee of CITY**

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of

the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.21 Federal Transit Funding Conditions

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit D apply to this Agreement. In the event of a conflict between the terms of this Agreement or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

STEPHEN SCHWABAUER
City Manager

APPROVED AS TO FORM:
JANICE D. MAGDICH, City Attorney

By: _____

Quest Media and Supplies, Inc.

By: _____
Name: Vladimir Pivtorak
Title: Operations Manager, Infrastructure

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements
Exhibit D – Federal Transit Funding Conditions (if applicable)

Funding Source: _____
(Business Unit & Account No.)

Doc ID:

CA:Rev.01.2015

EXHIBIT A & B

Quest
TECHNOLOGY MANAGEMENT

We have prepared a quote for you

Theatre Access Point Installation-Hutchins Street Sq

Quote # 013587 Version 1

Prepared for:

City of Lodi

Prepared by:

Andrew Kinzel

Quest TECHNOLOGY MANAGEMENT

Products

Product Details	Qty
Cat 6 Data Cable-Blue	1
Cat 6 Data Jack-Blue	4
1 Port Surface Mount Box-Black	2
24 Port Modular Patch Panel	1
Cat 6 Patch Cable-Blue 3'	2
Cat 6 Patch Cable-Blue 15'	2
Miscellaneous Mounting Material	1
Subtotal:	**$846.16**

Services

Product Details		Qty
Labor	**Infrastructure Services**	**1**
	Subtotal:	**$5,700.00**

Statement of Work

Install, terminate, test, and label (2) Cat 6 data cables for new Theater access points

Install (2) customer provided access points in the Theater seating area per the floorplan

The access points will be suspended down from the cat walk area for best coverage

Any work outside the scope of work will be at an additional charge

All work to be completed during normal business hours

Shipping

Description		Qty
Standard Shipping	**Standard Shipping** Prepay and Add to Invoice	1

Sales Tax

- **Sales tax to be added and calculated per current state and local municipalities rates at time of invoice.**

Warranty/Standard of Installation

Warranty / Standard of Installation
Upon acceptance of this proposal, Quest will require a minimum of 7 business days to assemble materials before beginning any work. Quest will perform labor and installation of materials as per Quest's "Data Communications Standards".
As per the guidelines set forth by the State Contractors Association, Quest will provide a one-year warranty covering workmanship and compliance with applicable industry standards.
Network cabling, servers, system software installation, network cards, network electronics, configuration of hubs and routers, an internet provider, and any other materials not specifically listed will not be provided.
Quest would be privileged to provide you with additional pricing and consulting information upon request. If you have any further questions regarding these services please contact our offices at (916) 338-7070.
It is assumed by Quest or Quests' agents, that the above project is clear of any asbestos or any other chemical / biological hazard.
Payment terms are NET 30 days from date of invoice.

Theatre Access Point Installation-Hutchins Street Sq

Prepared by:

Quest Technology Management
Andrew Kinzel
(916) 338-7070
Andrew_Kinzel@questsys.com

Prepared for:

City of Lodi
215 W Elm Street
Lodi, CA 95240
Benjamin Buecher
(209) 333-5548
bbuecher@lodi.gov

Quote Information:

Quote #: 013587
Version: 1
Delivery Date: 01/20/2020
Expiration Date: 02/23/2020

Quote Summary

Description	Amount
Products	$846.16
Services	$5,700.00
Total:	**$6,546.16**

Quest is hereby authorized to furnish all materials and labor to complete the work specified in this proposal, for which I/we agree to pay the contract price mentioned in this proposal, and according to the terms thereof.

In the event that an action at law or in equity is brought in any public court or private dispute resolution forum to enforce or interpret the terms of this agreement, the prevailing party shall be awarded reasonable attorneys' fees, photocopying expenses, etc.
I/we have read and agree to the provisions contained herein, and in any attachments that are made a part hereof and are described in the proposal.

Quest Technology Management

Signature: Andrew Kinzel

Name: Andrew Kinzel

Title: Estimator

Date: 01/20/2020

City of Lodi

Signature: _____

Name: Stephen Schwabauer, City Manager

Date: _____

EXHIBIT A & B

Quest
TECHNOLOGY MANAGEMENT

We have prepared a quote for you

Cabling & Access Points Installation-Hutchins Street Sq

Quote # 013586 Version 1

Prepared for:

City of Lodi

Prepared by:

Andrew Kinzel

Quest TECHNOLOGY MANAGEMENT

Products

Product Details	Qty
Cat 6 Data Cable-Blue	10
Cat 6 Data Jack-Blue	64
1 Port Surface Mount Box	4
2 Port Faceplate	4
4 Port Faceplate	5
1U 24 Port Modular Patch Panel	2
Cat 6 Patch Cable-Blue 3'	36
Cat 6 Patch Cable-Blue 7'	28
Raceway Materials	1
Miscellaneous Mounting Hardware	1
Scissor Lift Rental	1
Subtotal:	**$5,782.60**

Services

Product Details		Qty
Labor	**Infrastructure Services**	**1**
	Subtotal:	**$9,200.00**

Statement of Work

Statement Of Work

Install, terminate, test, and label (28) Cat 6 data cables for workstations

Install, terminate, test, and label (4) Cat 6 data cables for access points

Install and secure (5) customer provided access points per the floorplan

Install a raceway pathway for the Cat 6 cables as needed for the locations

Access points and mounting brackets will be provided by the customer

Any work outside the scope of work will be at an additional charge

All work to be completed during normal business hours

Quest
TECHNOLOGY MANAGEMENT

Shipping

Description		Qty
Standard Shipping	**Standard Shipping** Prepay and Add to Invoice	1

Sales Tax

- **Sales tax to be added and calculated per current state and local municipalities rates at time of invoice.**

Warranty/Standard of Installation

Warranty / Standard of Installation
Upon acceptance of this proposal, Quest will require a minimum of 7 business days to assemble materials before beginning any work. Quest will perform labor and installation of materials as per Quest's "Data Communications Standards".
As per the guidelines set forth by the State Contractors Association, Quest will provide a one-year warranty covering workmanship and compliance with applicable industry standards.
Network cabling, servers, system software installation, network cards, network electronics, configuration of hubs and routers, an internet provider, and any other materials not specifically listed will not be provided.
Quest would be privileged to provide you with additional pricing and consulting information upon request. If you have any further questions regarding these services please contact our offices at (916) 338-7070.
It is assumed by Quest or Quests' agents, that the above project is clear of any asbestos or any other chemical / biological hazard.
Payment terms are NET 30 days from date of invoice.

Cabling & Access Points Installation-Hutchins Street Sq

Prepared by:

Quest Technology Management
Andrew Kinzel
(916) 338-7070
Andrew_Kinzel@questsys.com

Prepared for:

City of Lodi
125 S. Hutchins St
Lodi, CA 95240
Benjamin Buecher
(209) 333-5548
bbuecher@lodi.gov

Quote Information:

Quote #: 013586
Version: 1
Delivery Date: 01/20/2020
Expiration Date: 02/23/2020

Quote Summary

Description	Amount
Products	$5,782.60
Services	$9,200.00
Total:	**$14,982.60**

Quest is hereby authorized to furnish all materials and labor to complete the work specified in this proposal, for which I/we agree to pay the contract price mentioned in this proposal, and according to the terms thereof.

In the event that an action at law or in equity is brought in any public court or private dispute resolution forum to enforce or interpret the terms of this agreement, the prevailing party shall be awarded reasonable attorneys' fees, photocopying expenses, etc.
I/we have read and agree to the provisions contained herein, and in any attachments that are made a part hereof and are described in the proposal.

Quest Technology Management

Signature: Andrew Kinzel

Name: Andrew Kinzel

Title: Estimator

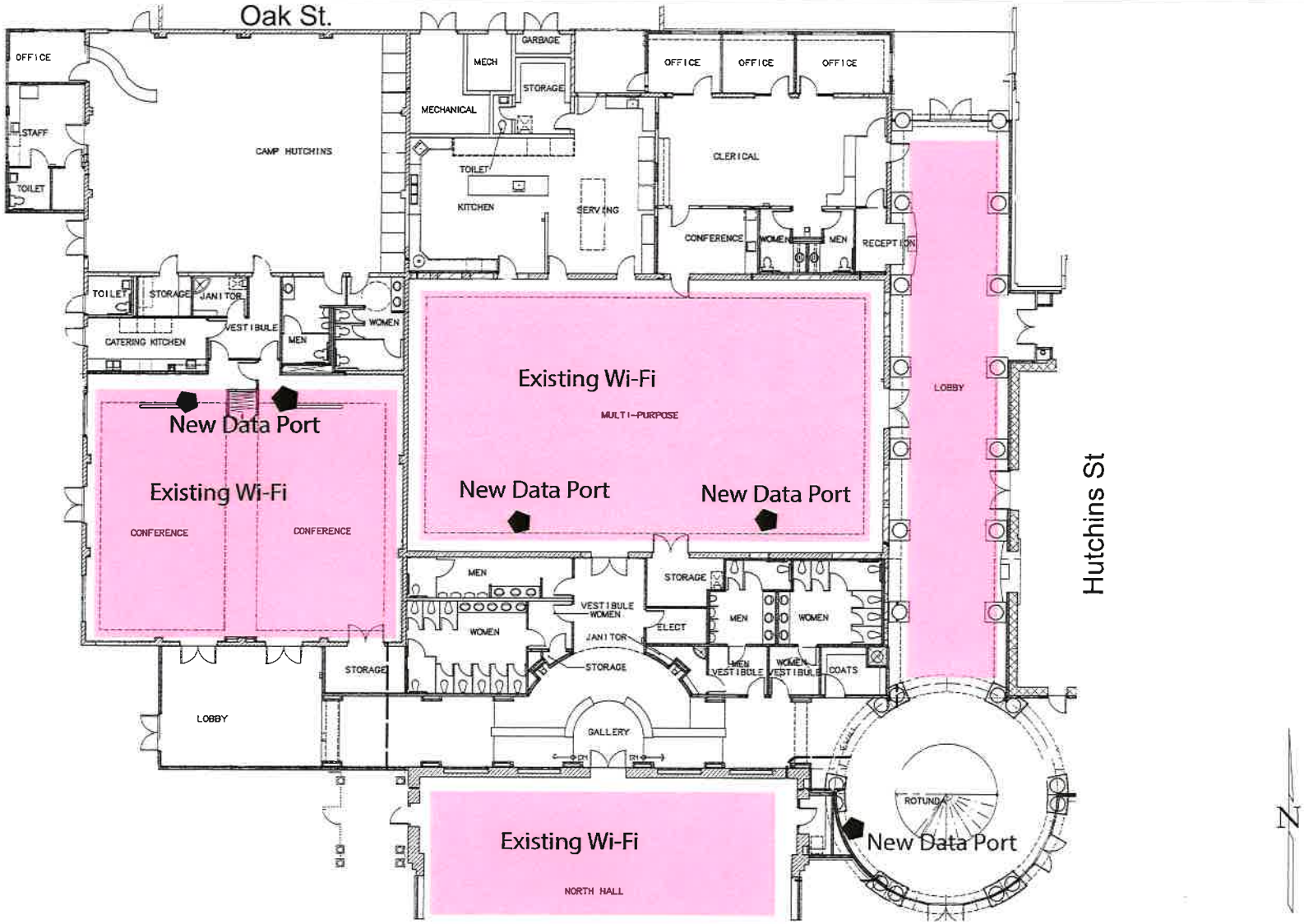
Date: 01/20/2020

City of Lodi

Signature: _____

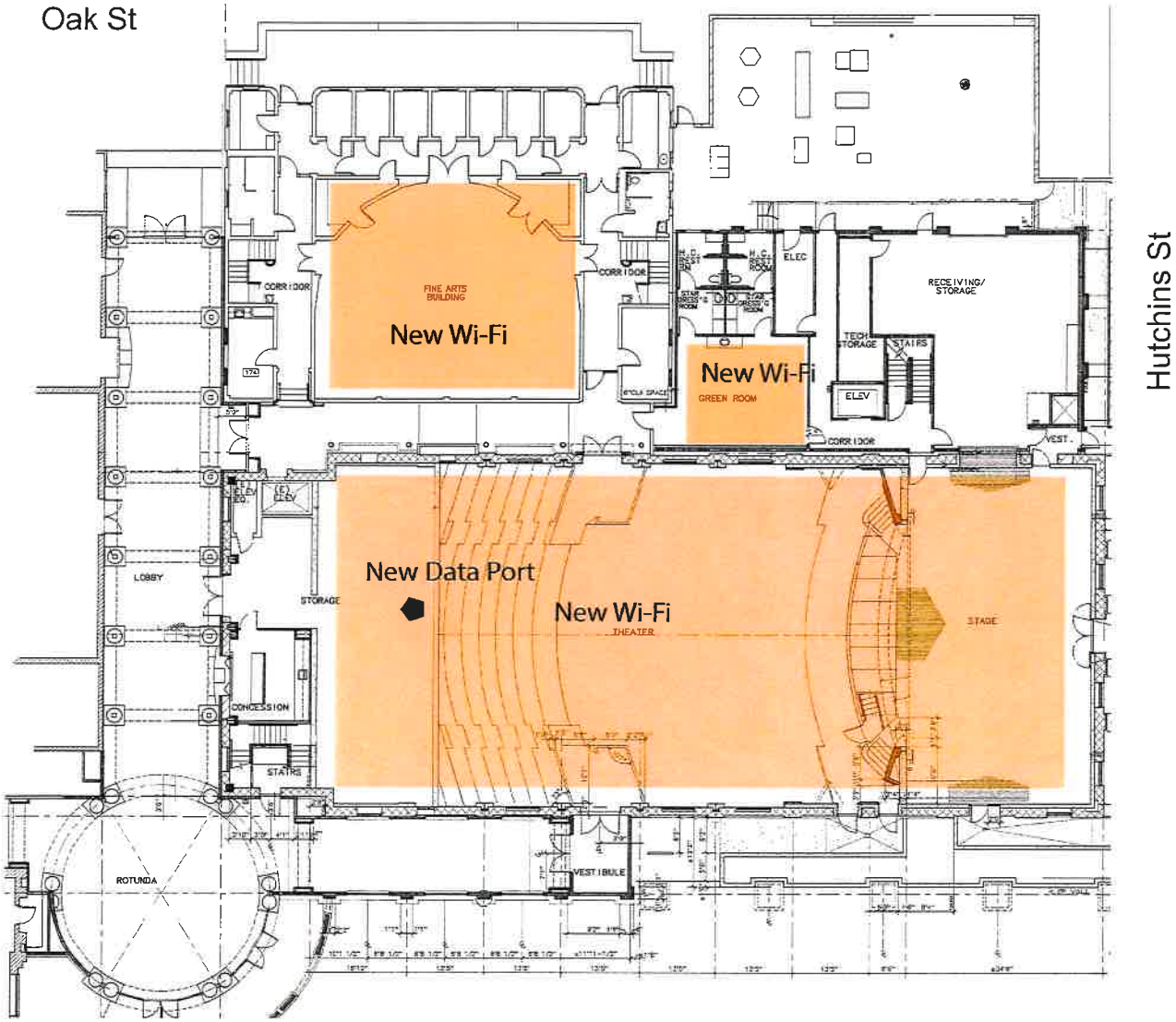
Name: Stephen Schwabauer, City Manager

Date: _____



Hutchins Street Square (125 S Hutchins St)

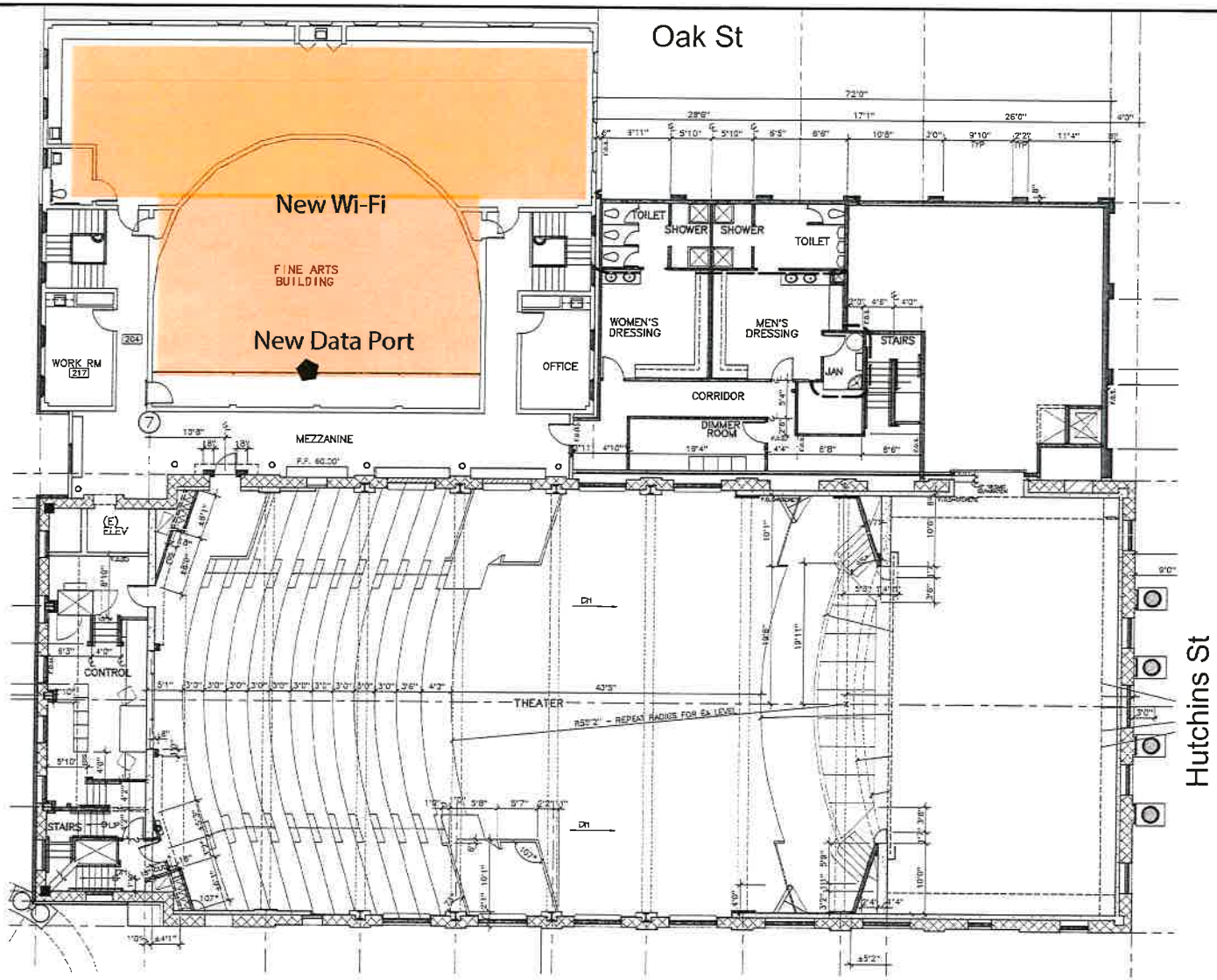
BUILDING 10A



Hutchins Street Square (125 S Hutchins St)

N

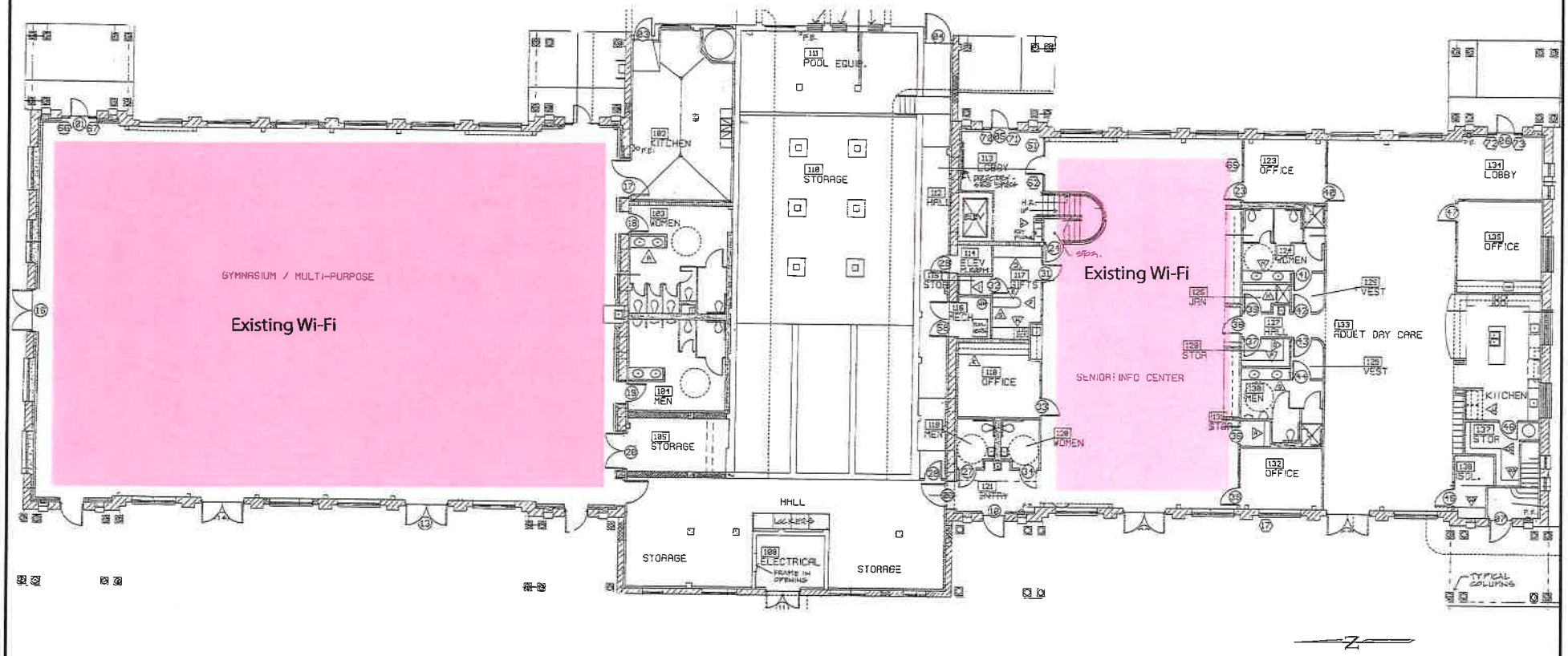
BUILDING 10B



Hutchins Street Square 2nd Story (125 S Hutchins St)

BUILDING 10C

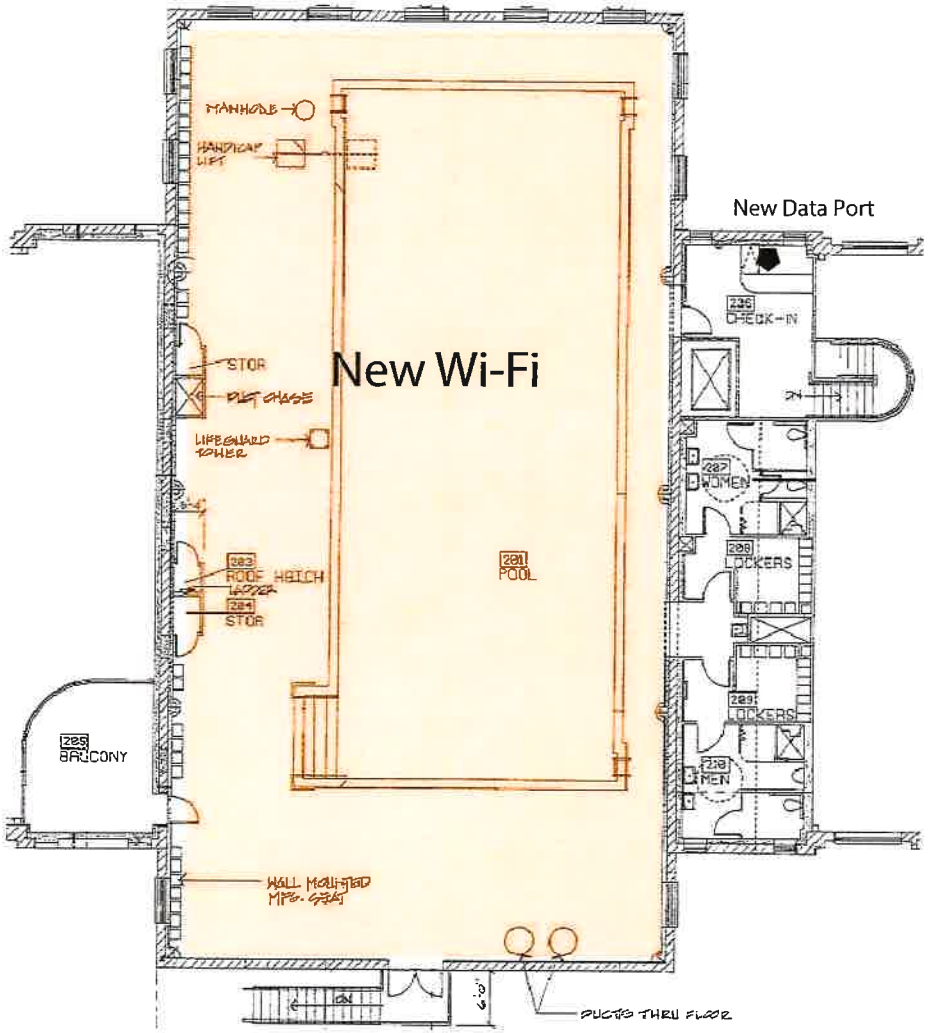
Hutchins St



Hutchins Street Square (125 S Hutchins St)
Kirst Hall & Senior Center

BUILDING 10D

Hutchins St



Hutchins Street Square (125 S Hutchins St)
2nd Floor Pool

BUILDING 10E

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICE AGREEMENT WITH QUEST MEDIA AND SUPPLIES, INC., OF ROSEVILLE, FOR THE INSTALLATION OF WIRELESS ACCESS POINTS AND DATA CABLING IN HUTCHINS STREET SQUARE; AND FURTHER APPROPRIATING FUNDS

==========

WHEREAS, the Parks, Recreation and Cultural Services Department operates and manages Hutchins Street Square Community Center and Performing Arts Theater; and

WHEREAS, the lack of facility-wide Wi-Fi infrastructure over the past 5 years has impacted PRCS's ability to remain competitive in both the corporate meeting space market, as well as the indoor concert venue market; and

WHEREAS, a request for bids was sent out to four different data cabling vendors. Of the three vendors that participated in the site walk-through, only two submitted bids as shown as follows:

2 Responding Vendors	**Total System Price**
Quest Media and Supplies	$27,326.27
Delta Wireless	$58,445.14

NOW, THEREFORE, BE IT RESOLVED, that the Lodi City Council does hereby authorize the City Manager to execute a Professional Service Agreement with Quest Media and Supplies Inc., of Roseville for the installation of wireless access points and data cabling in Hutchins Street Square, and further authorizes appropriating $27,326.27 from the Parks Capital Improvement fund balance to project PKCP-20006.Contracts; and

BE IT FURTHER RESOLVED, pursuant to Section 6.3q of the City Council Protocol Manual (Res. No. 2019-223), the City Attorney is hereby authorized to make minor revisions to the above-referenced document(s) that do not alter the compensation or term, and to make clerical corrections as necessary.

Dated: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM **C-09**

CITY OF LODI
COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement and Non-Disclosure Agreement with Magellan Advisors, LLC, of Denver, CO for Broadband Feasibility Study Services and Appropriate Funds ($84,800)

MEETING DATE: March 4, 2020

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute a Professional Services Agreement and Non-Disclosure Agreement with Magellan Advisors, LLC, of Denver, CO for broadband feasibility study services in an amount not to exceed $84,800 and appropriate funds.

BACKGROUND INFORMATION: Lodi is working to better understand the feasibility and options to expand access to high-speed broadband throughout the city.

Utilities across the country are in a similar position to Lodi regarding evaluation of broadband services. Broadband services in suburban and rural environments have not advanced equally in all jurisdictions and Lodi is looking to evaluate the funding opportunities and partnerships available to expand these services for Lodi residents and businesses.

A broadband feasibility study for Lodi will examine the opportunities and risks of providing broadband services to its citizens and businesses, focusing on the most achievable opportunities. To assist Lodi in its evaluation of broadband opportunities, Magellan will provide a comprehensive study that will allow Lodi to make informed decisions regarding the available business models and deployment options.

Magellan's study will provide an analysis of the business, technical, operational, financial, investment and regulatory aspects of deploying broadband services within the municipal electric environment. The goal of this study is to provide an objective and industry-based study that informs Lodi of the opportunities and risks of expanding broadband in its community. This will include an analysis of available funding opportunities for underserved communities, as well as evaluation of potential business models including dark fiber leasing, municipal public/private partnership, and even broadband as a public service offering.

Per Lodi Municipal Code, Section 3.20.075, engineering and financial service contracts are exempt from bidding requirements and shall be awarded on the basis of professional qualifications and experience, quality of service, past performance and negotiated prices. Over 400 utilities, municipalities and cooperatives utilize Magellan's services to plan and deploy their networks nationwide and Magellan has planned, engineered and deployed over 50 municipal fiber, wireless and hybrid networks with a total value of $1 billion dollars.

The proposed study will take approximately six months to complete; the results of which will be presented to the City Council at a future shirtsleeve meeting.

APPROVED: _____

Stephen Schwabauer, City Manager

FISCAL IMPACT: The cost to complete the Broadband Feasibility Study is $84,800. Adequate funds are available for this project in the General Fund Capital Improvement Fund.

FUNDING AVAILABLE: Appropriate $84,800 from the General Fund Capital Improvement Fund Balance to the Capital Improvement Project GFCP-20010.Contracts.

_____
Andrew Keys
Deputy City Manager/Internal Services Director

_____
Jeff Berkheimer
Electric Utility Director

PREPARED BY: Jeff Berkheimer, Electric Utility Director

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, 20 , by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and Magellan Advisors, LLC (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for broadband feasibility study services (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to

weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on April 1, 2020 and terminates upon the completion of the Scope of Services or on March 31 , 2021, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.3 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees and costs), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence, sole negligence, or sole willful misconduct of the City of Lodi, its elected and appointed officials, directors, officers, employees and volunteers. CITY may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If CITY chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, CONTRACTOR shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs. The defense and indemnification obligations required by this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations set forth herein.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: Electric Utility Director

To CONTRACTOR: Magellan Advisors, LLC
John Honker, President
999 18th Street, Suite 3000
Denver, CO 80202

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of

the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as “Confidential” or “Proprietary”, except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney’s Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney’s fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 <u>City Business License Requirement</u>

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 <u>Captions</u>

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 <u>Integration and Modification</u>

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 <u>Contract Terms Prevail</u>

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 <u>Severability</u>

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

Section 4.19 <u>Ownership of Documents</u>

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.21 Federal Transit Funding Conditions

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit D apply to this Agreement. In the event of a conflict between the terms of this Agreement or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

PAMELA M. FARRIS Assistant City Clerk	STEPHEN SCHWABAUER City Manager
APPROVED AS TO FORM: JANICE D. MAGDICH, City Attorney	MAGELLAN ADVISORS, LLC
By: _____	By: _____ Name: John Honker Title: President

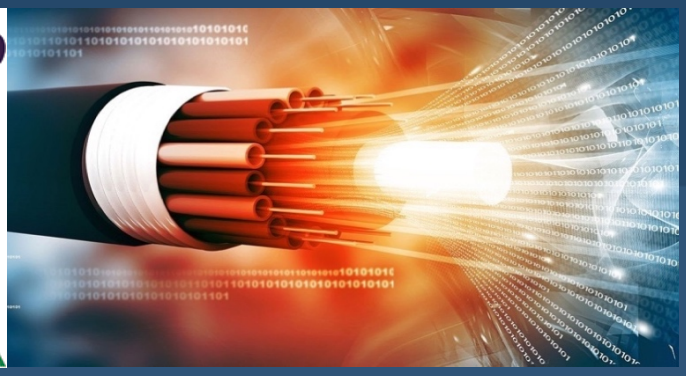
Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements
Exhibit D – Federal Transit Funding Conditions (if applicable)

Funding Source: GFCP-20010
(Business Unit & Account No.)

Doc ID:

CA:Rev.01.2015

Exhibit A/B



Broadband Feasibility Study

Prepared For:

Jeff Berkheimer
Electric Utility Director
City of Lodi

Prepared By:

John Honker
Magellan Advisors
jhonker@magellan-advisors.com
O: 786.208.8952

Overview of Magellan Advisors

Magellan Advisors is the only firm that provides comprehensive fiber network development for municipalities, utilities and cooperatives. We are a full spectrum planning and implementation firm that assists our clients develop transformational fiber and wireless networks for their communities. We provide the full spectrum of planning, consulting, engineering, procurement, construction management and operations, giving our clients a turnkey partner to see their projects from concept to completion. Over 400 utilities, municipalities and coops utilize Magellan's services to plan and deploy their networks nationwide.

We partner with our utility and municipal clients every step of the way, whether they are deploying institutional fiber networks, deploying fiber to the home or modernizing utility communications. We are a hands-on firm with strong project management abilities and implementation expertise to manage the heavy lift of deploying fiber networks.

We take a very consultative approach to building fiber networks, helping our clients make the best decisions to minimize costs and maximize benefit to the community. We specialize in developing multi-purpose fiber networks to support electric grid modernization, municipal connectivity, wireless attachment and fiber to the home. Through development of over 50 municipal broadband networks, we have refined an approach that enables our clients to build state-of-the-art infrastructure to serve utility needs and simultaneously create a platform for next-generation broadband.

400	50+	$1B	1M
400 Utility & Municipal Served	50+ Fiber & Wireless Networks Deployed	$1Billion of Broadband Investments	1 Million Fiber Customers Connected

We have planned, engineered and deployed over 50 municipal fiber, wireless and hybrid networks with a total value of $1 billion dollars. Through our turnkey deployments, 1 million homes and businesses now have access to fiber and thousands of schools, utilities and governments are equipped with next-generation broadband.

2019 Magellan Advisors

MAGELLAN ADVISORS

Portfolio of Services

BROADBAND FEASIBILITY STUDIES
Community Needs Assessments
Business Models & Financial Planning
Market Analysis & Current Environment
Design & Engineering
Network Analysis & Inventory
Opportunity, Risk & Benefit Analysis

BROADBAND DESIGN ENGINEERING
FTTH, FTTP, Metro & Long-Haul Fiber
Routing, Switching & MPLS
Fixed Wireless, Microwave & Wi-Fi
Internet, Voice & Video Integration
GPON Active Ethernet & WDM
BSS/OSS Network Management Systems

SMART CITY PLANNING
Asset Assessments
Smart City Solutions Needs Assessments
Strategic Smart City Planning
Vendor Selection
SCADA Consulting
IT Governance

NETWORK IMPLEMENTATION
Standards & Specifications
Sales & Marketing
Vendor Selection & Management

NETWORK IMPLEMENTATION (CONT.)
Construction Management & Inspections
Installation & Activations
Operations & Customer Service

PUBLIC POLICY & GOVERNANCE
Right-of-Way Management Ordinance
Dig Once & Joint Trench Policies
Wireless Ordinance & Guidelines
Telecommunications Master Funding
Fiber Ordinance & Guidelines
Internal & External Working Groups

BUSINESS MODELS & PARTNERSHIPS
Dark Fiber, Open Access, Triple Play
Partner Recruitment & RFQs
Feasibility Analysis of Business Models
Advocacy & Negotiation in Partnerships
Public-Private Partnership Development
Opportunity, Risk & Benefit Analysis

PROJECT MANAGEMENT
Procurement & Contract Negotiation
Construction Management
Network Commissioning & Certification
Content Acquisition & Agreements
Sales, Marketing & Business Development
Business & Operations Management

2020 Magellan Advisors

Corporate Profile

Magellan Advisors, LLC is a Denver-based firm with local offices in Los Angeles, Orlando, Miami, Kansas City and Houston. Magellan has been business serving municipalities and utilities for 15 years.

Magellan attracts the best and brightest staff from the telecom, utility and local government sectors with over 50 subject matter experts that lead the industry in consulting, engineering, construction management and operations. We specialize in developing multi-purpose fiber networks to support electric grid modernization, municipal connectivity, wireless attachment and fiber to the home.

Magellan Advisors always represents the best interests of our clients first. We are vendor independent and have no commercial agreements or interests with any vendors that may bid on construction or other services in relation to this project. Our goal is to find the best solutions for our clients communities to make them successful.

Customer Testimonials

- We're excited to build this network to serve our community with gigabit fiber! Just wanted to say thank you and we are fortunate to have partnered with Magellan.
  -Carmen Lichty, Manager, Newport Utilities, TN

- Without Magellan, our network would have been double the estimated project costs and taken longer to complete. We could not be more pleased with the level of service and professionalism and would highly recommend Magellan to any city looking for fiber solutions for their community.
  -Nathan Watkins, Assistant City Manager, City of Mont Belvieu

- Transforming Rock Falls into a Gigabit City has been made possible by our partnership with Magellan. Magellan's responsiveness and knowledge has made the process a pleasure. I would highly recommend them to any City looking for guidance with their broadband system.
  -Robin Blackert, City Administrator, Rock Falls Utilities, IL

- We were seeking a broadband consulting firm that could give us actionable and practical steps toward developing a Gigabit broadband network. Magellan's real-world experience has allowed us to take the next steps in achieving our broadband goals. Today, our network serves key businesses throughout Hudson with Gigabit fiber.
  -Paul Leedham, Manager, City of Hudson, OH

- Magellan's been our continued partner providing network design, implementation and project and construction management services. Their on-time delivery and create approaches and vast experience has been valuable in guiding development of our network.
  -Don Dennis, CIO, City of Clermont

- Magellan's staff are exceptionally knowledgeable in all areas of broadband and have helped us develop our business strategy to provide services across the County.
  -Lewis Foster, Broadband Utility Manager, Columbia County Broadband

- Magellan has brought true value to our broadband deployment by providing a single-source solution across the planning and implementation of our network.
  -Melinda Miller, Director, Town of Jupiter

Key Customers

Municipal Electric Utilities & Coops			
Glendale Water & Power	CA	Hudson Electric	OH
Riverside Public Utilities	CA	City of Westerville	OH
Rancho Cucamonga Utilities	CA	Rock Falls Electric Utility	IL
City of Sacramento	CA	Newport Utilities	TN
Orlando Utilities Commission	FL	Sequachee Electric Membership Corporation	TN
Salt River Project	AZ	Meriwhether Lewis Electric Cooperative	TN
Bartow Utilities	FL	Morrisville Utility Systems	TN
Holyoke Gas & Electric	MA	Lenoir City Utilities	TN
Chicopee Electric Light	MA	Middle Tennessee Electric Membership Corporation	TN
Winter Park Electric	MA	Vermont Transmission Company	VT
Hamilton Electric	OH	Morrisville Electric	VT
Westerville Electric	OH	Burlington Electric Department	VT
Rock Falls Electric Utility	IL	Waverly Utilities	IA

Municipalities			
City of Rancho Cucamonga	CA	City of Wellington	FL
City of West Hollywood	CA	City of Hallandale Beach	FL
Rancho Santa Fe	CA	City of Port Orange	FL
City of Riverside	CA	City of Lakeland	FL
City of Davis	CA	Atlanta Beltline	GA
City of West Sacramento	CA	City of Davenport	IA
City of Woodland	CA	City of Waverly	IA
City of El Segundo	CA	City of Ketchum	ID
City of Birmingham	AL	City of Rock Falls	IL
City of Tuscaloosa	AL	City of Minden	LA
City of Fort Morgan	CO	City of Baltimore	MA
City of Wray	CO	City of Columbia	MO
City of Fort Collins	CO	City of Missoula	MT
City of Centennial	CO	City of Cornelius	NC
City of Yuma	CO	City of Haywood	NC
City of Bartow	FL	City of Mooresville	NC
City of Winter Garden	FL	City of Davidson	NC
City of Clermont	FL	City of Highlands	NC
City of Wilton Manors	FL	City of Syracuse	NY
City of Jupiter	FL	City of Rochester	NY
City of Daytona Beach	FL	City of Hamilton	OH
City of Winter Haven	FL	City of Sumter	SC
City of Winter Park	FL	City of Lake Jackson	TX
City of Sunrise	FL	City of College Station	TX
City of Fort Lauderdale	FL	City of Bryan	TX
City of Palm Coast	FL	City of New Braunfels	TX
City of Cocoa	FL	City of Mont Belvieu	TX
City of Palm Beach Gardens	FL	City of Bristol	VA
City of Ormond Beach	FL	City of Walla Walla	WA

Counties			
Yolo County	CA	Missoula County	MT
Strathcona County, Alberta, Canada	CA	Land of Sky Regional Council	NC
Sonoma County	CA	Niagara County Airport Stakeholder Group	NY
Yuma County	CO	Port of Whitman County	WA
Seminole County	FL	Port of Walla Walla	WA
Flagler County School District	FL	Pierce County	WA
South Florida Regional Council	FL	Marion County	WA
Columbia County	GA	Niobrara County	WY
Boone County	MO	Converse County	WY

2020 Magellan Advisors

Project Methodology

Magellan understands that the City of Lodi would like to better understand the feasibility and options to expand access to high-speed broadband in its community. Municipal electric utilities across the US are in a similar position to Lodi regarding broadband. Broadband services in suburban and rural environments have not advanced equally to services in the cities, yet residents of these communities need these services to drive the many applications that require fast, reliable broadband. Municipal electric utilities often evaluate the feasibility of providing these services, whether directly, or though partners that may share in the financing, operations and management of broadband service.

A broadband feasibility study for Lodi will examine the opportunities and risks of providing broadband services to its citizens and businesses, focusing on the most achievable opportunities. To assist Lodi in its evaluation of broadband opportunities, Magellan will provide a comprehensive Broadband Feasibility Study that will allow Lodi to make informed decisions the available options.

Magellan's Study will provide a comprehensive analysis of the business, technical, operational, financial, investment and regulatory aspects of deploying broadband services within the municipal electric environment. Our goal is to provide an objective and industry-based study that informs Lodi of the opportunities and risks of expanding broadband in its community. We believe that a thorough analysis of the following factors is key to making the right decisions and taking the right steps forward.

Methodology for Lodi Broadband Feasibility Study

- Work with Lodi to gain a clear understanding of its strategic goals, objectives and the roles it may play in deployment of broadband services within its electric footprint;

- Determine the business and regulatory environment that Lodi should consider and analyze regulatory risks;

- Utilize public broadband penetration data, existing service offerings and demographic information to assess market demand, without the need to engage Lodi's customers directly, use market information from similar communities to determine reasonable take rates and services;

- Assess demand from Lodi's internal and external stakeholders where appropriate to determine demand for expanded fiber and broadband services;

- Develop a "State of the Market" for Lodi that describes the current broadband environment in Lodi, current issues and gaps;

- Assess the feasibility of using Lodi's existing right of way, fiber, pole lines and other assets to reduce the cost of broadband deployments in its electric service area;

- Determine the benefits of expanding broadband, in terms of economic development, education,

healthcare, municipal and regional government and the quality of life of its constituents and electric customers;

- Determine how a expanded fiber network would create added value for Lodi in terms of grid automation, smart metering, IoT, smart city applications and additional efficiencies and cost reductions;

- Identify business and financial scenarios for Lodi to consider for deployment of broadband services, paying special consideration to a range of feasible business model options such as retail, wholesale, leasing and partnership models;

- Develop pro-formas and financial models for broadband deployment in the target areas, conduct scenario and sensitivity analyses and determine probable outcomes in terms of financial metrics;

- Based on the findings, provide a cost/benefit and risk/reward analysis of the various options, workshop these with the Lodi team and make any presentations to the City that are required.

Task 1: Broadband Regulatory Analysis

Magellan will provide a regulatory analysis of the broadband environment for California municipal utilities considering deploying broadband. It will define the requirements under a range of different business models, including wholesale, retail and partnership. It will analyze FCC, CPUC, federal law enforcement and other statutory requirements that Lodi should be aware of and the potential risks and mitigation strategies that Lodi can consider in the evaluation of broadband.

Task 2: Broadband Market Analysis

Magellan's market analysis will analyze the providers, services, pricing, speeds, territories and competition within Lodi's market. We will document all publicly owned and privately-owned networks in Lodi and build a comprehensive broadband map to illustrate how Lodi is served by broadband networks today. This analysis will document current and planned fiber networks (access, metro, long-haul), facilities, data centers, and related infrastructure in the Lodi electric footprint to determine supply-side dynamics of the market. This information will be relevant for Lodi's analysis of the competitive market, its opportunities, its risks and its strategic positioning of new broadband services.

Task 3: Broadband Data Collection & Benchmarking

Magellan will develop key data points and benchmarks that will be utilized throughout the Broadband Feasibility Study, including:

- Accurate design and construction costs for fiber and wireless, specific to the Lodi market;
- Real-world operations and maintenance costs for deployed fiber and wireless networks;
- Real-world operational costs for content, staffing, customer service, management and other functions;
- Geographic and density analysis of the market;

- Demographic analysis of the market and other surrounding areas (residential single-family, multifamily, small business, enterprise, education and healthcare, etc.)

Magellan Advisors will assist Lodi develop industry benchmarks to further the analysis of feasible opportunities. Magellan will call on a number of resources to collect data on industry benchmarks, including actual metrics that Magellan has retained through planning, construction and operation of broadband networks, data from other broadband implementations around the country, unit costs from local construction firms and other industry sources. Magellan will provide detailed benchmarks for construction, bandwidth and capacity figures, operations and maintenance costs, estimated take rates, demographic factors and other relevant data points of interest to Lodi.

Task 4: Conceptual Engineering Design

Magellan will provide conceptual engineering design to test the feasibility of deploying broadband services to businesses, homes and community anchor organizations. This high-level design will provide analysis of fiber implementation in key areas of the communities. We will utilize the latest design techniques and technology standards to model the design and costs for outside plant fiber backbone, feeder, distribution, service drops, equipment and services, as well as renewal and replacement of components for each class of assets deployed in the network (fiber, field facilities, headend equipment, customer equipment). This will also include an analysis of wireless infrastructure to serve the most rural residents, where fiber deployment may be economically challenged.

We will incorporate all cost estimates for capital into our Broadband Financial Sustainability Model to conduct further financial analysis of the proposed network. Our model provides comprehensive capital and operational costs for buildout in year-by-year schedules that account for all revenues and costs borne by Lodi's proposed network.

Task 5: Business Model Analysis

Magellan will incorporate capital and operational cost data collected through the conceptual engineering design into our Broadband Financial Sustainability Model, a financial planning tool specifically designed for assessing the feasibility of broadband utilities. Our Broadband Financial Sustainability Model ("BFS Model)" is often employed by utilities, coops and bond underwriters to assess financial feasibility and make informed funding decisions for broadband investment. This information will help Lodi evaluate various business models for deploying broadband services, as each has different funding requirements, rates of return and risk profiles.

Magellan will work with Lodi to define the most optimal business models to evaluate for broadband deployment, which may include the following:

- Retail services to a range of customer segments, including residential or commercial;
- Retail services that leverage other utilities for outsourced content and services;
- Fiber leasing arrangements;

- Public-private partnerships with existing providers;
- Retail services to government, education, healthcare and anchor organizations;
- Dark fiber investment only, using private partners for operations and management;
- Others to be determined.

We will work with Lodi to identify the optimal business models by analyzing the financial outcomes of each. This process will assess the funding requirements (upfront and ongoing), revenues, operating costs, debt service costs, renewal and replacement and related costs borne by each business model.

We will build pro forma financial statements that forecast financial performance of each business model and run sensitivity analysis on them to understand both the upside and downside risk. We suggest creating profiles for each scenario that lay out the important business, operational, financial and regulatory aspects of each option so Lodi can compare them side-by-side to one another. We propose to workshop the results with Lodi to help you fully understand the options and utilize SWOT analyses to help guide your thinking to determine which ones are most feasible for Lodi.

Task 6: Financial Analysis & Alternatives

Our models provide investment grade plans through which over $1 billion in broadband investments have been made in the US. They are regularly used to support investment through private equity, traditional capital markets and grant funding programs.

Using our financial tools, we will assist Lodi to test the financial feasibility of the various business model options. We utilize formal financial planning methodologies to account for all revenues, costs, funding, debt service, reserves and expansion costs in broadband networks, including engineer's estimates and documentation for all figures represented in our models. The methodology we propose to use in testing Lodi's business model options follows:

1. Develop cost models for the network, including one-time and ongoing capital expenditures to build the network;
2. Develop the cost model for operations, including O&M, network operations, field services, staffing, billing, and customer service;
3. Estimate renewal and replacement costs based on the economic lifetime of each asset class, assess depreciation schedules, calculate book and tax depreciation;
4. From the market analysis, determine the customer segmentation, market sizes and population/business growth rates;
5. Determine initial and ongoing take rates on the network across each type of customer (resident, business, school, hospital, etc.);
6. Assess price elasticity in the current network and estimate how changes in price impact demand and ultimately take rates;
7. Determine competitive rate cards for potential services using pricing information from the market analysis and benchmarking information;
8. Develop financial statements including pro-forma income statements, balance sheets and statements of cash flows;

9. Conduct sensitivity analysis on the project to determine overall financial sustainability using key metrics such as free cash flow, debt service coverage, operating margin, and net income;
10. Define financial metrics to use for final assessment of financial performance, which may include internal rate of return, return on equity, return on assets or others to be developed by Lodi and Magellan;
11. Recommend the most feasible business model based on overall business and financial sustainability and long-term value to Lodi.

Task 7: Analysis of the Findings, Workshops & Final Report

Magellan will bring together the data and analysis completed into a comprehensive report that will inform Lodi of the various options to expand broadband in its community. It will detail the overall costs, feasibility, opportunity, benefits to all stakeholders (electric utility, citizens, businesses, schools, healthcare, etc), risks and possible paths forward. It will also provide detailed information from other municipal utilities that have deployed broadband services using different business models, the processes they've used, challenges and benefits that were received. The goal of the final report is to educate and inform Lodi's leadership of the various alternatives. Magellan will deliver the final written report, high-level designs, financial plans and other content created through the project to Lodi. We will be prepared to present the final report (and any interim reports needed) to City leadership at your request.

Project Timeline

Task	Description	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
1	Broadband Regulatory Analysis						
2	Broadband Market Analysis						
3	Interim Report - State of the Market						
4	Data Collection & Benchmarking						
5	Conceptual Engineering Design						
6	Business Model Analysis						
7	Analysis of Findings, Workshops & Final Report						

Pricing

Magellan Advisors will bill on a monthly basis in seven equal installments. Travel and incidental expenses will be billed as incurred with a 10% administrative fee on expenses. Any travel will be coordinated and approved by Lodi ahead of time. Invoices are payable on net 30 terms from the date of invoice. For any additional services, Magellan is happy to offer its services at a $210/hour blended rate.

Project	Amount
Broadband Feasibility Study	$79,800
Travel & Incidental Expense Budget	$5,000
Total Project	$84,800

Signature & Acceptance

Signature of this Statement of Work by Lodi warrants that all components of this proposal are acceptable to Lodi and that the person(s) executing it have the right, power and authority to do so.

Magellan Advisors, LLC A Florida Limited Liability Company 999 18th Street, Suite 3000 Denver, CO 80202	City of Lodi
Print Name: John Honker	Print Name:
Title: President & CEO	Title:
Signature:	Signature:
Date: 1/30/2020	Date:

EXHIBIT C

NOTE: The City of Lodi is now using the online insurance program PINS Advantage. Once you have been awarded a contract you will receive an email from the City's online insurance program requesting you to forward the email to your insurance provider(s) to submit the required insurance documentation electronically

Insurance Requirements for Professional Services

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees or subcontractors.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability** (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto or if Contractor has no owned autos, then hired, and non-owned autos with limit no less than **$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **$1,000,000** per accident for bodily injury or disease.
4. **Professional Liability** (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limits not less than **$1,000,000** per occurrence or claim, $2,000,000 aggregate. May be waived by Risk Manager depending on the scope of services.

Other Insurance Provisions:

(a) Additional Named Insured Status
The City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers are to be covered as additional insureds on the CGL and auto policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used

(b) Primary and Non-Contributory Insurance Endorsement
The limits of insurance coverage required may be satisfied by a combination of primary and umbrella or excess insurance. For any claims related to this contract, the Contractor's insurance coverage shall be primary coverage **at least as broad** as ISO CG 20 01 04 13 as respects the Entity, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

(c) Waiver of Subrogation Contractor hereby grants to City of Lodi a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City of Lodi by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Lodi has received a waiver of subrogation endorsement from the insurer

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) and (c) above: 221 West Pine Street, Lodi, California, 95240; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

(d) Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability under the Contractors commercial general liability and automobile liability policies.

(e) Notice of Cancellation or Change in Coverage Endorsement
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

(f) Continuity of Coverage

All policies shall be in effect on or before the first day of the Term of this Agreement. At least thirty (30) days prior to the expiration of each insurance policy, Contractor shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the minimum requirements of this Agreement. Contractor shall provide proof of continuing insurance on at least an annual basis during the Term. If Contractor's insurance lapses or is discontinued for any reason, Contractor shall immediately notify the City and immediately obtain replacement insurance. Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

(g) Failure to Comply

If Contractor fails or refuses to obtain and maintain the required insurance, or fails to provide proof of coverage, the City may obtain the insurance. Contractor shall reimburse the City for premiums paid, with interest on the premium paid by the City at the maximum allowable legal rate then in effect in California. The City shall notify Contractor of such payment of premiums within thirty (30) days of payment stating the amount paid, the name(s) of the insurer(s), and rate of interest. Contractor shall pay such reimbursement and interest on the first (1st) day of the month following the City's notice. Notwithstanding any other provision of this Agreement, if Contractor fails or refuses to obtain or maintain insurance as required by this agreement, or fails to provide proof of insurance, the City may terminate this Agreement upon such breach. Upon such termination, Contractor shall immediately cease use of the Site or facilities and commence and diligently pursue the removal of any and all of its personal property from the site or facilities.

(h) Verification of Coverage

Consultant shall furnish the City with a copy of the policy declaration and endorsement page(s), original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. **Failure to exercise this right shall not constitute a waiver of the City's right to exercise after the effective date.**

(i) Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City. The City may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

(j) Insurance Limits

The limits of insurance described herein shall not limit the liability of the Contractor and Contractor's officers, employees, agents, representatives or subcontractors. Contractor's obligation to defend, indemnify and hold the City and its officers, officials, employees, agents and volunteers harmless under the provisions of this paragraph is not limited to or restricted by any requirement in the Agreement for Contractor to procure and maintain a policy of insurance.

(k) Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City is an additional insured on insurance required from subcontractors

(l) Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for **at least** five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

(m) Qualified Insurer(s)

All insurance required by the terms of this Agreement must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the AM Best Ratings Guide, and which are acceptable to the City. Non-admitted surplus lines carriers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet City requirements.

NON-DISCLOSURE AGREEMENT
BETWEEN THE CITY OF LODI AND
MAGELLAN ADVISORS, LLC

This NON-DISCLOSURE AGREEMENT (the "Agreement"), dated as of _____, 2020 (the "Effective Date"), is entered into by and between the City of Lodi, a municipal corporation, (the "Disclosing Party") and Magellan Advisors, LLC, a Florida Limited Liability Company qualified to do business in California (the "Receiving Party") (individually, a "Party" and, collectively, the "Parties").

RECITALS

1. The Parties entered into an agreement for professional consulting services effective _____, 2020 (the "Contract") for broadband feasibility study services.

2. In its performance of consulting services, the Receiving Party and its authorized members, directors, officers, employees, agents and representatives may acquire and otherwise gain access to certain Confidential Information of the Disclosing Party, including, but not limited to information, data, electronic files and/or drawings related to the City of Lodi's fiber optic network and electric distribution system assets, which is exempt from public disclosure under California Government Code section 6254.16.

3. The Disclosing Party would not share or disclose any Confidential Information to the Receiving Party but for the legal protections against unauthorized disclosures intended to be afforded by California law and this Agreement, and is relying on this Agreement in disclosing such Confidential Information to the Receiving Party.

AGREEMENT

In consideration of the foregoing recitals and mutual covenants, terms and conditions, the Parties agree, as follows:

1. Confidential Information. " Confidential Information" means any and all fiber optic and electric distribution system asset information of a non-public, proprietary or confidential nature, in any form or medium, written or oral, concerning or relating to the Disclosing Party (whether prepared by the Disclosing Party, its employees or agents, and irrespective of the form or means of communication and whether it is labeled or otherwise identified as confidential) that is furnished or made available to the Receiving Party by the Disclosing Party.

2. Exceptions. The Receiving Party agrees to maintain as confidential, to the extent permitted or required by applicable law, all Confidential Information furnished or otherwise made available to the Receiving Party by the Disclosing Party. Notwithstanding the foregoing and the provisions of Section 1, "Confidential Information" shall exclude (and the Receiving Party shall not be under any obligation to maintain in confidence) any information (or any portion thereof) disclosed to the Receiving Party by the Disclosing Party to the extent that such information:

(a) is in the public domain at the time of disclosure; or

(b) at the time of or following disclosure, becomes generally known or available through no act or omission on the part of the Disclosing Party; or

(c) is known, or becomes known, to the Receiving Party from a source other than the Disclosing Party or its Representatives (as defined herein), provided that disclosure by such source is not in breach of a confidentiality agreement with the Disclosing Party; or

(d) is independently developed by the Receiving Party without violating any of its obligations under this Agreement or any other agreement between the Parties; or

(e) is legally required to be disclosed by judicial or other governmental action; provided, however, that prompt notice of such judicial or other governmental action shall have been first given to the Disclosing Party, which shall be afforded the opportunity to exhaust all reasonable legal remedies to maintain the Confidential Information in confidence, in accordance with Section 7 below; or

(f) is permitted to be disclosed by a formal written agreement executed by and between the Parties.

Specific information shall not fall within the exceptions of Sections 2(a) through 2(f) above merely because it is embraced by more general information falling within such exceptions.

3. California Public Records Act. The Receiving Party acknowledges that the Disclosing Party is a public agency subject to the requirements of the California Constitution, Article 1, Section 3 and California Public Records Act Cal. Gov. Code section 6250 *et seq.* The Receiving Party acknowledges that the Disclosing Party may submit to or otherwise provide access to the Receiving Party Confidential Information that the Disclosing Party considers to be protected from disclosure pursuant to exemptions granted by applicable California law. Whether or not there is a request or demand of any third party not a Party to this Agreement (the "Requestor") for the production, inspection and/or copying of information designated by the Disclosing Party as Confidential Information, the Disclosing Party shall be solely responsible for taking whatever legal steps the Disclosing Party deems necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor (including the release of such information by the Receiving Party). Under no circumstances will the Receiving Party be permitted to comply with the Requestor's demand for disclosure of such Confidential Information that the Disclosing Party deems confidential and not intended for disclosure to the general public, or otherwise publicly disclose the Confidential Information to any person not authorized by law to receive such information.

4. Confidential Information. As practicable, the Confidential Information shall be marked with the words "Confidential" or "Confidential Material" or with words of similar import. The Disclosing Party shall instruct the Receiving Parties that information of a financial, personal, or proprietary nature being conveyed orally and intended by the Disclosing Party to be covered by the terms of this Agreement, is deemed Confidential Information. To the extent possible, the Disclosing Party shall endeavor to mark any electronic document intended to be covered by the terms of this Agreement with the words "Confidential" or similar words, or, if that is not possible or would be exceedingly difficult, the City shall notify the Receiving Parties (for example, by covering e-mail transmitting the electronic document) that the electronic document is Confidential Information. The City's failure, for whatever reason, to mark any material at the time it is produced to the Receiving Party, or to notify it that oral or electronic material is Confidential Information at the time it is provided, shall not take the material out of the coverage of this Agreement for all time, and the Receiving Party shall treat the material as Confidential Information once the City has notified it that the material is to be covered by this Agreement.

5. Duty to Keep Confidential. The Receiving Party acknowledges that the Confidential Information is proprietary and a valuable asset of the Disclosing Party and agrees that the Receiving Party shall take reasonable precautions to ensure that such Confidential Information is safeguarded against disclosure to unauthorized employees or third parties.

(a) The Receiving Party shall use the Confidential Information solely as permitted by the Contract and shall not sell Confidential Information or otherwise disclose City utility customers' personal information under any circumstances and without the prior written consent of the City. The Receiving Party shall not disclose the Confidential Information, or portions thereof, to any directors, officers, partners, managers, members, employees, advisors, agents, sub-contractors and other representatives of the Receiving Party and their subsidiaries and affiliates, including, without limitation, attorneys, accountants, consultants, and financial advisors (collectively, the "Representatives"), except to those who need to know such information for the purpose of advising City and who agree to the terms of this Agreement.

(b) The Receiving Party agrees that any of the Representatives to whom the Confidential Information is disclosed will be informed of the confidential or proprietary nature of such information and of the Receiving Party's obligations under this Agreement. The Receiving Party is responsible for any use of Confidential Information by any of its Representatives.

(c) The Receiving Party shall ensure that (i) any directors, officers, representatives, advisors and sub-contractors with whom the Receiving Party shares such information or who acquire knowledge of such information from or through the Receiving Party regard and treat such Confidential Information of the Disclosing Party as strictly confidential and wholly owned by either the Disclosing Party, and (ii) the Receiving Party shall not (and the Receiving Party shall ensure that any directors, officers, representatives, advisors and subcontractors with whom the Receiving Party shares such information or who acquire knowledge of such information from or through the Receiving Party do not) for any reason, in any fashion, either directly or indirectly, sell, lend, lease, distribute, license, give, transfer, assign, show, disclose, disseminate, or otherwise communicate any such Confidential Information to any third party, or misappropriate, reproduce, copy or use any such Confidential Information, in either case, for any purpose other than in accordance with this Agreement.

(d) If the Receiving Party or any of its Representatives are requested or required to disclose any Confidential Information, including terms and conditions being negotiated, by law, regulation, the applicable rules of any national securities exchange or other market or reporting system, oral questions, interrogatories, requests for information or other documents in legal proceedings, subpoena, civil investigative demand or any other similar process, the Receiving Party shall provide the Disclosing Party with prompt written notice of any such request or requirement so that the Disclosing Party has an opportunity to seek a protective order via Writ of Mandate or other appropriate remedy, or waive compliance with the provisions of this Agreement.

(e) If the Disclosing Party waives compliance with the provisions of this Agreement with respect to a specific request or requirement, the Receiving Party and its Representatives shall disclose only that portion of the Confidential Information that is expressly

covered by such waiver and which is necessary to disclose in order to comply with such request or requirement. The Receiving Party and its Representatives shall cooperate in a reasonable manner with the Disclosing Party in attempting to preserve the confidentiality of the Confidential Information.

(f) If (in the absence of a waiver by the Disclosing Party) the Disclosing Party has not secured a protective order or other appropriate remedy despite attempting to do so, and the Receiving Party or one of its Representatives is nonetheless then legally compelled to disclose any Confidential Information, the Receiving Party or such Representative may, without liability hereunder, disclose only that portion of the Confidential Information that is necessary to be disclosed. In the event that disclosure is made in accordance with this subsection, the Receiving Party shall exercise, and cause its Representatives to exercise, reasonable efforts to preserve the confidentiality of the Confidential Information, including obtaining reliable assurance at the sole expense of the Receiving Party that confidential treatment shall be accorded any Confidential Information so furnished.

6. No Liability, Reliance, or Obligation. Except as set forth in any formal written agreement executed by and between the Parties, neither the Receiving Party nor any of its Representatives shall be entitled to rely on any statement, promise, agreement or understanding, whether written or oral, or any custom, usage of trade, course of dealing or conduct. In addition, each Party understands and acknowledges that neither the Disclosing Party nor any of its representatives, employees or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of any Confidential Information, and that neither the Disclosing Party nor any of its representatives, employees or agents shall have any liability whatsoever to the Receiving Party or to any of its Representatives relating to or resulting from the Confidential Information or any errors therein or omissions therefrom.

7. Remedies. The Receiving Party, in recognition that an irreparable injury may result to the Disclosing Party, if any provision of this Agreement is violated, agrees that upon any breach or threatened breach of any provision of this Agreement by the Receiving Party or any Representatives, that the City shall be entitled to seek an injunction or specific performance prohibiting such conduct or any other relief as may be permitted by law.

8. Return of Confidential Information. The Disclosing Party may at any time request that the Receiving Party promptly return to the Disclosing Party or destroy any or all documents or other materials containing Confidential Information of the Disclosing Party, and the Receiving Party shall immediately comply with any such request. Notwithstanding the return or destruction of the Confidential Information as contemplated by this subsection, the Receiving Party and its Representatives will continue to be bound by the terms of this Agreement with respect thereto, including all obligations of confidentiality.

9. Survival. The Receiving Party's obligations of confidentiality and non-circumvention under this Agreement shall survive the termination of this Agreement.

10. General Provisions.

(a) Entire Agreement. This Agreement contains the entire understanding between the Parties with respect to the Confidential Information and supersedes all prior communications, representations, understandings, or contracts, either written or oral, which purport to describe or embody the subject matter of this Agreement. This Agreement shall apply in lieu of and notwithstanding any specific legend or statement associated with any Confidential

Information transferred.

(b) Governing Law and Jurisdiction. This Agreement shall be interpreted and construed pursuant to the laws of the State of California without regard to its conflicts of laws principles. The Receiving Party agrees that this Agreement may be enforced in the courts of the State of California and, by executing this Agreement, the Receiving Party submits to the jurisdiction of any federal or state court in California for the resolution of any dispute under this Agreement.

(c) Waiver; Amendment. None of the terms or conditions of this Agreement may be amended or waived except in writing signed by the Parties. The Parties agree that no waiver, amendment, or modification of this Agreement shall be established by conduct, custom, or course of dealing. The failure by any Party at any time or times to require performance of any provision hereof will in no manner affect its right at a later time to enforce the same.

(d) Assignment. This Agreement shall not be assignable without the prior written consent of the non-assigning Party, and such consent may not be unreasonably withheld. Any assignment attempted in violation of this paragraph shall be void.

(e) Severability. If any term of this Agreement is found to be invalid by a court of competent jurisdiction then such term shall remain in force to the maximum extent permitted by law. All other terms shall remain in force unless that term is determined not to be severable from all other provisions of this Agreement by such court.

(f) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original part, all of which together shall constitute one and the same instrument.

(g) Successors and Assigns. The benefits of this Agreement shall inure to the respective successors and assigns of the Parties hereto, and the obligations and liabilities assumed in this Agreement by the Parties hereto shall be binding upon their respective successors and assigns.

(h) Ownership Rights Not Created. The transfer of Confidential Information hereunder shall not be construed as granting a license of any kind or any right of ownership in the Confidential Information.

(i) No Obligation to Disclose. Nothing in this Agreement shall obligate the City to disclose specific Confidential Information to the Receiving Party. Such disclosures shall be at the City's sole discretion.

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/ / /

(j) The undersigned hereby represent and warrant that they are authorized by the party they represent to execute this Agreement.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

CITY OF LODI, a municipal corporation

ATTEST:

_____
PAMELA M. FARRIS
Assistant City Clerk

_____
STEPHEN SCHWABAUER
City Manager

APPROVED AS TO FORM:
JANICE D. MAGDICH, City Attorney

By: _____

MAGELLAN ADVISORS, LLC, a Florida Limited Liability Company

By: _____
John Honker
President

FY 2019 Capital Improvement Plan

2019 - 2020

Project Title:	Broadband Feasibility Study	Munis Project Code:	GFCP-20010	Project #	110
Section I	Description	Project Length		Priority	

An analysis of the business, technical, operational, financial, investment and regulatory aspects of deploying broadband services. The goal of this study is to provide an objective and industry-based study that informs Lodi of the opportunities and risks of expanding broadband in its community. This will include an analysis of available funding opportunities for underserved communities, as well as evaluation of potential business models including dark fiber leasing, municipal public/private partnership, and even broadband as a public service offering.

Justification/factor driving project

Broadband services in suburban and rural environments have not advanced equally in all jurisdictions and Lodi is looking to evaluate the funding opportunities and partnerships available to expand these services for Lodi residents and businesses.

Additional Information

A broadband feasibility study for Lodi will examine the opportunities and risks of providing broadband services to its citizens and businesses, focusing on the most achievable opportunities. To assist Lodi in its evaluation of broadband opportunities, a comprehensive study will allow Lodi to make informed decisions regarding the available business models and deployment options.

Section II	Estimated Project Costs									
Expenditure	Prior Years	FY 18/19 Budget	FY 18/19 Estimate	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Future Yrs (5 Yrs)	Total
Contracts				$ 84,800						$ 84,800
										$ -
										$ -
Total Capital Costs	$ -	$ -		$ 84,800	$ -	$ -	$ -	$ -	$ -	$ 84,800

Section III	Funding Sources/Methods of Financing									
Funding Source(s)	Prior Years	FY 18/19 Budget	FY 18/19 Estimate	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	Future Yrs (5 Yrs)	Total
431 - Capital Outlay/General				$ 84,800						$ 84,800
										$ -
Total Project Financing	$ -	$ -		$ 84,800	$ -	$ -	$ -	$ -	$ -	$ 84,800

Section IV	Operating Budget Impact									
Operating Cost or (savings)	Prior Years	FY 18/19 Budget	FY 18/19 Estimate	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	Future Yrs (5 Yrs)	Total
Personnel										$ -
Other Operating Costs										$ -
Total Operating Impact	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT AND NON-DISCLOSURE AGREEMENT WITH MAGELLAN ADVISORS, LLC, OF DENVER, COLORADO, FOR BROADBAND FEASIBILITY STUDY SERVICES; AND FURTHER APPROPRIATING FUNDS

==========

WHEREAS, Lodi is working to better understand the feasibility and options to expand access to high-speed broadband throughout the city; and

WHEREAS, utilities across the country are in a similar position to Lodi regarding evaluation of broadband services; and

WHEREAS, broadband services in suburban and rural environments have not advanced equally in all jurisdictions, and Lodi is looking to evaluate the funding opportunities and partnerships available to expand these services for Lodi residents and businesses; and

WHEREAS, a broadband feasibility study for Lodi will examine the opportunities and risks of providing broadband services to its citizens and businesses, focusing on the most achievable opportunities; and

WHEREAS, to assist Lodi in its evaluation of broadband opportunities, Magellan Advisors, LLC will provide a comprehensive study that will allow Lodi to make informed decisions regarding the available business models and deployment options; and

WHEREAS, per Lodi Municipal Code, Section 3.20.075, engineering and financial service contracts are exempt from bidding requirements and shall be awarded on the basis of professional qualifications and experience, quality of service, past performance and negotiated prices; and

WHEREAS, over 400 utilities, municipalities and cooperatives utilize Magellan's services to plan and deploy their networks nationwide and Magellan has planned, engineered and deployed over 50 municipal fiber, wireless and hybrid networks with a total value of $1 billion dollars.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute a Professional Services Agreement and Non-Disclosure Agreement with Magellan Advisors, LLC of Denver, Colorado, for broadband feasibility study services, in an amount not to exceed $84,800; and

BE IT FURTHER RESOLVED that the City Council does hereby authorize the appropriation of $84,800 from the General Fund Capital Improvement Fund Balance to project GFCP-20010.Contracts; and

BE IT FURTHER RESOLVED, pursuant to Section 6.3q of the City Council Protocol Manual (Res. No. 2019-223), the City Attorney is hereby authorized to make

minor revisions to the above-referenced document(s) that do not alter the compensation or term, and to make clerical corrections as necessary.

Dated: March 4, 2020
==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held on March 4, 2020 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM **C-10**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving Revised Pretreatment Program Enforcement Plan and Local Limits for Industrial Dischargers Using City Wastewater System

MEETING DATE: March 4, 2020

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution approving revised Pretreatment Program Enforcement Plan and local limits for industrial dischargers using City wastewater system.

BACKGROUND INFORMATION: White Slough Water Pollution Control Facility (WSWPCF) previously operated under National Pollutant Discharge Eliminations System (NPDES) permit (R5-2013-0125 NPDES No. CA0079243) issued by the California Regional Water Quality Control Board (RWQCB).

WSWPCF currently operates under NPDES permit R5-2017-0085-03. In conformance with the NPDES discharge permits, the City is required to maintain and administer an approved Pretreatment Program to protect WSWPCF infrastructure and reduce conventional and toxic pollutant levels discharged by industries and other non-domestic wastewater sources into the municipal sewer system and into the environment.

The objectives of the program are to prevent the introduction of pollutants into WSWPCF that will interfere with its operation, prevent the introduction of pollutants that will pass through WSWPCF or otherwise be incompatible, and improve opportunities to recycle and reclaim treated municipal and industrial wastewater, and biosolids. The enforcement plan and local limits established for industrial dischargers using the City wastewater system are important components of the pretreatment program.

On March 28, 2013, the RWQCB performed a pretreatment compliance inspection of WSWPCF. The results of the inspection recommended modifications to the existing pretreatment program, development of an updated enforcement response plan, and establishing new technically-based effluent limits.

Following the RWQCB inspection, the City hired Larry Walker Associates to complete a review of the local limits and to recommend any changes to ensure compliance with permit requirements. The review recommended regulating two constituents (selenium, molybdenum) and lowering the limits for the other constituents currently regulated for discharge to the wastewater system. Staff reviewed the proposed changes and verified the recommended changes will not negatively impact existing industrial dischargers.

The recommended changes by RWQCB were incorporated into the existing Enforcement Response Plan for clarification of enforcement protocols and do not change enforcement policies and procedures. WSWPCF staff concur the recommended changes are appropriate. Staff recommends adopting the proposed local limits.

FISCAL IMPACT: Not Applicable.

APPROVED: _____
Stephen Schwabauer, City Manager

FUNDING AVAILABLE: Not Applicable.

Charles E. Swimley, Jr.
Public Works Director

Prepared by Lance Roberts, Utilities Manager
CES/LR/tw
Attachment

Pretreatment Program Enforcement Response Plan

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Enforcement Response Plan Revisions

Revision No.	Date	Revised By	Reason for Revision	Sections Revised
0	11/1/16	GL-LWA/ KMG	Initial Preparation	All New

Terms and Abbreviations

BMPs	Best Management Practices
C&DO	Cease and Desist Orders
CFR	Code of Federal Regulations
CGP	Construction General Permit
CVRWQCB	Central Valley Regional Water Quality Control Board
CWA	Clean Water Act
EPA	Environmental Protection Agency
ERG	Enforcement Response Guide
ERP	Enforcement Response Plan
NOC	Notice of Correction
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
POTW	Publicly-Owned Treatment Works
USEPA	United States Environmental Protection Agency

Introduction

The Enforcement Response Plan (ERP) outlines the procedures followed by Pretreatment Program staff and management to identify, document, and respond to pretreatment violations. Incorporated into the ERP are specific criteria by which Pretreatment Program staff can determine the enforcement action most appropriate to the nature of the violation. In addition, this ERP describes the duties of the Pretreatment Program staff, methods used to determine compliance with applicable regulations, and procedures to review compliance data. This ERP also includes the Enforcement Response Guide (ERG), which is a table referencing the degree of noncompliance with the range of enforcement responses that can be taken.

This ERP has been prepared by following USEPA's *Guidance for Developing Control Authority Enforcement Response Plans* (ERP Guidance). The ERP is organized into the following sections:

- ERP activation;
- File review and enforcement analysis;
- Enforcement procedures;
- Enforcement duties; and
- Enforcement Response Guide.

Purpose

This ERP was adopted pursuant to the Federal Water Pollution Control Act as amended by the Clean Water Act of 1977, and subsequently amended. The Code of Federal Regulations (CFR), Title 40 Protection of The Environment, codifies general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government.

These laws and rules, specifically 40 CFR Part 403, General Pretreatment Regulations for Existing and New Sources of Pollution were designed to establish responsibilities of industry and government to protect water quality by implementing National Pretreatment Standards. 40 CFR Part 403.8(f)(5) requires that Publicly-Owned Treatment Works (POTW) develop and implement an ERP to investigate and respond to instances of industrial user noncompliance. This ERP details the enforcement procedures and lists key steps necessary to assure that wastewater discharges maintain compliance with all local, state and federal limitations.

Enforcement Legal Authority

The City of Lodi (City) is required under federal law to have a Pretreatment Program. The City of Lodi Municipal Code, Chapter 13.12 (Sewer System) provides the standards and the legal authority for enforcement of the pretreatment program as well as the detailed procedures for implementing 40 CFR 403.8(f)(1) and 403.8(f)(2), which create Pretreatment Standards. Chapter 13.12 also includes detailed administrative enforcement procedures and civil and criminal penalties for violations.

Under this ERP, the Public Works Director is responsible for full implementation of inspection and documentation activities leading to the activation of penalties for noncompliance. The primary responsibilities of Public Works Director, however, are to monitor, coordinate and maintain the processes necessary for regulated entities to comply fully with the City's wastewater ordinances.

This ERP includes a wide range of enforcement options available based on an assessment of the nature and severity of the violation. Along with departmental enforcement officials, the City Attorney will enforce applicable City of Lodi Municipal Code requirements, including court action if required. Specific enforcement tools and their anticipated uses are detailed in the Enforcement Procedures section of this ERP. The specific legal authority for specific aspects of the Pretreatment Program is included within Chapter 13.12 of the City of Lodi Municipal Code.

Procedures for Identifying Instances of Noncompliance

There are several activities associated with the identification and investigation of noncompliance, including maintenance of the non-residential user inventory, reviewing user submittals, and inspection and sampling activities by Pretreatment Program staff. A brief description of these activities is provided below.

Non-Residential User Inventory

An essential step for identifying noncompliance is to accurately account for who is discharging non-residential waste to the City sewerage system, where they are located, and the nature and volume of the waste being discharged. The Compliance Engineer is responsible for maintaining and updating a list of these users, along with the parameters described

Review of User Self-Monitoring Reports

Compliance monitoring involves the review of compliance data obtained from self-monitoring reports submitted to the City by users, and information obtained by the City from: 1) routine City inspections of permitted users; 2) referral follow-up inspections; 3) routine sewerage system sampling; and 4) direct sampling of sewer connections.

Compliance data from self-monitoring reporting, routine inspections, or sampling events are reviewed. Prompt review of compliance data is important if no prior notification by the user was made, and a problem is noted that requires immediate City response. Situations that may require immediate response include discharges that may be toxic to the sewerage system or affect hydraulic capacities or the integrity of sewer lines. Pretreatment Program staff is trained to review compliance data for both discharge and non-discharge violations, and to provide notification to the Public Works Director.

When the initial screening suggests noncompliance, the Public Works Director performs further data evaluation. If noncompliance is verified, then enforcement actions are initiated as appropriate.

Inspection and Sampling

Inspection and verification sampling are another method by which the City obtains compliance data other than that which is obtained directly from the users. Verification sampling that is performed by the City may seem redundant since self-monitoring is a user requirement, but in fact verification monitoring is a federal pretreatment program requirement. The authority to perform verification monitoring exists under the Article VI of Chapter 13.12 of the City of Lodi Municipal Code. Inspection and verification sampling may be a result of:

- Random sampling and inspection on a routine basis;
- Annual sampling and inspection of each SIU per federal regulations;
- Response to known or suspected compliance problems;

- Investigation of slug loads; or
- Verification of corrective actions required of the user by the City.

The City monitors wastewater from each SIU at least once per year. The City requires all sampling and analysis to be performed in accordance with 40 CFR Part 136. Quality assurance/quality control procedures are followed to maximize sample integrity. At least once per year, the City conducts a comprehensive inspection of each SIU. The City follows inspection procedures to ensure consistent, thorough, and well-documented inspections.

Other industrial users are inspected to verify monitoring and recordkeeping requirements on a routine basis commensurate with the perceived risk posed to the sewerage system or POTW by its discharge. Samples may or may not be collected during the inspection of these users. Information gathered during monitoring and inspections of users by the City is used to verify compliance status and to determine if an enforcement response must be initiated or continued

ERP Activation

An enforcement response will be initiated when any of the following events occurs:

- Any violation of the requirements of Chapter 13.12 (Sewer System) of the City of Lodi Municipal Code;
- Any violation of wastewater discharge permit requirements issued by the City;
- Failure of a user to meet a compliance schedule/deadline;
- Failure of a user to report a violation of its wastewater discharge permit;
- Failures of a user to keep required records and conduct self-monitoring and/or reporting activities; or
- Violation of any federal, state, or local requirements pertaining to wastewater discharge that the City has the duty to enforce.

Additionally, Chapter 13.12 of the City of Lodi Municipal Code sets the legal authority for the City to assess administrative fines when any user has violated or continues to violate any provision of the Municipal Code, wastewater discharge permit or order issued hereunder, or any other Pretreatment Standard or Requirement. Offense(s) deemed a violation of a wastewater discharge permit or Chapter 13.12 of the City of Lodi Municipal Code shall include without limitation:

- Denied right-of-entry or access to applicable records or conduct inspections or sampling (Article VI);
- Discharge of prohibited wastes (Article II);
- Discharge of drainage water or groundwater, except as approved by the Public Works Director (Section 13.12.235);

- Unreported/unauthorized bypass of pretreatment (Article IX);
- Failure to install and maintain a sample port and/or a control manhole (Article VI);
- Violation of categorical Pretreatment Standards/Local Limits (Article II);
- Discharging to the sewerage system without first securing a wastewater discharge permit (Section 13.12.405);
- Failure to submit required reports or notifications (Article V);
- Falsifying information (Article V); or
- Failure to install or maintain a grease removal device (Section 13.12.305).

Evaluating the Degree of Noncompliance

When considering the type of enforcement action to be taken, the ERG summarizes the range of enforcement actions that may be taken for a violation. Chapter 4.1 of the ERP Guidance discusses six criteria that the City should consider when determining a proper enforcement response. Enforcement action may be escalated when considering the six criteria for evaluating the degree of noncompliance.

When an enforcement action is increased over the minimum, written documentation will detail the reasons for the increased enforcement action. The six criteria for evaluating the degree of noncompliance are:

1. Magnitude of the Violation. Generally, an isolated instance of noncompliance can be met with an enforcement response listed in the ERG. However, since even an isolated violation could threaten public health and the environment, damage public and private property, or threaten the integrity of the Pretreatment Program, the enforcement response to this type of violation must be escalated to: 1) mitigate the violation quickly; 2) prevent a reoccurrence of the violation(s); 3) provide an appropriate level of response; and 4) provide for cost recovery as appropriate.
2. Duration of the Violation. Violations (regardless of severity) which continue over prolonged periods of time should subject the user to escalated enforcement actions. The City response to these situations must prevent extended periods of noncompliance from occurring.
3. Effect of the Violation on the Receiving Water. One of the primary objectives of the Pretreatment Program is to prevent pollutants from “passing through” the POTW and entering the receiving waters. Consequently, any violation which results in environmental harm warrants an escalated enforcement response. Environmental harm will be presumed whenever a user discharges a pollutant into the sewerage system which:
    a. Passes through the POTW and causes a violation of the City’s NPDES permit effluent limitations.

   b. Has a toxic effect on the receiving waters and causes a violation of the City's NPDES permit. The response should ensure recovery from the user of any NPDES permit-related fines and penalties paid by the City. Termination of service may also be considered for repeat violations.
4. Effect of the Violation on the sewerage system and/or POTW. Some violations may have negative impacts on the sewerage system and/or POTW operations or personnel. These violations can result in increased treatment cost, upsets to treatment processes, interference, or harm City personnel or equipment. The response should ensure recovery from the user of any costs incurred by the City resulting from the violation, directly or indirectly.
5. Compliance History of the User. When evaluating the level of enforcement action to be taken for a violation, the compliance history of the user shall be reviewed. If a pattern of recurring violations for the same parameter is noted, then an escalated enforcement action may be warranted.
6. Good Faith of the User. The user's "good faith" effort in correcting its noncompliance is a factor in determining which enforcement action to take. "Good faith" maybe defined as the user's honest intention to remedy its noncompliance, coupled with actions which give support to this intention. However, "good faith" does not eliminate the necessity of an enforcement action.

Enforcement Tools

Article VIII of Chapter 13.12 of the City of Lodi Municipal Code outlines the types of enforcement tools available to the Public Works Director that may be taken on users who are not in compliance with wastewater discharge permit requirements, previous enforcement actions, and Pretreatment Standards and Requirements. The Public Works Director may take any, all, or any combination of these enforcement actions against a noncompliant user. However, the Public Works Director may take other action against any user when the circumstances warrant. Each of these types of enforcement actions are presented below.

Typical Enforcement Actions

Verbal Warning

A verbal warning is generally issued for an isolated non-significant violation. In this case, the Public Works Director notifies the user that a violation occurred and directs the user to take corrective actions. This notification serves as the enforcement action. Written documentation of a verbal warning (such as a telephone log) will be placed in the City's file. The Public Works Director may schedule additional inspections and/or sampling, or may elect to implement more stringent enforcement action.

Notice of Violation

A more stringent enforcement action may be the issuance of an NOV in place of a verbal warning. The purpose of the NOV is to inform the user of the nature of the violation and

establish a "self-imposed" compliance schedule which lists the events and dates on which various steps of progress shall take place. "Self-imposed" compliance schedules shall be limited so as to achieve compliance no later than thirty (30) days from date of issuance of the NOV.

The NOV requires the user to send a written response to the City within ten (10) upon receipt of the NOV. The written response shall include an explanation of the cause of the violation and a discussion of corrective actions taken to mitigate the violation and actions taken to prevent future similar violations. The Public Works Director may extend the deadline up to a maximum of thirty (30) days for a total time period of forty (40) days from the issuance date, due to extenuating circumstances or hardship.

Also, for effluent limit violations, the user must conduct repeat sampling and analysis and provide the sample results to the City within thirty (30) days of becoming aware of the violation.

Significant Noncompliance

An SIU (or any other industrial user that violations subparagraphs (c), (d), or (h) below) is determined to be in significant noncompliance, which means:

a. Chronic violations of wastewater discharge limits, defined here as those in which sixty-six (66) percent or more of all measurements taken for the same pollutant parameter during a six- (6-) month period exceed (by any magnitude) a numeric Pretreatment Standard or Requirement, including instantaneous limits;
b. Technical Review Criteria (TRC) violations, defined here as those in which thirty-three (33) percent or more of wastewater measurements taken for each pollutant parameter during a six- (6-) month period equals or exceeds the product of the numeric Pretreatment Standard or Requirement, including instantaneous limits, multiplied by the applicable criteria (1.4 for biochemical oxygen demand [BOD], total suspended solids [TSS], fats, oils, and grease, and 1.2 for all other pollutants except pH);
c. Any other violation of a Pretreatment Standard or Requirement as defined in Article II (daily maximum, long-term average, instantaneous limit, or narrative standard) of Chapter 13.12 of the Municipal Code that the Public Works Director determines has caused, alone or in combination with other discharges, interference or pass through, including endangering the health of City personnel or the general public;
d. Any discharge of a pollutant that has caused imminent endangerment to the public or to the environment, or has resulted in the Public Works Director's exercise of its emergency authority to halt or prevent such a discharge;
e. Failure to meet, within ninety (90) days of the scheduled date, a compliance schedule milestone contained in a wastewater discharge permit or enforcement order for starting construction, completing construction, or attaining final compliance;

f. Failure to provide within forty-five (45) days after the due date, any required reports, including baseline monitoring reports, reports on compliance with categorical Pretreatment Standards deadlines, periodic self-monitoring reports, and reports on compliance with compliance schedules;
g. Failure to accurately report noncompliance; or
h. Any other violation(s), which may include a violation of BMPs, which the Public Works Director determines will adversely affect the operations or implementation of the pretreatment program.

The Public Works Director shall publish annually, in a newspaper of general circulation that provides meaningful public notice within the jurisdiction(s) served by the POTW, a list of the users which, at any time during the previous twelve (12) months, were in significant noncompliance with applicable Pretreatment Standards and Requirements.

Increased Monitoring and Inspections

As a result of any discharge violation, increased sampling and inspections are required to verify that the violation has been corrected. The magnitude of the violation will dictate how many follow-up samples and inspections will be conducted to verify that the violation has been corrected. Additional inspections may be conducted until the violation is corrected. Additional monitoring will continue at the facility until the Public Works Director determines that the user has sufficiently demonstrated that the discharge is no longer in violation or a threat to violate.

Escalated Enforcement Actions

Almost all cases of noncompliance are corrected by following the routine types of enforcement actions listed above and in the ERG. In those cases where noncompliance is not corrected, the next step in the escalation of enforcement action is the issuance of an Administrative Order. The types of administrative orders that may be taken by the City include: compliance orders, cease and desist orders, and termination of service or revocation of wastewater discharge permit.

Compliance Orders

Compliance orders direct a user to achieve or restore compliance within a specified time. A compliance order is often a stipulated agreement that may include a compliance schedule, additional self-monitoring and BMPs, the payment of monetary penalties, or cost recovery for and the imposition of fines when milestones are not met. If the user does not come into compliance within the time provided, sewer service may be discontinued unless adequate treatment facilities, devices, or other related appurtenances are installed and properly operated. A compliance order may not extend the deadline for compliance established for a Pretreatment Standard or Requirement, nor does a compliance order relieve the user of liability for any violation, including any continuing violation.

Cease and Desist Orders

A cease and desist order is an order to the User directing it to cease and desist all such violations and directing the user to:

1. Immediately comply with all requirements; and
2. Take such appropriate remedial or preventative action as may be needed to properly address a continuing or threatened violation, including halting operations and/or terminating the discharge.

Administrative Fines

Administrative fines may be issued when regulations from Chapter 13.12 of the City of Lodi Municipal Code, wastewater discharge permit or order issued hereunder, or any other Pretreatment Standard or Requirement are violated. Fines are assessed in accordance with Article VIII of Chapter 13.12 of the City of Lodi Municipal Code.

Emergency Suspensions

In rare instances when a discharge reasonably appears to present an imminent or substantial endangerment to the health or welfare of persons, it may be necessary to immediately suspend a user's discharge (after notice and opportunity to respond). In the event of a user's failure to voluntarily comply with the suspension order, escalating action, such as immediate severance of the sewer connection (e.g. physical disconnection or plugging), may be initiated. Further, whenever a user is in severe violation, water service provided by the City may also be severed. Service will only recommence, at the user's expense, after it has satisfactorily demonstrated its ability to comply.

Termination of Discharge or Revocation of Wastewater Discharge Permit

The City may issue an order to a noncompliant user of its intent to revoke the user's wastewater discharge permit and/or terminate sewer service. The Public Works Director has the authority to issue these notices and actions against a user.

Injunctive Relief

The City Attorney, upon recommendation from the Public Works Director, may seek injunctive relief through the Municipal or Superior Court of San Joaquin County to restrain or compel specific performance of the wastewater discharge permit, order, or other requirement imposed by Chapter 13.12 of the City of Lodi Municipal Code on activities of the user. The Public Works Director may also seek such other action as appropriate for legal and/or equitable relief, including a requirement for the user to conduct environmental remediation.

Civil Penalties

The City Attorney may initiate a civil lawsuit against a user in violation of Chapter 13.12 of the City of Lodi Municipal Code, wastewater discharge permit or order issued hereunder, or any other Pretreatment Standard or Requirement. Civil penalties may include fines, attorney's fees, court costs, and other expenses associated with enforcement activities. In determining the amount of civil penalties, all relevant circumstances including, but not limited to, the extent of harm caused by the violation, the magnitude and duration of the violation, any economic benefit gained through the user's violation, corrective actions by the user, the compliance history of the user, and any other factor as justice requires.

Criminal Prosecution

The City Attorney may initiate criminal prosecution against a user who willfully or negligently violates Chapter 13.12 of the City of Lodi Municipal Code, wastewater discharge permit or order issued hereunder, or any other Pretreatment Standard or Requirement. The User may be subject, upon conviction, to financial penalties and/or imprisonment.

Show Cause Hearing

The Public Works Director may order a user which has violated, or continues to violate, any provision of Chapter 13.12 of the City of Lodi Municipal Code, wastewater discharge permit or order issued hereunder, or any other Pretreatment Standard or Requirement, to appear before the Public Works Director and show cause why the proposed enforcement action should not be taken. Notice shall be served on the user specifying the time and place for the meeting, the proposed enforcement action, the reasons for such action, and a request that the user show cause why the proposed enforcement action should not be taken. The notice of the meeting shall be served personally or by registered or certified mail (return receipt requested) at least fifteen (15) days prior to the hearing. Such notice may be served on any Authorized Representative of the user.

Enforcement Response Guide

This tabulated Enforcement Response Guide (ERG) designates several enforcement options for different violations or noncompliance. The Public Works Director will select, using best professional judgement, the appropriate response from the guide once a violation has been detected. Implementation of this ERP must be consistent so that existing and potential users will not be able to cite inconsistency or arbitrary enforcement as a defense for their own noncompliance. Note that any of the violations tabulated in the ERG may also be subject to administrative fines, civil penalties, and/or criminal prosecution.

Chapter 13.12 Reference	Type of Violation	Degree and/or Nature of Violation		Enforcement Response
Section 13.12.205	Discharge of corrosive substance	Slight	Continuous (log or chart) pH of less than 6.0 for less than 60 minutes	Verbal Warning
		Moderate	Instantaneous pH less than 4.0 or continuous (log or chart) pH for less 4.0 for more than 60 minutes	Notice of Violation
		Severe	2 NOVs in a 2-month period or pH less than 2 or greater than 12	SNC
Article II	Discharge of toxic pollutants • Violation of local limits or federal categorical limits	Slight	Less than two (2) times the limit	Verbal Warning
		Moderate	More than two (2) times, but below five (5) times the limit	Notice of Violation
		Severe	More than five (5) times the limit Any exceedance that adversely impacts the POTW or the environment	Notice of Violation SNC
Article V	Late submittal of discharge reports • Self-monitoring • Baseline monitoring • Compliance	Slight	Less than five (5) days late	Document, but no further action
		Moderate	Five (5) to forty-five (45) days late	Verbal Warning
		Severe	More forty-five (45) days late	Notice of Violation (also document as SNC) Administrative Order
Section 13.12.265	Use of dilution waters	Moderate	Initial violation, no known harm	Notice of Violation
		Severe	Initial violation which resulted in harm to the POTW or the environment, or any recurring violation	SNC
Section 13.12.540, Section 13.12.545, Section 13.12.600	Improper monitoring • Improper sampling and analysis • Failure to maintain monitoring facilities and equipment	Slight	Initial violation	Verbal Warning
		Moderate	Recurring violation or failure to correct within thirty (30) days	Notice of Violation
		Severe	Failure to correct, greater than thirty (30) days after due date	Administrative Order

Chapter 13.12 Reference	Type of Violation	Degree and/or Nature of Violation		Enforcement Response
Section 13.12.525	Failure to notify of permit condition(s) violation	Moderate	Initial violation	Verbal Warning
		Severe	Recurring violation	Notice of Violation Administrative Order
Section 13.12.505, Section 13.12.510, Section 13.12.515	Failure to meet compliance schedule milestone	Slight	Less than five (5) days late	Document, but no further action
		Moderate	Five (5) to thirty (30) days late	Verbal Warning
		Severe	More than thirty (30) days late More than ninety (90) days late	Notice of Violation SNC
Section 13.12.220	Failure to comply with Best Management Practices	Moderate	Initial violation	Verbal Warning
		Severe	Recurring violation	Notice of Violation Administrative Order
Section 13.12.600	Impeding inspection procedures • Deny access to inspectors • Withhold copies of records from inspectors	Moderate	Initial violation	Notice of Violation
		Severe	Recurring violation	Administrative Order
Article V	Falsification of information • False statements • Wastewater diverted from monitoring or pretreatment equipment	Moderate	Initial violation	Notice of Violation
		Severe	Recurring violation	Administrative Order Suspension/Termination of Discharge
Article VIII	Failure to respond to NOV	Moderate	More than ten (10) days late	Verbal Warning
		Severe	More than thirty (30) days late	Administrative Order
Section 13.12.405, Section 13.12.410	Discharge without a permit	Moderate	Application not received within thirty (30) days of notification	Notice of Violation

Chapter 13.12 Reference	Type of Violation	Degree and/or Nature of Violation		Enforcement Response
		Severe	Application more than thirty (30) days late	Administrative Order Injunctive Relief
Section 13.12.305	Failure to install or properly maintain grease removal devices, failure to maintain pumping or cleaning records	Moderate	Initial violation	Verbal Warning
		Severe	Recurring violation	Notice of Violation Administrative Order
Article II	Discharge into a storm drain, discharge of viscous or solid matter, discharge of hot, flammable or explosive substances	Severe	Any violation	Notice of Violation Administrative Order Other actions such as discharge permit suspension, termination of discharge, and judicial enforcement

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING
THE CITY MANAGER TO APPROVE REVISED
PRETREATMENT PROGRAM ENFORCEMENT PLAN AND
LOCAL LIMITS FOR INDUSTRIAL DISCHARGERS USING
CITY WASTEWATER SYSTEM

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WHEREAS, the White Slough Water Pollution Control Facility operates under National Pollutant Discharge Eliminations System permit (R5-2017-0085, NPDES No. CA0079243) issued by the California Regional Water Quality Control Board; and

WHEREAS, the permit requires the City maintain and administer an approved Pretreatment Program to protect infrastructure and reduce conventional and toxic pollutant levels discharged by industries and other nondomestic wastewater sources into the municipal sewer system and into the environment; and

WHEREAS, the City hired Larry Walker Associates to complete a review of the Local Limits and recommend any changes to ensure compliance with permit requirements; and

WHEREAS, Larry Walker Associates review recommended the addition of two constituents (selenium, molybdenum), lowering the limits for the other constituents currently regulated for discharge to the wastewater system, address clarification of existing enforcement protocols and do not change current enforcement policies and procedures; and

WHEREAS, White Slough Water Pollution Control Facility staff reviewed the proposed changes, verified the changes will not negatively impact existing Industrial Dischargers and concur these recommended changes are appropriate.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to approve revised Pretreatment Program Enforcement Plan and local limits for industrial dischargers using City wastewater system; and

BE IT FURTHER RESOLVED, pursuant to Section 6.3q of the City Council Protocol Manual (Res. No. 2019-223), the City Attorney is hereby authorized to make minor revisions to the above-referenced document(s) that do not alter the compensation or term, and to make clerical corrections as necessary.

Dated: March 4, 2020

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I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

AGENDA ITEM C-11

CITY OF LODI
COUNCIL COMMUNICATION

AGENDA TITLE: First and Second Quarter Fiscal Year 2019/20 Water, Wastewater and Electric Utility Department Financial Reports

MEETING DATE: March 4, 2020

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive utility financial reports for the first and second quarters of Fiscal Year 2019/20.

BACKGROUND INFORMATION: In accordance with the Lodi Municipal Code, quarterly financial reports are to be prepared for the Water, Wastewater, and Electric Utilities.

While these reports have traditionally been presented during shirtsleeve meetings of the City Council, the current proposed schedule of meetings would delay presentations on the quarterly utility updates at least one additional month. Therefore, in order to ensure the report's timely delivery, quarterly update presentations have been included for your review and a highlight of activities and progress is outlined below for each utility. In addition, staff are available to answer any questions you may have or provide additional information regarding the attached presentations.

Electric Utility Financial Highlights

- REVENUE is stable tracking at close to 60 percent of budget.
  - ✓ Power sales are tracking at more than 50 percent of budget; not unusual as a larger percentage of sales is typically realized during the beginning of the fiscal year with warmer months and increased electric usage.
- EXPENSES are tracking at 50 percent of budget halfway through the year.
  - ✓ Non-power operating expenses are tracking at 40 percent of budget.
  - ✓ Power supply costs are tracking at 56 percent of budget. It is anticipated that power supply costs will exceed original budget estimates. Unanticipated outages have left generating facilities operating less and market prices have been trending lower, resulting in less plant revenue.
- RESERVES as of December 31, 2019 totaled approximately $44 million. These reserves are used to fund pay-as-you-go capital improvement and system maintenance projects.
- CAPITAL IMPROVEMENT PROJECTS include nearly $23 million over the next 5 years for capital improvement efforts. Major efforts this year include the McLane Substation Renovation, underground/overhead system improvements, and renovation of LEU's main facilities.
- 5-YEAR FINANCIAL FORECAST indicates sufficient but declining reserves over the next 5 years as capital efforts continue. Current forecasts show the utility meeting its reserve targets through 2023.

APPROVED: _____
Stephen Schwabauer, City Manager

Wastewater Utility Highlights

- REVENUE is stable and tracking at 50 percent of budget.
  - ✓ Wastewater sales are tracking on target at 50 percent of budget.
  - ✓ Other revenue is tracking significantly higher due to Prop 84 grant funds being received but was not budgeted as the project was anticipated to be finished in Fiscal Year 2019.
- EXPENSES are tracking well below the 50 percent of budget.
  - ✓ Operating expenses are tracking on target at 50 percent of budget.
  - ✓ Capital expenses are tracking well below budget at 10 percent. Included in the capital budget is $2.6 million for the Main Replacement project 8 which will be bid in the third quarter. Also included in the budget is $1.5 million for the design of the White Slough electrical building which the contract has been awarded but the majority of expense will not occur until the third and fourth quarter.
- RESERVES as of December 31, 2019 totaled $14 million which is 409 percent of the 90 days cash target. These reserves are used to fund pay-as-you-go capital improvement projects planned over the next several fiscal years.
- CAPITAL IMPROVEMENT PROJECTS include almost $32 million in planned projects over the next five years. The major projects include main replacement projects, construction of the electrical building and the storm drain trash handling systems to comply with state regulations.
- 5-YEAR FINANCIAL FORECAST indicates a decline in reserves through fiscal year 2024.

Water Utility Highlights

- REVENUE is stable and tracking just above 50 percent of budget.
  - ✓ Water sales are tracking higher than 50 percent of budget and this is historically common for the first half of the year as the warmer months during the beginning of the fiscal year there tends to be higher water usage.
  - ✓ Other revenue is tracking low due to the Build America Bond subsidy budgeted amount of $662,040 has not been received.
- EXPENSES are tracking well below the 50 percent of budget.
  - ✓ Operating expenses are tracking close to 50 percent of budget.
  - ✓ Capital expenses are tracking well below budget at 7 percent. Included in the capital budget is almost 6 million for the Water Meter Project Phase 8 in which the contract has been awarded but expense will not occur until the third quarter.
- RESERVES as of December 31, 2019 totaled $2.4 million which is 101 percent of the 90 days cash target. These reserves are used to fund pay-as-you-go capital improvement projects.
- CAPITAL IMPROVEMENT PROJECTS include almost $15 million in planned projects over the next five years. The major projects include phase 8 and multi-family phase of the meter program as well as Well 27 and Well 28 GAC treatment projects.
- 5-YEAR FINANCIAL FORECAST indicates a decline in reserves through the current fiscal year due to the meter project and then forecasts sufficient reserves through fiscal year 2024.

FISCAL IMPACT: There is no fiscal impact from the preparation of this report.

FUNDING AVAILABLE: Adequate funding is available in the Fiscal Year 2019/20 budget, as amended by Council action from time to time, for the items in this report.

_____

Andrew Keys
Deputy City Manager/Internal Services Director

Public Works Department
Water/Wastewater

FY 20 Quarterly Update
(Ending December 31, 2019)

Wastewater Fund
Cash Flow Summary
(Ending December 31, 2019)

	Budget	Actuals	% of Budget
Revenue			
Sales	15,309,450	7,658,775	50%
Development Impact Mitigation Fees	1,798,680	407,478	23%
Other (interest, septic, misc.)	251,000	559,741	223%
Total Revenues	17,359,130	8,625,994	50%
Expenses			
Operating	8,333,827	4,201,015	50%
Capital	7,240,670	739,869	10%
Debt Service	3,324,590	2,435,528	73%
Cost of Services Payment To General Fund	1,119,970	559,985	50%
Total Expenses	20,019,057	7,936,397	40%
Beginning Cash (Operations Only)		15,637,563	
Ending Cash (Operations Only)		14,830,625	
Days Cash (Excluding Capital)		379	
% of Target – 90 Days Cash on Hand		421%	

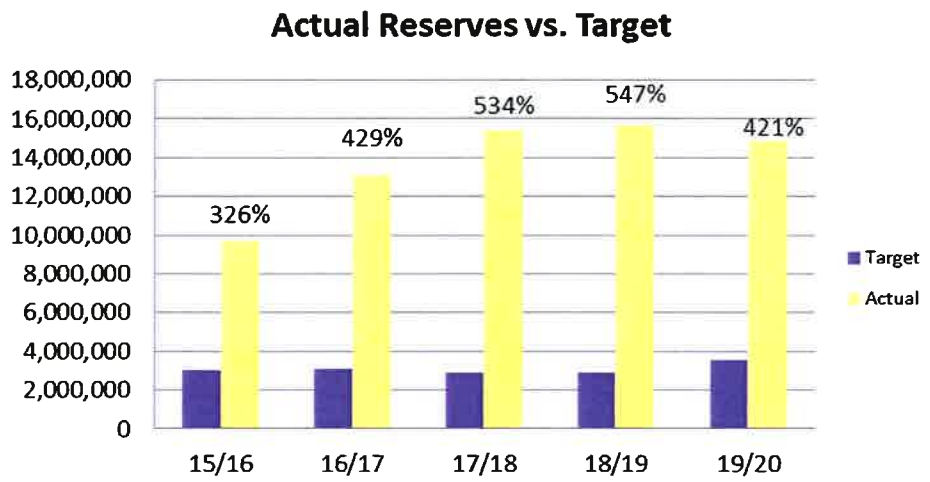
Wastewater
Operating Results

(Ending December 31, 2019)

	Budget	Actuals	% of Budget
Personnel	$ 4,125,500	$ 2,440,965	59%
Supplies, Materials, Services	$ 2,690,167	$ 958,510	36%
Equipment, Land, Structures	$ 285,000	$ 50,427	18%
Other Payments	$ 455,200	$ 316,784	70%
Utilities	$ 752,150	$ 434,330	58%
Work for Others	$ 25,810	$ -	0%
Total Operating Expenses	$ 8,333,827	$ 4,201,015	50%

Wastewater Funds
Cash Balances
(Ending December 31, 2019)

Operating (530)	14,830,625
Utility Capital / Infrastructure Replacement (531)	853,930
Capital Reserve (532) (Fund used to pay White Slough COP Debt Service)	238,268
Wastewater IMF (533)	1,514,863
Rate Stabilization Reserve (534)	500,000
Storm Drain IMF (535)	1,251,600
Total	19,189.286



Amounts above reserve target are held for scheduled capital maintenance

5-Year Financial Forecast

	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast	FY 23-24 Forecast
Available Cash	$12,677,400	$15,835,900	$15,562,600	$12,423,900	$7,264,800
Days Cash (90 day target)	372	456	437	341	195
Minimum Reserve Target (25%)	$3,114,500	$3,185,000	$3,258,500	$3,333,500	$3,409,500
Reserve Target (50%)	$6,205,000	$6,344,000	$6,490,000	$6,640,000	$6,791,000
% of Days Cash Target	413%	506%	486%	379%	217%

Wastewater
Planned Capital Projects

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Lockeford Street Improvements	20,680				
Candy Cane Park	28,000				
Storm Drain Trash Handling		750,000	750,000		750,000
MSC Security Improvements	70,000				
Misc. System Relocations	35,000	35,000	35,000	35,000	35,000
Misc. Wastewater Taps	40,000	40,000	40,000	40,000	40,000
Collection System Capacity Enhancement Projects	200,000				
Main Replacement Project	2,600,000		2,000,000		2,000,000
Sewer Lift Station Wet Well Rehab			250,000		
Kofu Storm Water Pump Rehab			200,000		
Salas Storm Water Pump Rehab				200,000	
Henry Glaves Storm Water Pump Rehab					200,000
Lincoln Storm Pump Rehab	75,000				
Vehicles/Equipment	150,000	150,000	75,000	75,000	75,000
Upgrade Blowers	750,000				
Irrigation Improvements	845,931		750,000		
Plant Maintenance Improvements	68,000	170,000	100,000	110,000	100,000
Compliance Studies and Reports	200,000	200,000	200,000	200,000	200,000
Fan Press Replacement					1,000,000
NCPA Maintenance Generator	150,000	150,000	150,000	150,000	150,000
Pump & Equipment Upgrades	265,000				
Electrical/Screen/SCADA Design	900,000	600,000			
Electrical Upgrades/SCADA Construction			1,000,000	7,000,000	5,500,000
White Slough Recycled Water Storage	354,467				
Miscellaneous Future Projects	100,000				
Totals	**$6,852,078**	**$2,095,000**	**$5,550,000**	**$7,810,000**	**$10,050,000**

Water Fund
Cash Flow Summary
(Ending December 31, 2019)

	Budget	Actuals	% of Budget
Revenue			
Sales	13,395,170	7,713,553	58%
Development Impact Mitigation Fees	775,450	259,102	33%
Other (interest, tap fees, water meters, misc.)	1,024,040	129,450	17%
Total Revenues	15,194,660	8,102,105	53%
Expenses			
Operating	7,162,147	3,400,307	47%
Capital	9,559,778	806,376	8%
Debt Service	2,969,760	983,658	33%
Cost of Services Payment To General Fund	860,640	430,320	50%
Total Expenses	20,552,325	5,620,661	27%
Beginning Cash (Operations Only)		6,792,346	
Ending Cash (Operations Only)		2,872,360	
Days Cash (Excluding Capital)		110	
% of Target – 90 Days Cash on Hand		122%	

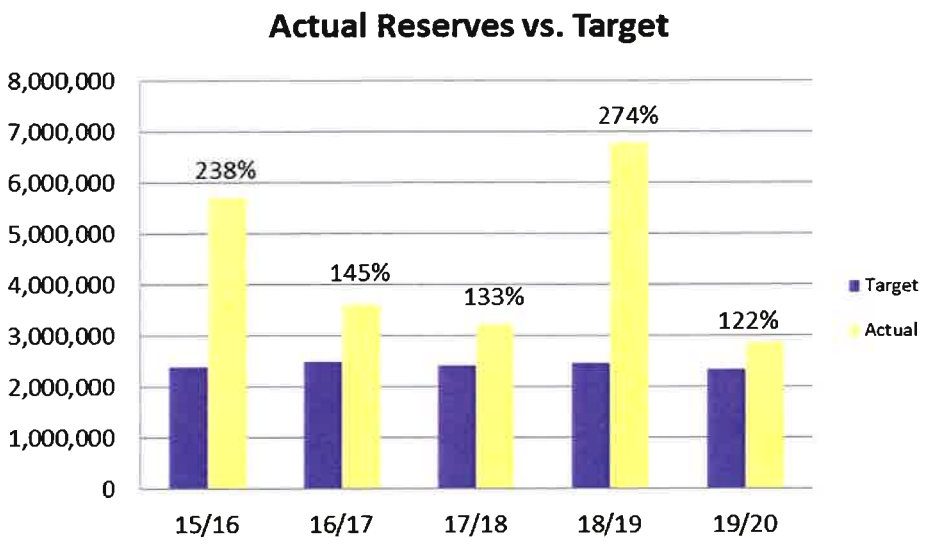
Water
Operating Results

(Ending December 31, 2019)

	Budget	Actuals	% of Budget
Personnel	$ 3,180,680	$ 1,494,717	47%
Supplies, Materials, Services	$ 1,569,547	$ 395,603	25%
Equipment, Land, Structures	$ 105,000	$ 44,690	43%
Other Payments	$ 1,661,480	$ 1,123,519	68%
Utilities	$ 536,590	$ 341,777	64%
Work for Others	$ 108,850	$ -	0%
Total Operating Expenses	$ 7,162,147	$ 3,400,307	47%

Water Funds
Cash Balances
(Ending December 31, 2019)

Operating (560)	2,872,360
Utility Capital / Infrastructure Replacement (561)	6,525,552
IMF (562)	1,907,049
PCE/TCE Settlements	9,045,038
PCE/TCE Rates (565)	3,978,212
Total	24,328,211



Amounts above reserve target are held for scheduled capital maintenance

5-Year Financial Forecast

	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast	FY 23-24 Forecast
Available Cash	$2,897,844	$3,357,744	$3,957,344	$4,825,544	$6,837,081
Days Cash (90)	75	108	125	149	207
Minimum Reserve Target (25%)	$2,768,500	$2,829,000	$2,891,000	$2,951,500	$3,012,000
Reserve Target (50%)	$5,537,000	$5,658,000	$5,782,000	$5,903,000	$6,024,000
% of Days Cash Target	84%	120%	139%	166%	230%

Water
Planned Capital Projects

	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24
Water Meter Program	5,980,000		1,000,000	1,000,000	
Lockeford Street Imprv.	48,250				
Water Taps	75,000	75,000	75,000	75,000	75,000
Misc. Water Mains	50,000	50,000	50,000	50,000	50,000
Water Meter Replacement Program			75,000	75,000	75,000
GAC Replacement	300,000	300,000	300,000	300,000	300,000
Meter Shop Design/Construction		200,000			
Water Plant Generator		300,000			
MSC Security Improvements	70,000				
Well 7 Pump Rehab	175,000				
Well 14 Pump Rehab			170,000		
Well 16 Pump Rehab		166,000			
Well 17 Pump Rehab			185,000		
Well 21 Pump Rehab		200,000			
Well 22 Pump Rehab		166,000			
Well 3R Pump Rehab	170,000				
Well 15 Pump Rehab					200,000
Well 25 Pump Rehab				200,000	
Well 27 GAC Treatment & Standby Generator	820,000				
Well 28 GAC Treatment	80,000	950,000			
Vehicles/Equipment	158,000	40,000	50,000	50,000	50,000
Totals	**$7,926,250**	**$2,447,000**	**$1,905,000**	**$1,750,000**	**$750,000**

Electric Utility Department

FY 20 Quarterly Update

(Ending December 31, 2019)

City Council Meeting
March 4, 2020

Electric Utility Fund
Cash Flow Summary
(December 31, 2019)

	Budget	Actual	% of Budget
Revenue			
Sales Revenues	68,088,490	40,415,227	59%
Development Impact Fees	333,870	120,720	36%
Other Revenues (interest, misc)	4,018,220	2,175,625	54%
Total Revenues	**72,440,580**	**42,711,572**	**59%**
Expenses			
Purchase Power	39,354,300	22,103,512	56%
Non Power	15,005,420	5,932,323	40%
Capital Projects	6,550,000	1,462,330	22%
Debt Service	3,988,010	2,985,005	75%
Cost of Service	2,269,670	1,134,835	50%
In-lieu Transfer to General Fund	7,273,890	3,636,945	50%
Total Expenses	**74,441,290**	**37,254,950**	**50%**

Beginning Cash Balance (6/30/19)		**37,009,865**
Ending Cash Balance (12/31/19)		**44,043,762**
Reserve Policy Target		**22,512,000**
% of Target		**196%**

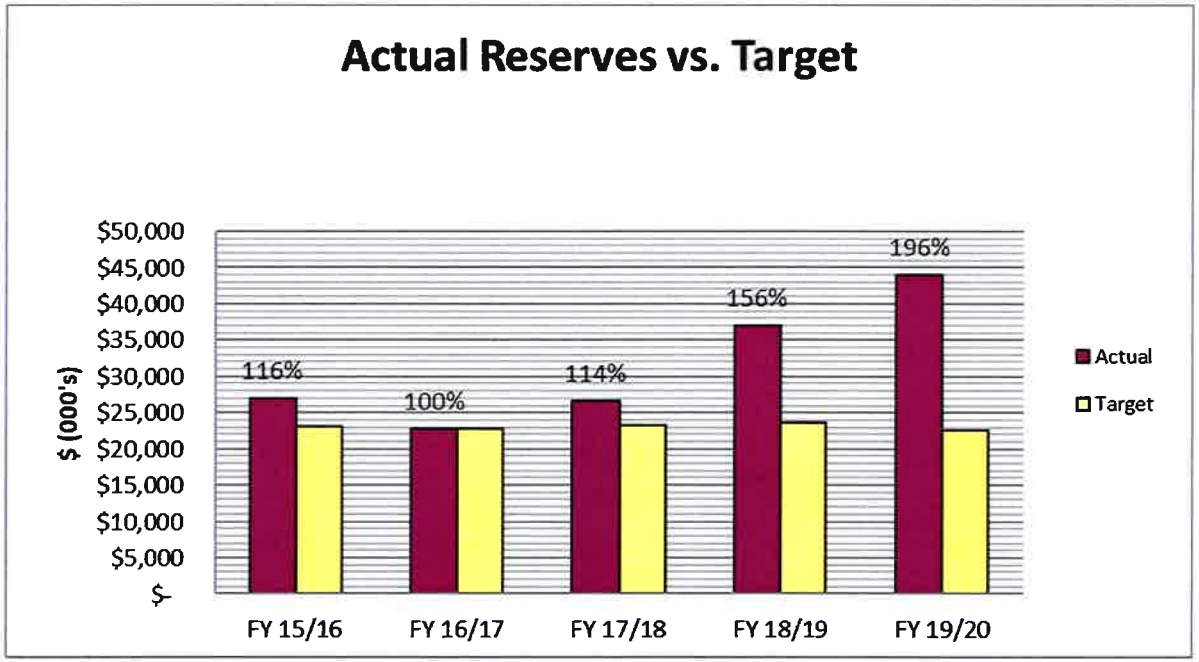
Electric Utility Funds
Cash Balances
(December 31, 2019)

Operating Funds	$ 29,872,439
Utility Outlay Reserve Fund	$ 1,000,000
Public Benefits Fund	$ 3,970,436
Impact Fee Fund	$ 1,007,058
Solar Surcharge Fund	$ 318,874
Greenhouse Gas Fund	$ 7,874,955
Total	**$ 44,043,762**

Electric Utility Reserve Policy
(December 31, 2019)

Purpose	Target	Actual*
Operating Reserves	$ 21,512,000	$ 43,043,762
Capital Reserve	$ 1,000,000	$ 1,000,000
Total Target	**$ 22,512,000**	**$ 44,043,762**

*Includes cash held locally and at NCPA



Cash balances support City Council approved reserve requirements and provide funds for pay as you go Capital Improvement Projects.

Capital Improvement Project
5-Year Spending Plan*

Project	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast	FY 23-24 Forecast
Distribution Capacity Program	$600,000	$800,000	$625,000	$1,100,000	$1,400,000
Underground / Overhead Maint	$1,400,000	$1,400,000	$1,400,000	$1,400,000	$1,400,000
Streetlight Maintenance / Repair	$50,000	$50,000	$50,000	$50,000	$50,000
LED Streetlight Improvements	$250,000	$250,000	$250,000	$250,000	$0
230 kV Interconnection Project**	$500,000	$0	$0	$0	$0
Substation Maint / Improvements	$1,400,000	$800,000	$0	$300,000	$375,000
Building & Security Improvements***	$2,000,000	$155,000	$35,000	$35,000	$0
Work for Others	$350,000	$350,000	$550,000	$550,000	$550,000
Vehicles & Equipment	$0	$830,000	$432,000	$330,000	$680,000
Total Projects	**$6,550,000**	**$4,635,000**	**$3,342,000**	**$4,015,000**	**$4,455,000**

*Forecast will be reviewed and updated as part of FY 2021 budget planning process
**Includes planning and design costs only
***LEU Office Renovation Project will commence late FY 2020

5-Year Financial Forecast
Looking Ahead*

	FY 19-20 Budget	FY 20-21 Forecast	FY 21-22 Forecast	FY 22-23 Forecast	FY 23-24 Forecast
Available Cash	**$34,414,155**	**$32,352,429**	**$30,925,366**	**$28,187,461**	**$24,655,783**
Days Cash	185	168	156	139	120
Reserve Target	$22,512,000	$23,033,267	$23,568,483	$24,035,671	$24,188,102
% of Target	**153%**	**140%**	**131%**	**117%**	**102%**

*Forecast will be updated following FY 2021 budget planning process

Power Sales
(December 31, 2019)

Power Sales (kWh)		
Customer Class	**Budget**	**Actual**
Residential	156,294,837	87,032,467
Small Commercial	159,140,314	85,368,161
Large Commercial/Small Industrial	46,249,031	22,010,284
Industrial	62,480,889	32,737,286
Total	**424,165,071**	**227,148,198**

Revenue ($)			
Customer Class	**Budget**	**Actual**	**Average Rate**
Residential	$ 26,926,013	$ 16,688,257	$ 0.1917
Small Commercial	$ 26,740,404	$ 15,510,080	$ 0.1817
Large Commercial/Small Industrial	$ 7,131,294	$ 3,940,747	$ 0.1790
Industrial	$ 7,290,779	$ 4,276,143	$ 0.1306
Total	**$ 68,088,490**	**$ 40,415,227**	**$ 0.1779**

ECA Revenue
(December 31, 2019)

Customer Class	Total ($)
Residential	$ 1,265,798
Small Commercial	$ 1,285,684
Large Commercial / Small Industrial	$ 350,216
Industrial	$ 462,152
Total Revenue	**$ 3,363,850**

Electric Utility Fund
Operating Results
(December 31, 2019)

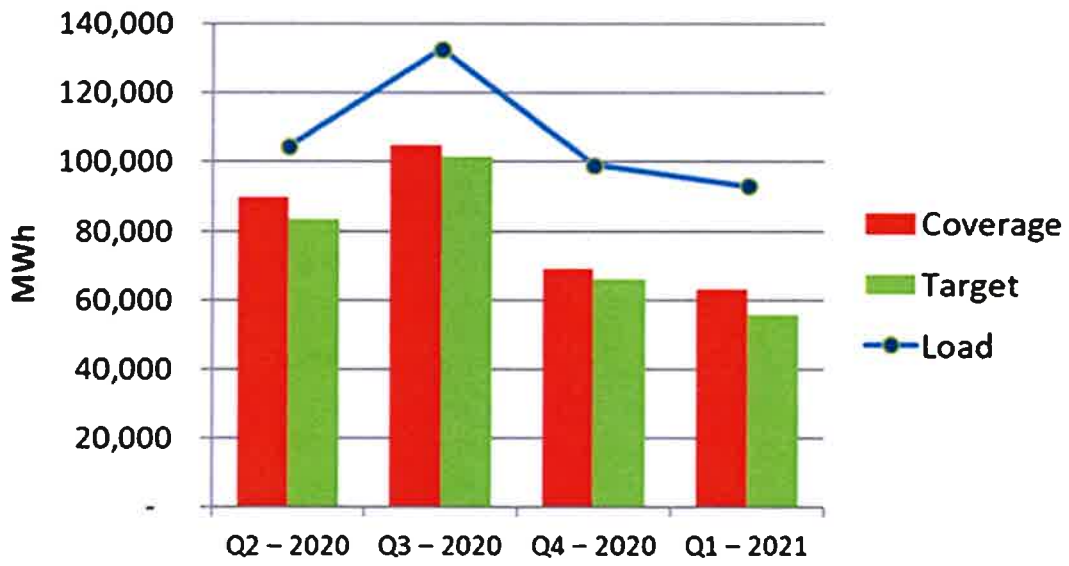
	Budget	Actual	% of Budget
Personnel	$ 9,144,530	$ 4,413,863	48%
Supplies, Materials, Services	$ 3,996,370	$ 1,080,527	27%
Other Payments	$ 1,783,020	$ 408,600	23%
Utilities	$ 81,500	$ 29,333	36%
Total Operating Expenses	**$ 15,005,420**	**$ 5,932,323**	**40%**

Power Supply Costs
(December 31, 2019)

	Budget	Actual	% of Budget
Generation	$ 28,373,070	$ 15,609,711	55%
Transmission	$ 9,635,250	$ 5,638,510	59%
Management Services	$ 1,345,980	$ 855,291	64%
Total Power Supply Costs	**$ 39,354,300**	**$ 22,103,512**	**56%**

Load Coverage

	MWh Load	ROC Matrix Target	Load Coverage (Including Purchases)
Q2 – 2020	104,648	80.0%	85.9%
Q3 – 2020	132,635	76.7%	79.3%
Q4 – 2020	99,087	66.7%	69.9%
Q1 – 2021	93,099	60.0%	68.1%



- LEU continues to meet or exceed Risk Management targets
- Includes purchases approved through February 2020 as approved by the Risk Oversight Committee

Risk Oversight Committee Report Highlights

- Forward energy purchases approved to cover open positions in 2020 and 2021
- Approved purchase of Portfolio Content Category 3 RPS resources
- Discussed confidential Cap and Trade strategy and activities
- Adopted FY 19/20 Reserve Target amount based on Council approved policy and formula
- Voted to not move forward with NCPA Solar Project due to pricing received
  - Directed staff to proceed with lower cost alternative
- Staff provided informational update on Energy Cost Adjustment trends and anticipated increase in power supply costs for FY 19/20 (as addressed in midyear budget)
- Reviewed various regulatory reporting requirements including Power Content Label and Greenhouse Gas Use of Allowance Report
- Approved revisions to Energy Risk Management Policy Hedging Guidelines to allow for additional coverage of open positions when forecasted prices are favorable
- Discussed additional RPS resource opportunities
- Approved deposit of FY 2019 Annual Billing Settlement to General Operating Reserve
- Staff informed ROC of upcoming statewide point-of-purchase rebate program for electric vehicles
- Staff provided ROC with status updates regarding renewal of contract for Western Base Resource
  - Contract will come before Council late Spring 2020
- Staff provided ROC with updates on the 230 kV Project

Strategic Areas of Focus
Project Highlights

- Customer
  - Public Outreach Campaign to Launch Spring 2020 as result of Customer Satisfaction Survey
    - Advertising on buses, bus shelters and signage throughout town
- Technology
  - Broadband Feasibility Study to Commence April 1
  - Continuing with implementation of Outage Management System
  - Working with vendor to secure contract for remote connect/disconnect meters to address employee safety
- Financial
  - Risk Oversight Committee voted to not move forward with NCPA Solar Project due to proposed costs
    - Staff currently negotiating additional solar resource at lower cost than recent Antelope Expansion PPA

Strategic Areas of Focus
Project Highlights (continued)

- Reliability
  - Proposing to extend contract with existing vegetation management contractor to address Wildfire Mitigation Plan requirements
- Workforce
  - 4 Vacancies
    - (2) Operations
    - (1) Field Services
    - (1) Engineering
  - Line Department fully staffed
  - Renovation of Electric Utility facilities scheduled to commence Spring 2020

AGENDA ITEM C-12

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Appointment to the Lodi Improvement Committee

MEETING DATE: March 4, 2020

PREPARED BY: City Clerk

RECOMMENDED ACTION: Concur with the Mayor's recommended appointment to the Lodi Improvement Committee.

BACKGROUND INFORMATION: On August 17, 2019, the City Council directed the City Clerk to post for one vacancy on the Lodi Improvement Committee. The Mayor reviewed the applications, conducted interviews, and recommends that the City Council concur with the following appointments.

APPOINTMENTS:

Lodi Improvement Committee

Sandra Vargas Term to expire March 1, 2022

NOTE: Four applicants (no applications seeking reappointment, two applications on file, two new applications); posting ordered 8/7/19; application deadline 9/17/19.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Pamela M. Farris
Assistant City Clerk

PMF

APPROVED: _____
Steve Schwabauer, City Manager

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AGENDA ITEM **G-01**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Public Hearing to Consider Resolution Adopting Pre-Approved, Proposition 218 Consumer Price Index-Based Annual Adjustment to Rates for Solid Waste Collection

MEETING DATE: March 4, 2020

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Public hearing to consider resolution adopting pre-approved, Proposition 218 Consumer Price Index- based annual adjustment to rates for solid waste collection.

BACKGROUND INFORMATION: The franchise agreement with Central Valley Waste Services allows rates for solid waste collection to be adjusted annually, on April 1st.

Section 7c of the franchise agreement allows Central Valley Waste Services the option to either:

(a) adjust rates equal to 80 percent of the annual change in the Consumer Price Index (CPI) for all Urban Consumers for San Francisco-Oakland-San Jose, California Area, all Items (1982 – 84 = 100), plus an adjustment for extraordinary increases in landfill fees, fuel and energy costs, and changes in law, up to 100 percent of the change in the CPI, or

(b) 100 percent of the annual change in the CPI, without the other adjustments, but with a certification that costs had increased by more than 100 percent of the change in the CPI.

Central Valley Waste Services is requesting the option to increase rates by 80 percent of the annual change in the CPI (option a) plus an adjustment for increased landfill gate fees at County owned disposal sites. The annual change in the CPI is 3.31 percent. The increase in rates based on 80 percent of the CPI change is 2.649 percent and 0.177 percent for the landfill gate fee increase. The total rate adjustment requested is 2.826 percent.

For most residential customers, the rate increase will be $0.80 per month. The effective date of the proposed rates is April 1, 2020. The complete schedule of proposed rate changes is shown in Exhibit A.

FISCAL IMPACT: Franchise and billing fees paid to the City will increase by approximately $40,000 annually.

FUNDING AVAILABLE: Not applicable.

_____
Charles E. Swimley, Jr.
Public Works Director

CES/RAY/tc
Attachment

cc: Central Valley Waste Services

APPROVED: _____
Stephen Schwabauer, City Manager

Exhibit A

CITY OF LODI
MULTI-CART CURBSIDE REFUSE RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

Services Offered	Current Monthly Rate	New Monthly Rate
1. 35 GALLON REFUSE CART 1X PER WEEK**		
1 Refuse Cart	$28.34	$29.14
2 Refuse Carts	$70.81	$72.82
3 Refuse Carts	$113.31	$116.51
4 Refuse Carts	$155.84	$160.25
2. 64 GALLON REFUSE CART 1X PER WEEK**		
1 Refuse Cart	$42.65	$43.86
2 Refuse Carts	$106.52	$109.53
3 Refuse Carts	$170.40	$175.21
3. 96 GALLON WASTE CART 1X PER WEEK**		
1 Refuse Cart	$92.94	$95.56
2 Refuse Carts	$185.90	$191.15
3 Refuse Carts	$278.84	$286.72
4. DUPLEX AND MULTI-FAMILY, AND MOBILE HOMES		
Monthly rate is reduced one (1) dollar from above base rates	-$1.00	-$1.00
5. LOW VOLUME USER 1X PER WEEK****		
One (1) - 20 Gallon Low Volume Refuse Cart	$19.29	$19.83
7. ADDITIONAL 64 GALLON RECYCLING CARTS		
Second and Third Recycling Cart	$0.00	$0.00
Fourth and Each Additional Cart	$15.30	$15.74
8. ADDITIONAL 96 GALLON YARD AND GARDEN CARTS		
Second and Third Yard and Garden Cart	$0.00	$0.00
Fourth and Each Additional Yard and Garden Cart	$15.30	$15.74
9. BACK YARD SERVICE****		
Monthly service charge	$15.69	$16.14
Qualified Disabled	$0.00	$0.00

Notes:

******Applies to Single Family Dwellings Only**

CITY OF LODI
CONTAINER RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

New Monthly Rates

WEEKLY SERVICE - ONE (1) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$152.33	$283.37	$649.30	$1,171.83	$1,850.92	$2,686.57
2	$242.02	$441.55	$922.86	$1,592.12	$2,449.27	$3,494.29
3	$331.68	$599.63	$1,196.37	$2,012.37	$3,047.56	$4,301.97
4	$421.32	$757.74	$1,469.94	$2,432.64	$3,645.89	$5,109.71
5	$511.04	$915.87	$1,743.48	$2,852.96	$4,244.27	$5,917.33
6	$600.71	$1,073.99	$2,017.00	$3,273.25	$4,842.53	$6,725.04
7	$690.40	$1,232.16	$2,290.56	$3,693.51	$5,440.85	$7,532.73
8	$780.06	$1,390.21	$2,564.14	$4,113.72	$6,039.18	$8,340.44
9	$869.73	$1,548.41	$2,837.67	$4,534.05	$6,637.54	$9,148.12
10	$959.44	$1,706.52	$3,111.18	$4,954.32	$7,235.83	$9,955.76

WEEKLY SERVICE - TWO (2) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$221.97	$418.33	$865.62	$1,480.20	$2,262.10	$3,211.20
2	$376.90	$702.85	$1,329.79	$2,157.53	$3,185.96	$4,415.19
3	$531.90	$987.33	$1,794.05	$2,834.89	$4,109.90	$5,619.16
4	$686.89	$1,271.90	$2,258.23	$3,512.21	$5,033.89	$6,823.15
5	$841.88	$1,556.28	$2,722.40	$4,189.55	$5,957.77	$8,027.11
6	$996.89	$1,840.85	$3,186.52	$4,866.92	$6,881.73	$9,231.12
7	$1,151.91	$2,125.35	$3,650.80	$5,544.22	$7,805.63	$10,435.03
8	$1,306.85	$2,409.87	$4,114.98	$6,221.57	$8,729.57	$11,639.06
9	$1,461.88	$2,694.37	$4,579.17	$6,898.89	$9,652.45	$12,843.01
10	$1,616.86	$2,978.83	$5,043.36	$7,576.22	$10,579.02	$14,047.01

WEEKLY SERVICE - THREE (3) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$282.55	$535.38	$1,039.06	$1,709.98	$2,548.24	$3,553.77
2	$498.17	$936.86	$1,676.64	$2,617.10	$3,758.36	$5,100.34
3	$713.80	$1,338.41	$2,314.25	$3,524.27	$4,968.47	$6,646.87
4	$929.38	$1,739.92	$2,951.85	$4,431.38	$6,178.60	$8,193.44
5	$1,145.03	$2,141.46	$3,589.45	$5,338.58	$7,388.77	$9,740.00
6	$1,360.67	$2,542.93	$4,227.03	$6,245.69	$8,598.83	$11,286.55
7	$1,576.27	$2,943.98	$4,864.62	$7,152.80	$9,808.93	$12,833.13
8	$1,791.90	$3,345.96	$5,502.25	$8,059.93	$11,019.10	$14,379.67
9	$2,007.52	$3,747.53	$6,139.88	$8,967.08	$12,229.20	$15,926.24
10	$2,223.14	$4,149.02	$6,777.45	$9,874.22	$13,439.30	$17,472.74

CITY OF LODI
CONTAINER RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

WEEKLY SERVICE - FOUR (4) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$343.21	$652.37	$1,212.48	$1,939.84	$2,834.47	$3,896.37
2	$619.44	$1,170.91	$2,023.46	$3,076.74	$4,330.77	$5,785.55
3	$895.69	$1,689.50	$2,834.50	$4,213.74	$5,827.08	$7,674.66
4	$1,171.98	$2,208.06	$3,645.53	$5,350.69	$7,323.46	$9,563.78
5	$1,448.20	$2,726.58	$4,456.52	$6,487.61	$8,819.79	$11,452.98
6	$1,724.50	$3,245.17	$5,267.59	$7,624.54	$10,316.05	$13,342.12
7	$2,000.78	$3,763.74	$6,078.64	$8,761.53	$11,812.35	$15,231.26
8	$2,277.07	$4,282.28	$6,889.64	$9,898.44	$13,308.69	$17,120.43
9	$2,553.32	$4,800.82	$7,700.65	$11,035.40	$14,805.06	$19,009.57
10	$2,829.63	$5,319.40	$8,511.64	$12,172.31	$16,301.35	$20,898.71

WEEKLY SERVICE - FIVE (5) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$403.82	$769.41	$1,385.89	$2,169.59	$3,120.70	$4,238.95
2	$740.74	$1,404.96	$2,370.38	$3,536.43	$4,903.19	$6,470.66
3	$1,077.62	$2,040.57	$3,354.80	$4,903.17	$6,685.73	$8,702.47
4	$1,414.53	$2,676.16	$4,339.26	$6,269.92	$8,468.22	$10,934.21
5	$1,751.50	$3,311.78	$5,323.63	$7,636.69	$10,250.75	$13,165.94
6	$2,088.35	$3,947.34	$6,308.15	$9,003.43	$12,033.30	$15,397.67
7	$2,425.32	$4,582.91	$7,292.57	$10,370.24	$13,815.81	$17,629.41
8	$2,762.20	$5,218.49	$8,277.03	$11,736.96	$15,598.30	$19,861.16
9	$3,099.16	$5,854.12	$9,261.45	$13,103.74	$17,380.88	$22,092.92
10	$3,436.05	$6,489.72	$10,245.91	$14,470.48	$19,163.36	$24,324.65

WEEKLY SERVICE - SIX (6) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$464.42	$886.43	$1,559.34	$2,399.44	$3,406.87	$4,581.59
2	$861.97	$1,639.03	$2,717.15	$3,995.99	$5,475.60	$7,155.88
3	$1,259.54	$2,391.63	$3,875.03	$5,592.58	$7,544.27	$9,730.21
4	$1,657.07	$3,144.22	$5,032.86	$7,189.10	$9,613.02	$12,304.51
5	$2,054.62	$3,896.82	$6,190.71	$8,785.67	$11,681.70	$14,878.84
6	$2,452.15	$4,649.52	$7,348.59	$10,382.24	$13,750.42	$17,453.15
7	$2,849.69	$5,402.09	$8,506.40	$11,978.79	$15,819.16	$20,027.47
8	$3,247.19	$6,154.69	$9,664.29	$13,575.35	$17,887.82	$22,601.79
9	$3,644.75	$6,907.27	$10,822.19	$15,171.92	$19,956.57	$25,176.14
10	$4,042.36	$7,659.89	$11,980.00	$16,768.46	$22,025.25	$27,750.48

CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

Services Offered	Current Monthly Rate	New Monthly Rate
1. 2 CUBIC YARD COMPACTOR		
1X Week	$332.65	$342.05
2X Week	$665.32	$684.12
3X Week	$997.95	$1,026.16
4X Week	$1,330.63	$1,368.24
5X Week	$1,663.28	$1,710.28
2. 3 CUBIC YARD COMPACTOR		
1X Week	$411.04	$422.66
2X Week	$822.06	$845.30
3X Week	$1,233.10	$1,267.94
4X Week	$1,644.16	$1,690.62
5X Week	$2,055.19	$2,113.27
3. 4 CUBIC YARD COMPACTOR		
1X Week	$490.04	$503.89
2X Week	$980.09	$1,007.78
3X Week	$1,470.14	$1,511.68
4X Week	$1,960.19	$2,015.59
5X Week	$2,450.23	$2,519.48

CITY OF LODI
10 TO 50 CUBIC YARD CONTAINERS
RATE STRUCTURE
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

	Current Rates	New Monthly Rate
PERMANENT HIGH FREQUENCY ROLL-OFF RATES		
1. Drop-off and Pick-up Charge Per Box	$197.10	$202.67
2. Tons Disposed/Box X Processing Charge	$44.38	$45.64
ONE-TIME TEMPORARY USER ROLL-OFF RATES		
1. Drop/off/Pick-up Charge Per Box	$250.28	$257.35
2. Tons Disposed/Box X Processing Charge	$44.39	$45.65

CITY OF LODI
10 TO 50 CUBIC YARD ROLL OFF* CONTAINERS
COMPACTOR RATE STRUCTURE
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

	Current Rates	New Rates
TEMPORARY OR PERMANENT COMMERCIAL COMPACTOR RATES		
1. Drop/off/Pick-up Charge Per Box	$342.14	$351.81
2. Tons Disposed/Box X Processing Charge	$44.23	$45.48

* This charge will be applied to loads that are serviced by "Roll Off" vehicles.

* This charge will be applied per load to self contained compaction containers or containers that attach to a charging unit for the purpose of compaction in sizes on or about 10 to 50 cubic yards.

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL
ADOPTING PRE-APPROVED PROPOSITION
218 CONSUMER-PRICE-INDEX-BASED
ANNUAL ADJUSTMENT TO RATES FOR
SOLID WASTE COLLECTION

==========

WHEREAS, pursuant to Lodi Municipal Code Chapter 13.16.110 (Ordinance No. 1709), the schedule of rates for solid waste collection shall be established and adopted by the City Council from time to time by Resolution; and

WHEREAS, pursuant to Lodi Municipal Code Chapter 13.16 – Solid Waste – as it relates to solid waste collection, new monthly rates are hereby established, as more fully shown on Exhibit A attached hereto, which is incorporated by reference as if fully set forth herein.

NOW, THEREFORE, BE IT RESOLVED that the rate schedules attached marked Exhibit A are hereby adopted, and shall be effective on all bills which are prepared on or after April 1, 2020; and

BE IT FURTHER RESOLVED that, following adoption, this Resolution shall be published one time in the "Lodi News Sentinel," a daily newspaper of general circulation printed and published in the City of Lodi; and

BE IT FURTHER RESOLVED, pursuant to Section 6.3q of the City Council Protocol Manual (adopted 11/6/19, Resolution No. 2019-223), the City Attorney is hereby authorized to make minor revisions to the above-referenced document(s) that do not alter the compensation or term, and to make clerical corrections as necessary.

Dated: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

Exhibit A

CITY OF LODI
MULTI-CART CURBSIDE REFUSE RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

Services Offered	Current Monthly Rate	New Monthly Rate
1. 35 GALLON REFUSE CART 1X PER WEEK**		
1 Refuse Cart	$28.34	$29.14
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3 Refuse Carts	$113.31	$116.51
4 Refuse Carts	$155.84	$160.25
2. 64 GALLON REFUSE CART 1X PER WEEK**		
1 Refuse Cart	$42.65	$43.86
2 Refuse Carts	$106.52	$109.53
3 Refuse Carts	$170.40	$175.21
3. 96 GALLON WASTE CART 1X PER WEEK**		
1 Refuse Cart	$92.94	$95.56
2 Refuse Carts	$185.90	$191.15
3 Refuse Carts	$278.84	$286.72
4. DUPLEX AND MULTI-FAMILY, AND MOBILE HOMES		
Monthly rate is reduced one (1) dollar from above base rates	-$1.00	-$1.00
5. LOW VOLUME USER 1X PER WEEK****		
One (1) - 20 Gallon Low Volume Refuse Cart	$19.29	$19.83
7. ADDITIONAL 64 GALLON RECYCLING CARTS		
Second and Third Recycling Cart	$0.00	$0.00
Fourth and Each Additional Cart	$15.30	$15.74
8. ADDITIONAL 96 GALLON YARD AND GARDEN CARTS		
Second and Third Yard and Garden Cart	$0.00	$0.00
Fourth and Each Additional Yard and Garden Cart	$15.30	$15.74
9. BACK YARD SERVICE****		
Monthly service charge	$15.69	$16.14
Qualified Disabled	$0.00	$0.00

Notes:

******Applies to Single Family Dwellings Only**

CITY OF LODI
CONTAINER RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

New Monthly Rates

WEEKLY SERVICE - ONE (1) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
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3	$331.68	$599.63	$1,196.37	$2,012.37	$3,047.56	$4,301.97
4	$421.32	$757.74	$1,469.94	$2,432.64	$3,645.89	$5,109.71
5	$511.04	$915.87	$1,743.48	$2,852.96	$4,244.27	$5,917.33
6	$600.71	$1,073.99	$2,017.00	$3,273.25	$4,842.53	$6,725.04
7	$690.40	$1,232.16	$2,290.56	$3,693.51	$5,440.85	$7,532.73
8	$780.06	$1,390.21	$2,564.14	$4,113.72	$6,039.18	$8,340.44
9	$869.73	$1,548.41	$2,837.67	$4,534.05	$6,637.54	$9,148.12
10	$959.44	$1,706.52	$3,111.18	$4,954.32	$7,235.83	$9,955.76

WEEKLY SERVICE - TWO (2) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$221.97	$418.33	$865.62	$1,480.20	$2,262.10	$3,211.20
2	$376.90	$702.85	$1,329.79	$2,157.53	$3,185.96	$4,415.19
3	$531.90	$987.33	$1,794.05	$2,834.89	$4,109.90	$5,619.16
4	$686.89	$1,271.90	$2,258.23	$3,512.21	$5,033.89	$6,823.15
5	$841.88	$1,556.28	$2,722.40	$4,189.55	$5,957.77	$8,027.11
6	$996.89	$1,840.85	$3,186.52	$4,866.92	$6,881.73	$9,231.12
7	$1,151.91	$2,125.35	$3,650.80	$5,544.22	$7,805.63	$10,435.03
8	$1,306.85	$2,409.87	$4,114.98	$6,221.57	$8,729.57	$11,639.06
9	$1,461.88	$2,694.37	$4,579.17	$6,898.89	$9,652.45	$12,843.01
10	$1,616.86	$2,978.83	$5,043.36	$7,576.22	$10,579.02	$14,047.01

WEEKLY SERVICE - THREE (3) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$282.55	$535.38	$1,039.06	$1,709.98	$2,548.24	$3,553.77
2	$498.17	$936.86	$1,676.64	$2,617.10	$3,758.36	$5,100.34
3	$713.80	$1,338.41	$2,314.25	$3,524.27	$4,968.47	$6,646.87
4	$929.38	$1,739.92	$2,951.85	$4,431.38	$6,178.60	$8,193.44
5	$1,145.03	$2,141.46	$3,589.45	$5,338.58	$7,388.77	$9,740.00
6	$1,360.67	$2,542.93	$4,227.03	$6,245.69	$8,598.83	$11,286.55
7	$1,576.27	$2,943.98	$4,864.62	$7,152.80	$9,808.93	$12,833.13
8	$1,791.90	$3,345.96	$5,502.25	$8,059.93	$11,019.10	$14,379.67
9	$2,007.52	$3,747.53	$6,139.88	$8,967.08	$12,229.20	$15,926.24
10	$2,223.14	$4,149.02	$6,777.45	$9,874.22	$13,439.30	$17,472.74

CITY OF LODI
CONTAINER RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

WEEKLY SERVICE - FOUR (4) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$343.21	$652.37	$1,212.48	$1,939.84	$2,834.47	$3,896.37
2	$619.44	$1,170.91	$2,023.46	$3,076.74	$4,330.77	$5,785.55
3	$895.69	$1,689.50	$2,834.50	$4,213.74	$5,827.08	$7,674.66
4	$1,171.98	$2,208.06	$3,645.53	$5,350.69	$7,323.46	$9,563.78
5	$1,448.20	$2,726.58	$4,456.52	$6,487.61	$8,819.79	$11,452.98
6	$1,724.50	$3,245.17	$5,267.59	$7,624.54	$10,316.05	$13,342.12
7	$2,000.78	$3,763.74	$6,078.64	$8,761.53	$11,812.35	$15,231.26
8	$2,277.07	$4,282.28	$6,889.64	$9,898.44	$13,308.69	$17,120.43
9	$2,553.32	$4,800.82	$7,700.65	$11,035.40	$14,805.06	$19,009.57
10	$2,829.63	$5,319.40	$8,511.64	$12,172.31	$16,301.35	$20,898.71

WEEKLY SERVICE - FIVE (5) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$403.82	$769.41	$1,385.89	$2,169.59	$3,120.70	$4,238.95
2	$740.74	$1,404.96	$2,370.38	$3,536.43	$4,903.19	$6,470.66
3	$1,077.62	$2,040.57	$3,354.80	$4,903.17	$6,685.73	$8,702.47
4	$1,414.53	$2,676.16	$4,339.26	$6,269.92	$8,468.22	$10,934.21
5	$1,751.50	$3,311.78	$5,323.63	$7,636.69	$10,250.75	$13,165.94
6	$2,088.35	$3,947.34	$6,308.15	$9,003.43	$12,033.30	$15,397.67
7	$2,425.32	$4,582.91	$7,292.57	$10,370.24	$13,815.81	$17,629.41
8	$2,762.20	$5,218.49	$8,277.03	$11,736.96	$15,598.30	$19,861.16
9	$3,099.16	$5,854.12	$9,261.45	$13,103.74	$17,380.88	$22,092.92
10	$3,436.05	$6,489.72	$10,245.91	$14,470.48	$19,163.36	$24,324.65

WEEKLY SERVICE - SIX (6) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$464.42	$886.43	$1,559.34	$2,399.44	$3,406.87	$4,581.59
2	$861.97	$1,639.03	$2,717.15	$3,995.99	$5,475.60	$7,155.88
3	$1,259.54	$2,391.63	$3,875.03	$5,592.58	$7,544.27	$9,730.21
4	$1,657.07	$3,144.22	$5,032.86	$7,189.10	$9,613.02	$12,304.51
5	$2,054.62	$3,896.82	$6,190.71	$8,785.67	$11,681.70	$14,878.84
6	$2,452.15	$4,649.52	$7,348.59	$10,382.24	$13,750.42	$17,453.15
7	$2,849.69	$5,402.09	$8,506.40	$11,978.79	$15,819.16	$20,027.47
8	$3,247.19	$6,154.69	$9,664.29	$13,575.35	$17,887.82	$22,601.79
9	$3,644.75	$6,907.27	$10,822.19	$15,171.92	$19,956.57	$25,176.14
10	$4,042.36	$7,659.89	$11,980.00	$16,768.46	$22,025.25	$27,750.48

CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

Services Offered	Current Monthly Rate	New Monthly Rate
1. 2 CUBIC YARD COMPACTOR		
1X Week	$332.65	$342.05
2X Week	$665.32	$684.12
3X Week	$997.95	$1,026.16
4X Week	$1,330.63	$1,368.24
5X Week	$1,663.28	$1,710.28
2. 3 CUBIC YARD COMPACTOR		
1X Week	$411.04	$422.66
2X Week	$822.06	$845.30
3X Week	$1,233.10	$1,267.94
4X Week	$1,644.16	$1,690.62
5X Week	$2,055.19	$2,113.27
3. 4 CUBIC YARD COMPACTOR		
1X Week	$490.04	$503.89
2X Week	$980.09	$1,007.78
3X Week	$1,470.14	$1,511.68
4X Week	$1,960.19	$2,015.59
5X Week	$2,450.23	$2,519.48

CITY OF LODI
10 TO 50 CUBIC YARD CONTAINERS
RATE STRUCTURE
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

	Current Rates	New Monthly Rate
PERMANENT HIGH FREQUENCY ROLL-OFF RATES		
1. Drop-off and Pick-up Charge Per Box	$197.10	$202.67
2. Tons Disposed/Box X Processing Charge	$44.38	$45.64
ONE-TIME TEMPORARY USER ROLL-OFF RATES		
1. Drop/off/Pick-up Charge Per Box	$250.28	$257.35
2. Tons Disposed/Box X Processing Charge	$44.39	$45.65

CITY OF LODI
10 TO 50 CUBIC YARD ROLL OFF* CONTAINERS
COMPACTOR RATE STRUCTURE
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

	Current Rates	New Rates
TEMPORARY OR PERMANENT COMMERCIAL COMPACTOR RATES		
1. Drop/off/Pick-up Charge Per Box	$342.14	$351.81
2. Tons Disposed/Box X Processing Charge	$44.23	$45.48

* This charge will be applied to loads that are serviced by "Roll Off" vehicles.

* This charge will be applied per load to self contained compaction containers or containers that attach to a charging unit for the purpose of compaction in sizes on or about 10 to 50 cubic yards.

Please immediately confirm receipt of this fax by calling 333-6702

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: **NOTICE OF PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION ADOPTING PRE-APPROVED PROPOSITION 218 CONSUMER PRICE INDEX-BASED ANNUAL ADJUSTMENT TO RATES FOR SOLID WASTE COLLECTION (AS IDENTIFIED ON ATTACHED EXHIBIT A)**

PUBLISH DATE: **SATURDAY, FEBRUARY 8, 2020**

LEGAL AD

TEAR SHEETS WANTED: **One (1) please**

SEND AFFIDAVIT AND BILL TO:
LNS ACCT. #5100152

PAMELA M. FARRIS, ASSISTANT CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, FEBRUARY 6, 2020

ORDERED BY: PAMELA M. FARRIS
ASSISTANT CITY CLERK

PAMELA M. FARRIS
ASSISTANT CITY CLERK

KAYLEE CLAYTON
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

Emailed to the Sentinel at legals@lodinews.com at _____(time) on _____(date) _____(pages)

DECLARATION OF POSTING

NOTICE OF PUBLIC HEARING TO CONSIDER RESOLUTION ADOPTING PRE-APPROVED PROPOSITION 218 CONSUMER PRICE INDEX-BASED ANNUAL ADJUSTMENT TO RATES FOR SOLID WASTE COLLECTION (AS IDENTIFIED ON ATTACHED EXHIBIT A)

On Thursday, February 6, 2020, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider resolution adopting pre-approved Proposition 218 Consumer Price Index-based annual adjustment to rates for solid waste collection (attached and marked as Exhibit A) was posted at the following locations:

Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum
WorkNet Office

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 6, 2020, at Lodi, California.

ORDERED BY:

PAMELA M. FARRIS
ASSISTANT CITY CLERK

Kaylee Clayton

PAMELA M. FARRIS
ASSISTANT CITY CLERK

KAYLEE CLAYTON
ADMINISTRATIVE CLERK

CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING
Date: March 4, 2020
Time: 7:00 p.m.

For information regarding this notice please contact:
Pamela M. Farris
Assistant City Clerk
Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, March 4, 2020**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) Resolution adopting pre-approved Proposition 218 Consumer Price Index-based annual adjustment to rates for solid waste collection (as identified on the attached Exhibit A).

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:

Pamela M. Farris

Pamela M. Farris
Assistant City Clerk

Dated: February 5, 2020

Approved as to form:

Janice D. Magdich
City Attorney

AVISO: Para obtener ayuda interpretativa con esta noticia, por favor llame a la oficina de la Secretaria Municipal, a las (209) 333-6702.

EXHIBIT A

CITY OF LODI
MULTI-CART CURBSIDE REFUSE RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

Services Offered	Current Monthly Rate	New Monthly Rate
1. 35 GALLON REFUSE CART 1X PER WEEK**		
1 Refuse Cart	$28.34	$29.14
2 Refuse Carts	$70.81	$72.82
3 Refuse Carts	$113.31	$116.51
4 Refuse Carts	$155.84	$160.25
2. 64 GALLON REFUSE CART 1X PER WEEK**		
1 Refuse Cart	$42.65	$43.86
2 Refuse Carts	$106.52	$109.53
3 Refuse Carts	$170.40	$175.21
3. 96 GALLON WASTE CART 1X PER WEEK**		
1 Refuse Cart	$92.94	$95.56
2 Refuse Carts	$185.90	$191.15
3 Refuse Carts	$278.84	$286.72
4. DUPLEX AND MULTI-FAMILY, AND MOBILE HOMES		
Monthly rate is reduced one (1) dollar from above base rates	-$1.00	-$1.00
5. LOW VOLUME USER 1X PER WEEK****		
One (1) - 20 Gallon Low Volume Refuse Cart	$19.29	$19.83
7. ADDITIONAL 64 GALLON RECYCLING CARTS		
Second and Third Recycling Cart	$0.00	$0.00
Fourth and Each Additional Cart	$15.30	$15.74
8. ADDITIONAL 96 GALLON YARD AND GARDEN CARTS		
Second and Third Yard and Garden Cart	$0.00	$0.00
Fourth and Each Additional Yard and Garden Cart	$15.30	$15.74
9. BACK YARD SERVICE****		
Monthly service charge	$15.69	$16.14
Qualified Disabled	$0.00	$0.00

Notes:

******Applies to Single Family Dwellings Only**

CITY OF LODI
CONTAINER RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

New Monthly Rates

WEEKLY SERVICE - ONE (1) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$152.33	$283.37	$649.30	$1,171.83	$1,850.92	$2,686.57
2	$242.02	$441.55	$922.86	$1,592.12	$2,449.27	$3,494.29
3	$331.68	$599.63	$1,196.37	$2,012.37	$3,047.56	$4,301.97
4	$421.32	$757.74	$1,469.94	$2,432.64	$3,645.89	$5,109.71
5	$511.04	$915.87	$1,743.48	$2,852.96	$4,244.27	$5,917.33
6	$600.71	$1,073.99	$2,017.00	$3,273.25	$4,842.53	$6,725.04
7	$690.40	$1,232.16	$2,290.56	$3,693.51	$5,440.85	$7,532.73
8	$780.06	$1,390.21	$2,564.14	$4,113.72	$6,039.18	$8,340.44
9	$869.73	$1,548.41	$2,837.67	$4,534.05	$6,637.54	$9,148.12
10	$959.44	$1,706.52	$3,111.18	$4,954.32	$7,235.83	$9,955.76

WEEKLY SERVICE - TWO (2) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$221.97	$418.33	$865.62	$1,480.20	$2,262.10	$3,211.20
2	$376.90	$702.85	$1,329.79	$2,157.53	$3,185.96	$4,415.19
3	$531.90	$987.33	$1,794.05	$2,834.89	$4,109.90	$5,619.16
4	$686.89	$1,271.90	$2,258.23	$3,512.21	$5,033.89	$6,823.15
5	$841.88	$1,556.28	$2,722.40	$4,189.55	$5,957.77	$8,027.11
6	$996.89	$1,840.85	$3,186.52	$4,866.92	$6,881.73	$9,231.12
7	$1,151.91	$2,125.35	$3,650.80	$5,544.22	$7,805.63	$10,435.03
8	$1,306.85	$2,409.87	$4,114.98	$6,221.57	$8,729.57	$11,639.06
9	$1,461.88	$2,694.37	$4,579.17	$6,898.89	$9,652.45	$12,843.01
10	$1,616.86	$2,978.83	$5,043.36	$7,576.22	$10,579.02	$14,047.01

WEEKLY SERVICE - THREE (3) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$282.55	$535.38	$1,039.06	$1,709.98	$2,548.24	$3,553.77
2	$498.17	$936.86	$1,676.64	$2,617.10	$3,758.36	$5,100.34
3	$713.80	$1,338.41	$2,314.25	$3,524.27	$4,968.47	$6,646.87
4	$929.38	$1,739.92	$2,951.85	$4,431.38	$6,178.60	$8,193.44
5	$1,145.03	$2,141.46	$3,589.45	$5,338.58	$7,388.77	$9,740.00
6	$1,360.67	$2,542.93	$4,227.03	$6,245.69	$8,598.83	$11,286.55
7	$1,576.27	$2,943.98	$4,864.62	$7,152.80	$9,808.93	$12,833.13
8	$1,791.90	$3,345.96	$5,502.25	$8,059.93	$11,019.10	$14,379.67
9	$2,007.52	$3,747.53	$6,139.88	$8,967.08	$12,229.20	$15,926.24
10	$2,223.14	$4,149.02	$6,777.45	$9,874.22	$13,439.30	$17,472.74

CITY OF LODI
CONTAINER RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

WEEKLY SERVICE - FOUR (4) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$343.21	$652.37	$1,212.48	$1,939.84	$2,834.47	$3,896.37
2	$619.44	$1,170.91	$2,023.46	$3,076.74	$4,330.77	$5,785.55
3	$895.69	$1,689.50	$2,834.50	$4,213.74	$5,827.08	$7,674.66
4	$1,171.98	$2,208.06	$3,645.53	$5,350.69	$7,323.46	$9,563.78
5	$1,448.20	$2,726.58	$4,456.52	$6,487.61	$8,819.79	$11,452.98
6	$1,724.50	$3,245.17	$5,267.59	$7,624.54	$10,316.05	$13,342.12
7	$2,000.78	$3,763.74	$6,078.64	$8,761.53	$11,812.35	$15,231.26
8	$2,277.07	$4,282.28	$6,889.64	$9,898.44	$13,308.69	$17,120.43
9	$2,553.32	$4,800.82	$7,700.65	$11,035.40	$14,805.06	$19,009.57
10	$2,829.63	$5,319.40	$8,511.64	$12,172.31	$16,301.35	$20,898.71

WEEKLY SERVICE - FIVE (5) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$403.82	$769.41	$1,385.89	$2,169.59	$3,120.70	$4,238.95
2	$740.74	$1,404.96	$2,370.38	$3,536.43	$4,903.19	$6,470.66
3	$1,077.62	$2,040.57	$3,354.80	$4,903.17	$6,685.73	$8,702.47
4	$1,414.53	$2,676.16	$4,339.26	$6,269.92	$8,468.22	$10,934.21
5	$1,751.50	$3,311.78	$5,323.63	$7,636.69	$10,250.75	$13,165.94
6	$2,088.35	$3,947.34	$6,308.15	$9,003.43	$12,033.30	$15,397.67
7	$2,425.32	$4,582.91	$7,292.57	$10,370.24	$13,815.81	$17,629.41
8	$2,762.20	$5,218.49	$8,277.03	$11,736.96	$15,598.30	$19,861.16
9	$3,099.16	$5,854.12	$9,261.45	$13,103.74	$17,380.88	$22,092.92
10	$3,436.05	$6,489.72	$10,245.91	$14,470.48	$19,163.36	$24,324.65

WEEKLY SERVICE - SIX (6) CUBIC YARD CONTAINER

# OF CONTAINERS	1 X WK	2 X WK	3 X WK	4 X WK	5 X WK	6 X WK
1	$464.42	$886.43	$1,559.34	$2,399.44	$3,406.87	$4,581.59
2	$861.97	$1,639.03	$2,717.15	$3,995.99	$5,475.60	$7,155.88
3	$1,259.54	$2,391.63	$3,875.03	$5,592.58	$7,544.27	$9,730.21
4	$1,657.07	$3,144.22	$5,032.86	$7,189.10	$9,613.02	$12,304.51
5	$2,054.62	$3,896.82	$6,190.71	$8,785.67	$11,681.70	$14,878.84
6	$2,452.15	$4,649.52	$7,348.59	$10,382.24	$13,750.42	$17,453.15
7	$2,849.69	$5,402.09	$8,506.40	$11,978.79	$15,819.16	$20,027.47
8	$3,247.19	$6,154.69	$9,664.29	$13,575.35	$17,887.82	$22,601.79
9	$3,644.75	$6,907.27	$10,822.19	$15,171.92	$19,956.57	$25,176.14
10	$4,042.36	$7,659.89	$11,980.00	$16,768.46	$22,025.25	$27,750.48

CITY OF LODI
COMMERCIAL COMPACTOR RATES
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

Services Offered	Current Monthly Rate	New Monthly Rate
1. 2 CUBIC YARD COMPACTOR		
1X Week	$332.65	$342.05
2X Week	$665.32	$684.12
3X Week	$997.95	$1,026.16
4X Week	$1,330.63	$1,368.24
5X Week	$1,663.28	$1,710.28
2. 3 CUBIC YARD COMPACTOR		
1X Week	$411.04	$422.66
2X Week	$822.06	$845.30
3X Week	$1,233.10	$1,267.94
4X Week	$1,644.16	$1,690.62
5X Week	$2,055.19	$2,113.27
3. 4 CUBIC YARD COMPACTOR		
1X Week	$490.04	$503.89
2X Week	$980.09	$1,007.78
3X Week	$1,470.14	$1,511.68
4X Week	$1,960.19	$2,015.59
5X Week	$2,450.23	$2,519.48

CITY OF LODI
10 TO 50 CUBIC YARD CONTAINERS
RATE STRUCTURE
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

	Current Rates	New Monthly Rate
PERMANENT HIGH FREQUENCY ROLL-OFF RATES		
1. Drop-off and Pick-up Charge Per Box	$197.10	$202.67
2. Tons Disposed/Box X Processing Charge	$44.38	$45.64
ONE-TIME TEMPORARY USER ROLL-OFF RATES		
1. Drop/off/Pick-up Charge Per Box	$250.28	$257.35
2. Tons Disposed/Box X Processing Charge	$44.39	$45.65

CITY OF LODI
10 TO 50 CUBIC YARD ROLL OFF* CONTAINERS
COMPACTOR RATE STRUCTURE
EFFECTIVE APRIL 1, 2020 THROUGH MARCH 31, 2021

	Current Rates	New Rates
TEMPORARY OR PERMANENT COMMERCIAL COMPACTOR RATES		
1. Drop/off/Pick-up Charge Per Box	$342.14	$351.81
2. Tons Disposed/Box X Processing Charge	$44.23	$45.48

* This charge will be applied to loads that are serviced by "Roll Off" vehicles.

* This charge will be applied per load to self contained compaction containers or containers that attach to a charging unit for the purpose of compaction in sizes on or about 10 to 50 cubic yards.

AGENDA ITEM H-1

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving Fiscal Year 2019/20 Mid-Year Budget Adjustments

MEETING DATE: March 4, 2020

PREPARED BY: Budget Manager

RECOMMENDED ACTION: Adopt resolution approving the Fiscal Year 2019/20 mid-year budget adjustments.

BACKGROUND INFORMATION: The City Council adopted the Fiscal Year 2019/20 Budget on June 5, 2019. The budget sets the priorities for funding services within the City of Lodi for the fiscal year. With the adopted budget, the Council requires staff to provide a mid-year update on the status of the budget and to make any necessary adjustments at that time.

General Fund Revenues:
General Fund revenues are trending higher than originally budgeted. The adopted budget showed total projected revenues of $59,605,690. The mid-year budget estimates the year end revenue projection to be $61,839,700. The additional $2,234,010 in projected revenues is shown in Table 1. All other categories are trending on budget.

Table 1

Revenue Category	Variance Above Projection	% of Variance
Property Tax	$146,640	1.3%
Sales & Use Tax	$1,775,630	9.8%
Engineering Inpection Fees	$452,190	203.0%
Engineering Fees	$149,800	29.4%
State Mandates SB90	$26,470	52.9%
Late Payment Fees - Utilties	($125,000)	-11.6%
Strike Team Reimbursement	($191,720)	-86.1%
TOTAL GENERAL FUND REVENUE VARIENCE	**2,234,010**	**0.037**

General Fund Expenditures:

The overall General Fund expenses are projected to be $218,536 higher than the adopted budget, primarily due to recent MOU negotiations, which were not budgeted. **Table 2** shows the General Fund expenditure projections compared to budget by department. City Attorney, City Clerk, City Manager, Internal Services and Police are seeing estimates greater than budget due primarily from MOU negotiations and increased personnel costs. Fire is under budget by $183,400, primarily from a reduction

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APPROVED: _____
Stephen Schwabauer, City Manager

in anticipated Strike Team calls for service, which is also reflected in the reduced revenue projection. Non-Departmental, which covers city-wide expenditures, has an estimated budget shortage of $77,560 for electricity needs.

Table 2

Department	2019/20 Revised Budget	2019/20 Estimate	(Over) Under Budget
City Attorney	$577,140	$601,630	($24,490)
City Clerk	$610,930	$630,300	($19,370)
City Manager	$391,260	$405,520	($14,260)
Economic Development	$547,710	$540,210	$7,500
Fire	$14,218,300	$14,034,900	$183,400
Internal Services	$5,149,782	$5,170,000	($20,218)
Non-Departmental	$11,448,620	$11,526,180	($77,560)
Police	$24,184,522	$24,462,260	($277,738)
Public Works	$2,719,280	$2,695,080	$24,200
Total	**$59,847,544**	**$60,066,080**	**($218,536)**

Staff is recommending increased appropriations for those departments listed above that are over budget and maintaining appropriations for those under budget. The total recommended increase in appropriations is $433,636 which is offset by the estimated increases in revenue on Table 1.

Electric Utility

Electric Utility anticipates an increase in revenue of approximately $3,123,200, primarily attributed to an estimated increase in energy sales that have tracked slightly higher than originally estimated in addition to an increase in power supply costs which will be recovered through ECA revenue. The department anticipates a net increase in expenses of approximately $3,066,130, primarily attributed to an increase in power supply costs and additional capital improvement project and system maintenance activities. Unanticipated outages have left NCPA generating facilities operating less and market prices have been trending lower, resulting in less plant revenue. Capital project efforts are increasing as it relates to overhead system maintenance and it is anticipated various contracts will be executed by the end of the fiscal year as it relates to the renovation of Electric Utility's main facilities. Table 3 summarizes the requested changes to current capital projects.

Table 3

Project	2019/20 Revised Budget	Requested change	Revised Project Budget
EUCP-14001Streetlight Ground/Fusing	$56,982	$1,500	$58,482
EUCP-14002 12KV Overhead Maint.	$300,878	$600,000	$900,878
EUCP-14003 230 KV Internconnection	$500,000	($150,000)	$350,000
EUCP-14006 12KV Underground Maint.	$1,102,900	$22,500	$1,125,400
EUCP-15004 Work for Others	$350,000	$420,000	$770,000
EUCP-15008 LED Streetlights	$250,000	($150,000)	$100,000
EUCP-17001 ADA, Ergo, Security Upgrade	$2,066,794	$500,000	$2,566,794
EUCP-18148 McLane Substation Upgrade	$1,853,202	$126,000	$1,979,202
Total	**$6,480,756**	**$1,370,000**	**$7,850,756**

Wastewater Utility
Operating revenues are projected $1,240,730 higher than budgeted, primarily from a projected increase of $939,650 in customer accounts. Wastewater is also expecting to receive a $520,000 state grant for the White Slough Pond project that was delayed last year due to weather. Additionally, developer impact fees are coming in $312,170 lower than budgeted. Expenditures are expected to be $101,856 over budget which represents $48,750 in staff costs and $53,010 for additional electricity needs.

Water Utility
Operating revenues are projected slightly higher than budgeted at $140,132 coming from a net increase in customer accounts of $300,590 and reduction in developer impact fees of $181,740. Expenditures are coming in right at budget with a slight savings of $2,525.

Personnel Adjustments
Staff is recommending the addition of two full time positions and an elimination of one full time position, netting a gain of one.

Electric Utility is requesting the elimination of a vacant Electric Engineer, annual cost of $198,360, and the addition of a Senior Power Engineer, annual cost of $229,720 for an annual net increase of $31,360. The Electric Utility Department currently is authorized for one Senior Power Engineer. With Council's approval, this will bring the number of positions to two. It is anticipated that this position would be filled for the last quarter of the fiscal year for a net cost to the Electric Utility of $7,840. This position would assist the Electric Utility in undertaking a number of efforts to implement various technology solutions as it relates to managing engineering and construction work tasks. The senior level position is needed to ensure the necessary skill set to both implement and oversee these activities. Additionally, the Electric Utility currently contracts for various engineering studies. This position would reduce the need to incur those costs.

Community Development is requesting the addition of one permit technician at an annual cost of $102,790. It is anticipated that this position would be filled for the last quarter of the fiscal year for a cost of $25,700. The department has seen an increase in permit activity of approximately 35% over the past five years. In FY 19, the department entered into a contract with 4Leaf Inc., to provide permit technician services at an estimated annual cost of $125,000. The addition of this position will eliminate the contract resulting in an annual net cost savings of approximately $22,000 to the department for this position. Community Development currently has two authorized permit technicians. With Council's approval, this will bring the number of positions to three. The permit technician provides front line phone and counter assistance; processes building permits; collects fees; provides customer service to the building industry. If approved, the cost can be absorbed in current appropriations.

FISCAL IMPACT: Offsetting revenue and expenses for General Fund departments (City Attorney, City Clerk, City Manager, Internal Services, Non-Departmental and Police) for costs associated with increased staff costs; Offsetting revenue and expense in Electric Utility for power generation, capital improvement projects and additional Senior Power Engineer; offsetting revenues and expenditures in Wastewater Utility for additional staff costs and electricity needs. Additional Permit Technician in Community Development utilizing current appropriations.

Andrew Keys, Deputy City Manager

Exhibit A
Mid-Year Adjustments
FY 2019-20

Account Number	Account Description	Current Budget	Mid-Year Adjustment	Revised Budget
	Mid-Year Ammendments			
100 - General Fund				
Revenue Adjustment				
10095000.51001	Property Tax	$ 10,903,360	$ 11,050,000	$ 146,640
10095000.51031	Sales & Use Tax	$ 12,922,370	$ 13,600,000	$ 677,630
10300000.51031	Sales & Use Tax	$ 5,200,000	$ 6,298,000	$ 1,098,000
10050500.57402	Engineering Insp Fees	$ 222,810	$ 675,000	$ 452,190
10050500.57500	Engineering Fees	$ 509,660	$ 659,460	$ 149,800
10095000.56502	State Mandates SB90	$ 50,000	$ 76,470	$ 26,470
10041100.57107	Strike Team	$ 222,750	$ 31,030	$ (191,720)
10095000.53207	Late Payments - Utilites	$ 1,075,000	$ 950,000	$ (125,000)
Total Revenue Adjustments		$ 31,105,950	$ 33,339,960	$ 2,234,010
Expense Adjustment				
10015000.71001	Personnel	$ 295,700	$ 320,190	$ 24,490
10005000.71001	Personnel	$ 213,170	$ 232,540	$ 19,370
10010000.71001	Personnel	$ 537,080	$ 551,340	$ 14,260
10020203.71001	Personnel	$ 518,030	$ 538,248	$ 20,218
100320000.71001	Personnel	$ 6,221,630	$ 6,499,368	$ 277,738
10095000.72211	Electricity	$ 720,000	$ 797,560	$ 77,560
Total Expense Adjustments		$ 8,505,610	$ 8,939,246	$ 433,636
500 -508 Electric Utility				
Revenue Adjustment				
50000000.58801	EA Energy cost Adj	$ 1,297,890	$ 2,124,890	$ 827,000
50000000.58803	ED Energy Cost Adj	$ 189,020	$ 284,090	$ 95,070
50000000.58805	EM Energy Cost Adj	$ 26,130	$ 36,230	$ 10,100
50000000.58807	G1 Energy Cost Adj	$ 410,170	$ 679,920	$ 269,750
50000000.58809	G2 Energy Cost Adj	$ 1,031,000	$ 1,724,040	$ 693,040
50000000.58811	G3 Energy Cost Adj	$ 214,420	$ 320,790	$ 106,370
50000000.58813	G4 Energy Cost Adj	$ 233,290	$ 404,930	$ 171,640
50000000.58815	G5 Energy Cost Adj	$ 155,500	$ 287,520	$ 132,020
50000000.58817	I1 Energy Cost Adj	$ 449,350	$ 681,000	$ 231,650
50000000.58823	ES energy Cost Adj	$ 99,390	$ 171,440	$ 72,050
50000000.58808	Large Commercial-G2	$ 16,076,300	$ 16,461,450	$ 385,150
50800000.59541	Greenhouse Gas	$ 2,386,850	$ 2,516,210	$ 129,360
Total Revenue Adjustments		$ 22,569,310	$ 25,692,510	$ 3,123,200
Expense Adjustment				
50061500.71001	Personnel	$ 771,480	$ 779,320	$ 7,840
50061400.71188	Personnel	$ (710,000)	$ (1,269,000)	$ (559,000)
50060500.72901	Generation	$ 26,543,980	$ 27,893,810	$ 1,349,830
50060500.72902	Transmission	$ 9,635,250	$ 10,540,550	$ 905,300
50199000.77020	EUCP-14001	$ 56,982	$ 58,482	$ 1,500
50199000.77020	EUCP-14002	$ 300,878	$ 900,878	$ 600,000
50199000.77020	EUCP-14003	$ 500,000	$ 350,000	$ (150,000)
50199000.77020	EUCP-14006	$ 1,102,900	$ 1,125,400	$ 22,500
50199000.77020	EUCP-15004	$ 350,000	$ 770,000	$ 420,000
50199000.77020	EUCP-15008	$ 250,000	$ 100,000	$ (150,000)
50199000.77020	EUCP-17001	$ 2,066,794	$ 2,566,794	$ 500,000
50199000.77020	EUCP-18148	$ 1,853,202	$ 1,979,202	$ 126,000
Total Expense Adjustments		$ 42,721,466	$ 45,795,436	$ 3,073,970

Exhibit A
Mid-Year Adjustments
FY 2019-20

Account Number	Account Description	Current Budget	Mid-Year Adjustment	Revised Budget
530-533 Wastewater Utility				
Revenue Adjustment				
53000000.58891	Customer Accounts	15,238,450.00	$ 16,178,100	$ 939,650
53100000.56421	State Special Grants	$ -	$ 520,000	$ 520,000
53300000.57501	Development Impact Fees	$ 1,130,030	$ 931,930	$ (218,920)
Total Revenue Adjustments		$ 16,368,480	$ 17,630,030	$ 1,240,730
Expense Adjustment				
53053003.71001	Personnel	750,340	799,190	$ 48,850
53053003.72211	Electricity	$ 640,000	$ 693,010	$ 53,010
		$ 1,390,340	$ 1,492,200	$ 101,860

RESOLUTION NO. 2020- ____

A RESOLUTION OF THE LODI CITY COUNCIL
AMENDING THE CITY OF LODI FISCAL YEAR 2019-20 BUDGET,
AND APPROVING THE ELIMINATION OF ONE ELECTRICAL
ENGINEER, THE ADDITION OF ONE SENIOR POWER ENGINEER,
AND THE ADDITION OF ONE PERMIT TECHNICIAN

==========

WHEREAS, the City Council adopted the Fiscal Year 2019-20 Budget on June 5, 2019; and

WHEREAS, the 2019/20 Financial Plan and Budget was prepared in accordance with the City Council's goals, budget assumptions, and policies; and

WHEREAS, the budget Resolution requires a mid-year update which was presented to City Council at its regularly-scheduled meeting on March 4, 2020; and

WHEREAS, revisions to the budget are necessary to address circumstances unknown at the time of the budget adoption.

NOW, THEREFORE BE IT RESOLVED that the Lodi City Council does hereby approve the following:

1) All budget amendments to Fiscal Year 2019-20 Budget as outlined on Exhibit A; and
2) The elimination of one Electrical Engineer position in the Electric Utility Department; and
3) The addition of one Senior Power Engineer position in the Electric Utility Department; and
4) The addition of one Permit Technician in the Community Development Department.

Dated: March 4, 2020
==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

Exhibit A
Mid-Year Adjustments
FY 2019-20

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	Mid-Year Ammendments			
100 - General Fund				
Revenue Adjustment				
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10095000.51031	Sales & Use Tax	$ 12,922,370	$ 13,600,000	$ 677,630
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10050500.57500	Engineering Fees	$ 509,660	$ 659,460	$ 149,800
10095000.56502	State Mandates SB90	$ 50,000	$ 76,470	$ 26,470
10041100.57107	Strike Team	$ 222,750	$ 31,030	$ (191,720)
10095000.53207	Late Payments - Utilites	$ 1,075,000	$ 950,000	$ (125,000)
Total Revenue Adjustments		$ 31,105,950	$ 33,339,960	$ 2,234,010
Expense Adjustment				
10015000.71001	Personnel	$ 295,700	$ 320,190	$ 24,490
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Revenue Adjustment				
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50000000.58823	ES energy Cost Adj	$ 99,390	$ 171,440	$ 72,050
50000000.58808	Large Commercial-G2	$ 16,076,300	$ 16,461,450	$ 385,150
50800000.59541	Greenhouse Gas	$ 2,386,850	$ 2,516,210	$ 129,360
Total Revenue Adjustments		$ 22,569,310	$ 25,692,510	$ 3,123,200
Expense Adjustment				
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50061400.71188	Personnel	$ (710,000)	$ (1,269,000)	$ (559,000)
50060500.72901	Generation	$ 26,543,980	$ 27,893,810	$ 1,349,830
50060500.72902	Transmission	$ 9,635,250	$ 10,540,550	$ 905,300
50199000.77020	EUCP-14001	$ 56,982	$ 58,482	$ 1,500
50199000.77020	EUCP-14002	$ 300,878	$ 900,878	$ 600,000
50199000.77020	EUCP-14003	$ 500,000	$ 350,000	$ (150,000)
50199000.77020	EUCP-14006	$ 1,102,900	$ 1,125,400	$ 22,500
50199000.77020	EUCP-15004	$ 350,000	$ 770,000	$ 420,000
50199000.77020	EUCP-15008	$ 250,000	$ 100,000	$ (150,000)
50199000.77020	EUCP-17001	$ 2,066,794	$ 2,566,794	$ 500,000
50199000.77020	EUCP-18148	$ 1,853,202	$ 1,979,202	$ 126,000
Total Expense Adjustments		$ 42,721,466	$ 45,795,436	$ 3,073,970

Exhibit A
Mid-Year Adjustments
FY 2019-20

Account Number	Account Description	Current Budget	Mid-Year Adjustment	Revised Budget
530-533 Wastewater Utility				
Revenue Adjustment				
53000000.58891	Customer Accounts	15,238,450.00	$ 16,178,100	$ 939,650
53100000.56421	State Special Grants	$ -	$ 520,000	$ 520,000
53300000.57501	Development Impact Fees	$ 1,130,030	$ 931,930	$ (218,920)
Total Revenue Adjustments		$ 16,368,480	$ 17,630,030	$ 1,240,730
Expense Adjustment				
53053003.71001	Personnel	750,340	799,190	$ 48,850
53053003.72211	Electricity	$ 640,000	$ 693,010	$ 53,010
		$ 1,390,340	$ 1,492,200	$ 101,860

AGENDA ITEM H-02

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolutions and Authorize Documents and Actions Regarding the Refunding of a Series of Water Revenue Bonds that was Originally Issued In 2010

(a) Adopt A Resolution of the City Council Authorizing Documents and Official Actions Relating to the Refinancing of an Outstanding Installment Payment Obligation for Water System Improvements and the Issuance by the Lodi Public Financing Authority of Refunding Water Revenue Bonds; and

(b) Adopt A Resolution of the Board of Directors of the Lodi Public Financing Authority Authorizing the Issuance and Sale of Refunding Water Revenue Bonds to Refinance the Construction of Water System Improvements, and Approving Related Documents and Official Actions

MEETING DATE: March 4, 2020

PREPARED BY: Deputy City Manager and City Attorney

RECOMMENDED ACTION: Adopt resolutions of the City Council and the Lodi Public Financing Authority (the "PFA") approving the refinancing of an outstanding City installment payment obligation related to a series of outstanding water revenue bonds and the issuance and sale of refunding water revenue bonds (the "Refunding Bonds") in an amount not to exceed $31 million in order to secure market interest savings.

BACKGROUND INFORMATION: The PFA previously issued two series of bonds (the "2010 Bonds") that are payable from installment payments made by the City from net revenues of the City's water enterprise (the "Water System") as follows: (a) $9,015,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series A (the "2010A Bonds"); and (b) $29,650,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds – Direct Payment) (the "2010B Bonds").

Favorable market conditions have reduced prevailing interest rates and made it attractive for the City to refinance its 2010 installment payment obligation and to cause a refunding of the 2010B Bonds by the issuance and sale by the PFA of refunding water revenue bonds. Under current market conditions, staff does not recommend that the City refund the 2010A Bonds. The 2010B Bonds can be redeemed (or prepaid) on June 1, 2020, without premium. The refunding is structured solely to capture interest rate savings for Lodi's ratepayers. It does not extend the repayment term or add new debt.

SUMMARY OF DOCUMENTS: In order to complete the refinancing, the City and the PFA are required to approve and execute the legal documents summarized below.

Resolutions: The resolutions of the City and the PFA approve the issuance of the proposed Refunding Bonds, the execution of the proposed legal documents, and the distribution of the Official Statement to investors. The documents are in near-final form, and the resolutions authorize certain officers of the City and the PFA to finalize the documents. The resolutions specify the maximum principal amount of the

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APPROVED: _____
Stephen Schwabauer, City Manager

Refunding Bonds ($31 million) and the minimum net present value savings (3%) that issuance of the Refunding Bonds must achieve.

In order to comply with California law, the resolutions also include the following information, which represents a good faith estimate by the City's municipal advisor, Fieldman, Rolapp & Associates ("Municipal Advisor"):

(a) the true interest cost of the Refunding Bonds;

(b) the finance charge of the Refunding Bonds, which means the sum of all fees and charges paid to third parties;

(c) the amount of proceeds received by the PFA for sale of the Refunding Bonds, less the finance charge of the Refunding Bonds, and any reserves or capitalized interest paid or funded with proceeds of the Refunding Bonds; and

(d) the total of all payments that the PFA will make to pay debt service on the Refunding Bonds, plus the finance charge of the Refunding Bonds not paid with the proceeds of the Refunding Bonds.

Installment Sale Agreement: The Refunding Bonds will be payable from installment payments made by the City to the PFA under an Installment Sale Agreement. The scheduled installment payments will be equal in amount to debt service on the Refunding Bonds. The PFA assigns its right to receive these installment payments to the trustee for the Refunding Bonds pursuant to the Indenture of Trust described below.

The Installment Sale Agreement documents the key financial obligations of the Water System, which are consistent with existing obligations of the Water System under the legal documents for the 2010 Bonds, including the following:

- the source of payment for the City's installment payments: the City is only obligated to use net revenues of the Water System to make the installment payments (the City is not obligated to make the installment payments from any other City funds);
- the uses of the Water System's gross revenues: briefly, gross revenues are first used to pay operation and maintenance expenses of the Water System and then to pay the installment payments and any future Water System debt;
- the promise of the City to charge sufficient rates to Water System customers to pay operation and maintenance expenses, the installment payments, and any future debt with a sufficient coverage cushion (the "rate covenant"); and
- the terms under which additional Water System debt can be issued to finance additional capital improvements to the Water System.

The installment payments under the Installment Sale Agreement related to the Refunding Bonds will be payable from net revenues of the Water System on a parity basis with the installment payments related to the 2010A Bonds, which are not being refinanced.

Indenture of Trust: The Indenture of Trust is the legal document between the PFA and a corporate bank as trustee for the bond owners (in this case, MUFG Union Bank, N.A.). The Indenture of Trust lays out the terms of the Refunding Bonds, including:

- the payment dates and maturities of the Refunding Bonds;

- the pledge of revenues (comprised only of the installment payments made by the City) to the Refunding Bonds;
- the default and remedy provisions (in the event the City failed to make the installment payments under the Installment Sale Agreement); and
- redemption and defeasance provisions, in the event that interest rates allow the City to refinance these bonds in the future.

In general, the PFA is a conduit for the installment payments paid by the City to the bond owners. The PFA has no obligation to pay debt service on the Refunding Bonds from any source of funds other than the installment payments made by the City. The source of funds for the installment payments is the Water System net revenues (i.e., Water System gross revenues remaining after payment of Water System operations and maintenance expenses).

Official Statement: The Preliminary Official Statement, approved and signed by the City and PFA, most importantly describes the following:

(a) the term of the Refunding Bonds ("THE 2020 BONDS");

(b) the security for the Refunding Bonds ("SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS");

(c) the refinancing plan;

(d) the City's water system ("THE WATER SYSTEM"), which is the source of repayment for the Refunding Bonds;

(e) potential risks to prospective investors ("RISK FACTORS");

(f) tax status of interest on the Refunding Bonds ("TAX MATTERS"); and

(g) economic and demographic characteristics of the City (Appendix A).

The Preliminary Official Statement (often referred to as the "POS") is distributed by the underwriter in this case, (Piper Sandler & Co.) to prospective investors prior to the bond sale so that investors can make informed purchase decisions. The POS is the equivalent of a prospectus in the private sector. The Final Official Statement is sent to purchasers after the terms of the sale are finalized.

The distribution of a POS is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the POS to include all facts that would be material to an investor considering a purchase of the Refunding Bonds. Material information is information that there is a substantial likelihood that a reasonable investor would consider important in deciding whether to buy or sell bonds. Materiality is determined in the context of all facts and circumstances.

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the City and the PFA's compliance with the federal securities laws, has issued guidance as to the duties of the City Council and the PFA's Board of Directors with respect to their approval of the POS. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 36761 / January 24, 1996) (the "Release"), the SEC stated that,

if a member of the City Council/Board of Directors has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Refunding Bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the POS. In the Release, the SEC stated that the steps that a member of the City Council/Board of Directors could take include becoming familiar with the POS and questioning staff and consultants about the disclosure of such facts.

Continuing Disclosure Certificate: The Continuing Disclosure Certificate, attached as an appendix to the Official Statement, obligates the City to provide updated information to the bond markets on an ongoing basis. Disclosure is required annually, and on an exceptional basis for certain enumerated events.

Bond Purchase Agreement: The Bond Purchase Agreement is executed among the City, the PFA and Piper Sandler & Co. (the "Underwriter") on the day of the bond sale. It specifies the actual principal amounts, interest rates, and prices at which the Refunding Bonds will be sold. Under the Bond Purchase Agreement, the Underwriter commits to purchase the Refunding Bonds at closing and the PFA commits to sell the Refunding Bonds at the agreed upon prices and amounts subject to certain closing conditions. Closing conditions include delivery of the legal documents described above and closing certificates and opinions, and the absence of material changes in the City's Water System and financial condition.

Escrow Deposit and Trust Agreement: The Escrow Deposit and Trust Agreement is the agreement between the City and the trustee (The Bank of New York Mellon Trust Company, N.A.) for the 2010B Bonds that documents the deposit, investment, and application of funds (including proceeds of the Refunding Bonds) to redeem (or prepay) the 2010B Bonds on June 1, 2020.

FISCAL IMPACT: The estimated net present value savings for this refinancing (i.e., after deducting the costs of the refinancing) is approximately $6.2 million for the Water System (approximately 21% of the outstanding principal amount of the 2010B Bonds).

FUNDING AVAILABLE: The City expects the net revenues of the Water System to be sufficient to pay the proposed installment payments; as a result of the savings generated by the refunding of the 2010B Bonds, the installment payments will be lower in future years than they would have been if the 2010B Bonds remained outstanding.

Andrew Keys Deputy City Manager	Janice D. Magdich City Attorney

Attachments:
- City Council Resolution and Exhibit
- Lodi Public Financing Authority Resolution and Exhibit
- Draft Indenture of Trust
- Draft Preliminary Official Statement (incl. Continuing Disclosure Certificate)
- Draft Installment Sale Agreement
- Draft Escrow Deposit and Trust Agreement
- Draft Bond Purchase Agreement
- Draft Opinion of Bond Council (Jones Hall)

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING DOCUMENTS AND OFFICIAL ACTIONS RELATING TO THE REFINANCING OF AN OUTSTANDING INSTALLMENT PAYMENT OBLIGATION FOR WATER SYSTEM IMPROVEMENTS AND THE ISSUANCE BY THE LODI PUBLIC FINANCING AUTHORITY OF REFUNDING WATER REVENUE BONDS

==========

WHEREAS, the City of Lodi (the "City") owns and operates facilities and property for the supply, treatment, and distribution of water within the service area of the City (the "Water System"); and

WHEREAS, the Lodi Public Financing Authority (the "Authority") is a joint exercise of powers authority that was established by the City and the Industrial Development Authority of the City of Lodi pursuant to a Joint Exercise of Powers Agreement, dated as of July 1, 2010; the Authority was formed for the purpose of assisting the City in the financing of public capital improvements; and

WHEREAS, in order to provide funds to finance the acquisition and construction of improvements to the Water System (the "2010 Water Projects"), the City previously caused the Authority to issue the following bonds (collectively, the "2010 Bonds") pursuant to an Indenture of Trust, dated as of October 1, 2010 (the "2010 Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2010 Trustee"):

(i) $9,015,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series A ("2010A Bonds"), and

(ii) $29,650,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds – Direct Payment) ("2010B Bonds"); and

WHEREAS, the 2010 Bonds are payable from installment payments (the "2010 Installment Payments") made by the City to the Authority under an Installment Sale Agreement dated as of October 1, 2010 (the "2010 Installment Sale Agreement"), under which the Authority acquired, constructed and improved the 2010 Water Projects and sold the completed 2010 Water Projects to the City in consideration of the agreement by the City to pay the 2010 Installment Payments; and

WHEREAS, under current municipal bond market conditions, it is possible for the City to refinance on a tax-exempt basis the portion of the 2010 Installment Payments attributable to the 2010B Bonds (the "2010B Installment Payments") for the purpose of achieving savings for the benefit of the customers of the Water System, and to cause a redemption of the 2010B Bonds on June 1, 2020; and

WHEREAS, the City does not expect to refinance the portion of the 2010 Installment Payments attributable to the 2010A Bonds (the "2010A Installment Payments") or to cause a redemption of the 2010A Bonds; and

WHEREAS, in order to provide funds to refinance the 2010B Installment Payments and cause a redemption of the 2010B Bonds, the City wishes to ask the Authority to issue its 2020 Refunding Water Revenue Bonds, Series A (the "Refunding Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to provide revenues which are sufficient to pay debt service on the Refunding Bonds, the City proposes to enter into an installment sale agreement (the "Refunding Installment Sale Agreement") with the Authority and to pay installment payments (the "Refunding Installment Payments") in an amount sufficient to pay debt service on the Refunding Bonds; and

WHEREAS, the Refunding Installment Payments will be secured by a pledge of and lien on the net revenues of the Water System, on a parity with the pledge of and lien on the net revenues securing the City's obligation under the 2010 Installment Sale Agreement to make the 2010A Installment Payments; and

WHEREAS, there has also been submitted to the City Council a form of Preliminary Official Statement in connection with the marketing of the Refunding Bonds and the City Council, with the aid of its staff, has reviewed the Preliminary Official Statement; and

WHEREAS, in accordance with Government Code Section 5852.1, the City Council has obtained and wishes to disclose the information set forth in Exhibit A hereto; and

WHEREAS, the City Council wishes at this time to take action approving the proposed refinancing transactions and all related documents and actions;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Approval of Refinancing Plan; Authorization of Refunding Bonds. The City Council hereby approves the refinancing plan described in the recitals of this Resolution. To that end, the City Council hereby approves the issuance of the Refunding Bonds by the Authority under the Bond Law in the aggregate principal amount of not to exceed $31,000,000.

Section 2. Approval of Refunding Installment Sale Agreement. The City Council hereby approves the Refunding Installment Sale Agreement between the Authority and the City.

The Refunding Installment Sale Agreement is hereby approved in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the Mayor, the City Manager, the Deputy City Manager or the City Attorney (each, an "Authorized Officer"). An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Refunding Installment Sale Agreement, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 3. Sale of Refunding Bonds; Approval of Bond Purchase Agreement. The City Council hereby approves the negotiated sale of the Refunding Bonds by the Authority to Piper Sandler Companies (the "Underwriter"). The Refunding Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer. The Refunding Bonds shall be sold at such price and shall bear interest at such rates as shall produce a minimum net present value savings to the City of at least 3% of the principal component of the 2010B Installment Payments, as such savings shall be verified and conclusively determined by the City's municipal advisor (the "Minimum Savings Requirement"). The Underwriter's discount shall not exceed 0.3%. The final form of the Bond Purchase Agreement shall be executed in the name and on behalf of the City by an Authorized Officer.

Section 4. Official Statement. The City Council hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Refunding Bonds in the form on file with the City Clerk, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the final Official Statement for and in the name and on behalf of the City. The City Council hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

Section 5. Approval of Escrow Deposit and Trust Agreement. The City Council hereby approves an Escrow Deposit and Trust Agreement between the City and the 2010 Trustee, as escrow bank, providing for the deposit, investment and application of funds to refinance the 2010B Installment Payments and defease and redeem the 2010B Bonds. The Escrow Deposit and Trust Agreement is hereby approved in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Escrow Deposit and Trust Agreement, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 6. Continuing Disclosure Certificate. The City Council hereby approves execution by an Authorized Officer of a Continuing Disclosure Certificate in substantially the form attached as an appendix to the Preliminary Official Statement.

Section 7. Approval of Professional Services. The City Council hereby appoints the firm of Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel to the City in connection with the issuance of the Refunding Bonds, and an Authorized Officer is authorized to execute an agreement with said firm in substantially the form of the agreement on file with the City Clerk.

The City Council hereby appoints the firm of Fieldman, Rolapp & Associates, Inc. as municipal advisor to the City in connection with the issuance of the Refunding Bonds,

and an Authorized Officer is authorized to execute an agreement with said firm in substantially the form of the agreement on file with the City Clerk.

Section 8. Official Actions. The Authorized Officers and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including any documentation relating to municipal bond insurance if an Authorized Officer concludes, after consultation with the City's bond counsel, the City's municipal advisor and the Underwriter, that it would be cost-effective to purchase such insurance. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer is absent or unavailable.

Section 9. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

Dated: March 4, 2020
==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a regular/special joint meeting held on March 4, 2020 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

2020-____

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's municipal advisor, which has been represented by such party to have been provided in good faith:

(A) True Interest Cost of the Refunding Bonds: 2.36%.

(B) Finance Charge of the Refunding Bonds (Sum of all fees paid to third parties): $258,337.

(C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any): $28,291,138.

(D) Total Payment Amount Through Maturity: $36,455,360.

The foregoing estimates constitute good faith estimates only based on a refinancing of the 2010B Installment Payments and the 2010B Bonds. The principal amount of the Refunding Bonds, the true interest cost of the Refunding Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Refunding Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Refunding Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Refunding Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Refunding Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan (including a refinancing of the 2010A Installment Payments and redemption of the 2010A Bonds), or a combination of such factors. The actual date of sale of the Refunding Bonds and the actual principal amount of Refunding Bonds sold will be determined by the City based on the timing of the need for proceeds of the Refunding Bonds and other factors. The actual interest rates borne by the Refunding Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Refunding Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

RESOLUTION NO. LPFA2020-____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LODI PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF REFUNDING WATER REVENUE BONDS TO REFINANCE THE CONSTRUCTION OF WATER SYSTEM IMPROVEMENTS, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

==========

WHEREAS, the City of Lodi (the "City") owns and operates facilities and property for the supply, treatment, and distribution of water within the service area of the City (the "Water System"); and

WHEREAS, the Lodi Public Financing Authority (the "Authority") is a joint exercise of powers authority that was established by the City and the Industrial Development Authority of the City of Lodi pursuant to a Joint Exercise of Powers Agreement, dated as of July 1, 2010; the Authority was formed for the purpose of assisting the City in the financing of public capital improvements; and

WHEREAS, in order to provide funds to finance the acquisition and construction of improvements to the Water System (the "2010 Water Projects"), the City previously caused the Authority to issue the following bonds (collectively, the "2010 Bonds") pursuant to an Indenture of Trust, dated as of October 1, 2010 (the "2010 Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "2010 Trustee"):

(i) $9,015,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series A ("2010A Bonds"), and

(ii) $29,650,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds – Direct Payment) ("2010B Bonds"); and

WHEREAS, the 2010 Bonds are payable from installment payments (the "2010 Installment Payments") made by the City to the Authority under an Installment Sale Agreement dated as of October 1, 2010 (the "2010 Installment Sale Agreement"), under which the Authority acquired, constructed and improved the 2010 Water Projects and sold the completed 2010 Water Projects to the City in consideration of the agreement by the City to pay the 2010 Installment Payments; and

WHEREAS, under current municipal bond market conditions, it is possible for the City to refinance on a tax-exempt basis the portion of the 2010 Installment Payments attributable to the 2010B Bonds (the "2010B Installment Payments") for the purpose of achieving savings for the benefit of the customers of the Water System, and to cause a redemption of the 2010B Bonds on June 1, 2020; and

WHEREAS, the City does not expect to refinance the portion of the 2010 Installment Payments attributable to the 2010A Bonds (the "2010A Installment Payments") or to cause a redemption of the 2010A Bonds; and

WHEREAS, in order to provide funds to refinance the 2010B Installment Payments and cause a redemption of the 2010B Bonds, the City has asked the Authority to issue its 2020 Refunding Water Revenue Bonds, Series A (the "Refunding Bonds") under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "Bond Law"); and

WHEREAS, in order to provide revenues which are sufficient to pay debt service on the Refunding Bonds, the City proposes to enter into an installment sale agreement (the "Refunding Installment Sale Agreement") with the Authority and to pay installment payments (the "Refunding Installment Payments") in an amount sufficient to pay debt service on the Refunding Bonds; and

WHEREAS, the Refunding Installment Payments will be secured by a pledge of and lien on the net revenues of the Water System, on a parity with the pledge of and lien on the net revenues securing the City's obligation under the 2010 Installment Sale Agreement to make the 2010A Installment Payments; and

WHEREAS, there has also been submitted to the Board of Directors a form of Preliminary Official Statement in connection with the marketing of the Refunding Bonds and the Board of Directors, with the aid of its staff, has reviewed the Preliminary Official Statement; and

WHEREAS, in accordance with Government Code Section 5852.1, the Board of Directors has obtained and wishes to disclose the information set forth in Exhibit A hereto; and

WHEREAS, the Board of Directors wishes at this time to take action approving the proposed refinancing and all related documents and actions;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lodi Public Financing Authority as follows:

Section 1. Approval of Refinancing Plan; Authorization of Bonds. The Board of Directors hereby approves the refinancing plan described in the recitals of this Resolution. To that end, the Board of Directors hereby authorizes the issuance of the Refunding Bonds under the Bond Law in the aggregate principal amount of not to exceed $31,000,000.

Section 2. Approval of Related Financing Agreements. The Board of Directors hereby approves each of the following agreements required to implement the refinancing plan to be accomplished by the Refunding Bonds, in substantially the respective forms on file with the Secretary together with any changes therein or additions thereto deemed advisable by the Executive Director or the Treasurer (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of any such changes or additions.

(a) Indenture of Trust between the Authority and MUFG Union Bank, N.A., as trustee, prescribing the terms and conditions upon which the Refunding Bonds will be issued.

(b) Installment Sale Agreement between the Authority and the City, under which the City will pay the Refunding Installment Payments to the Authority.

(c) Bond Purchase Agreement among the Authority, the City and Piper Sandler Companies, as underwriter (the "Underwriter"), under which the Underwriter agrees to purchase the Refunding Bonds from the Authority.

An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest the final form of each of the foregoing agreements, and such execution shall be conclusive evidence of the approval of the final form thereof.

Section 3. Sale of Refunding Bonds. The Board of Directors hereby approves the negotiated sale of the Refunding Bonds to the Underwriter. The Refunding Bonds shall be sold upon the terms and conditions set forth in the Bond Purchase Agreement which is approved under Section 2. The Board of Directors hereby delegates to an Authorized Officer the authority to accept an offer from the Underwriter to purchase the Refunding Bonds, provided that the Refunding Bonds shall be sold at such price and shall bear interest at such rates as shall produce a minimum net present value savings to the City of at least 3% of the principal component of the 2010B Installment Payments, as such savings shall be verified and conclusively determined by the City's municipal advisor (the "Minimum Savings Requirement"). The maximum amount of Underwriter's discount on the sale of the Refunding Bonds shall not exceed 0.3% of the par amount of the Refunding Bonds. The final form of the Bond Purchase Agreement shall be executed in the name and on behalf of the Authority by an Authorized Officer.

Section 4. Official Statement. The Board of Directors hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the Preliminary Official Statement describing the Refunding Bonds in the form on file with the Secretary, together with such modifications thereof as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be nearly final as of its date within the meaning of such Rule, (b) approve any changes in or additions to cause the Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of the Authority. The Board of Directors hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement by the Underwriter.

Section 5. Official Actions. The Authorized Officers and all other officers of the Authority are each authorized and directed, acting alone, in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements (including an escrow deposit and trust agreement), notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including any documentation relating to municipal bond insurance if an Authorized Officer concludes, after consultation with the Authority's bond counsel, the Authority's financial advisor and the Underwriter, that it would be cost-effective to purchase such insurance. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on

behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 6. Effective Date. This Resolution shall take effect immediately upon its passage and adoption.

Dated: March 4, 2020
==========

I hereby certify that Resolution No. LPFA2020-____ was passed and adopted by the Board of Directors of the Lodi Public Financing Authority in a regular/special joint meeting held on March 4, 2020 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the City's municipal advisor, which has been represented by such party to have been provided in good faith:

(A) True Interest Cost of the Refunding Bonds: 2.36%.

(B) Finance Charge of the Refunding Bonds (Sum of all fees paid to third parties): $258,337.

(C) Net Proceeds to be Received (net of finance charges, reserves and capitalized interest, if any): $28,291,138.

(D) Total Payment Amount Through Maturity: $36,455,360.

The foregoing estimates constitute good faith estimates only based on a refinancing of the 2010B Installment Payments and the 2010B Bonds. The principal amount of the Refunding Bonds, the true interest cost of the Refunding Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Refunding Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Refunding Bonds sold being different from the estimated amount used for purposes of such estimates, (c) the actual amortization of the Refunding Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Refunding Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the City's financing plan (including a refinancing of the 2010A Installment Payments and redemption of the 2010A Bonds), or a combination of such factors. The actual date of sale of the Refunding Bonds and the actual principal amount of Refunding Bonds sold will be determined by the City based on the timing of the need for proceeds of the Refunding Bonds and other factors. The actual interest rates borne by the Refunding Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Refunding Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Authority.

INDENTURE OF TRUST

Dated as of April 1, 2020

between

MUFG UNION BANK, N.A.,
as Trustee

and the

LODI PUBLIC FINANCING AUTHORITY

Authorizing the Issuance of

$_____
Lodi Public Financing Authority
2020 Refunding Water Revenue Bonds,
Series A

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APPENDIX B FORM OF BOND

INDENTURE OF TRUST

This INDENTURE OF TRUST (this "**Indenture**"), dated for convenience as of April 1, 2020, is between the LODI PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the "**Authority**"), and MUFG UNION BANK, N.A., a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, being qualified to accept and administer the trusts hereby created (the "**Trustee**").

BACKGROUND:

1. The City owns and operates facilities and property for the supply, treatment and distribution of water within the service area of the City (the "**Water System**").

2. The Authority is a joint exercise of powers authority that was established by the City and the Industrial Development Authority of the City of Lodi pursuant to a Joint Exercise of Powers Agreement, dated as of July 1, 2010. The Authority was formed for the purpose of assisting the City in the financing of public capital improvements.

3. In order to provide funds to finance the acquisition and construction of improvements to the Water System (the "**2010 Water Projects**"), the City previously caused the Authority to issue the following bonds (collectively, the "**2010 Bonds**") pursuant to an Indenture of Trust, dated as of October 1, 2010 (the "**2010 Indenture**"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**2010 Trustee**"):

(i) $9,015,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series A ("**2010A Bonds**") and

(ii) $29,650,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds – Direct Payment) ("**2010B Bonds**").

4. The 2010 Bonds are payable from installment payments (the "**2010 Installment Payments**") made by the City to the Authority under an Installment Sale Agreement dated as of October 1, 2010 (the "**2010 Installment Sale Agreement**"), under which the Authority acquired, constructed and improved the 2010 Water Projects and sold the completed 2010 Water Projects to the City in consideration of the agreement by the City to pay the 2010 Installment Payments.

5. Pursuant to Section 7.2 of the 2010 Installment Sale Agreement, the City has the right to prepay all or a portion of the 2010 Installment Payments on any date on or after the Installment Payment Date (as defined in the 2010 Installment Sale Agreement) relating to the June 1, 2020 Interest Payment Date (as defined in the 2010 Installment Sale Agreement) on the 2010 Bonds.

6. Pursuant to Section 7.1 of the 2010 Installment Sale Agreement, the City may secure the payment of the 2010 Installment Payments, in whole or in part, by irrevocably

depositing with the Trustee an amount of cash which, invested in whole or in part in non-callable Federal Securities (as defined in the 2010 Indenture), in the opinion of an Independent Accountant (as defined in the Indenture), together with interest to accrue thereon and together with any cash which is deposited and not invested, will be fully sufficient to pay all such 2010 Installment Payments when due on any optional prepayment date. If the City makes a security deposit under Section 7.2 for all or a portion of the 2010 Installment Payments, all obligations of the City under the 2010 Installment Sale Agreement, and the pledge of Net Revenues (as defined in the 2010 Installment Sale Agreement) and all other security provided in the 2010 Installment Sale Agreement for such 2010 Installment Payments will cease and terminate, except the obligation of the City to make such 2010 Installment Payments from the security deposit.

7. The 2010 Bonds maturing on or after June 1, 2021 are subject to optional redemption, in whole or in part, on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount of the 2010 Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

8. Under Article X of the 2010 Indenture, the Authority may discharge its liability with respect to the 2010 Bonds by depositing money or non-callable Federal Securities (as defined in the 2010 Indenture) with the 2010 Trustee which, in the opinion of an Independent Accountant (as defined in the 2010 Indenture), will be sufficient to pay the principal, interest and premium (if any) on such 2010 Bonds when due for optional redemption.

9. Under current municipal bond market conditions, it is possible for the City to refinance on a tax-exempt basis the portion of the 2010 Installment Payments attributable to the 2010B Bonds (the "**2010B Installment Payments**") and to cause a redemption of the 2010B Bonds for the purpose of achieving savings for the benefit of the customers of the Water System.

10. The City is not refinancing the portion of the 2010 Installment Payments attributable to the 2010A Bonds (the "**2010A Installment Payments**") or causing a redemption of the 2010A Bonds.

11. In order to accomplish the refinancing described above, the Authority and the City have entered into an Installment Sale Agreement dated as of April 1, 2020 (the "**Installment Sale Agreement**"), under which the City will sell the 2010 Water Projects to the Authority and the Authority will sell the 2010 Water Projects to the City in consideration of the agreement by the City to pay the purchase price thereof in semiannual installment payments, in each case subject to the continuing obligation of the City to make to the 2010A Installment Payments under the 2010 Installment Sale Agreement.

12. For the purpose of obtaining funds to refinance the 2010B Installment Payments and to cause the redemption of the 2010B Bonds, the Authority has authorized the issuance of its Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A in the aggregate principal amount of $_____ (the "**Bonds**") under this Indenture and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "**Bond Law**").

13. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture.

14. The Authority has found and determines, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized.

AGREEMENT:

In order to secure the payment of the principal of and the interest and redemption premium (if any) on all the Outstanding Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority and the Trustee do hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in that Appendix when used in this Indenture. Capitalized terms in this Indenture and not otherwise defined in this Section 1.01 have the respective meanings given them in Section 1.1 of the Installment Sale Agreement.

SECTION 1.02. *Authorization.* Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE BONDS

SECTION 2.01. *Authorization of Bonds.* The Authority has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The Authority hereby authorizes the issuance of a series of Bonds, designated the "Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A" in the aggregate principal amount of $_____ under the Bond Law for the purposes of providing funds to refinance the 2010B Installment Payments and cause the redemption of the 2010B Bonds. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law.

SECTION 2.02. *Terms of the Bonds.*

(a) Payment Provisions. The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds shall mature on June 1 in each of the years and in the amounts, and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates, as follows:

Maturity Date (June 1)	Principal Amount	Interest Rate

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *Transfer and Exchange of Bonds.*

(a) Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

(c) Limitations. The Trustee may refuse to transfer or exchange, under the provisions of this Section 2.03, any Bonds selected by the Trustee for redemption under Article IV, or any Bonds during the period established by the Trustee for the selection of Bonds for redemption.

SECTION 2.04. *Book-Entry System.*

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which shall be registered in the name of the Nominee, the Authority and the Trustee has no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, the Authority and the Trustee has no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the Authority elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The Authority and the Trustee may treat and consider the person in whose

name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the Authority to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the Authority of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the Authority shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the Authority shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. In addition to the execution and delivery of such letter, the Authority may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the Authority determines to terminate the Depository as such, then the Authority shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the Authority and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the Authority fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the Authority determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Authority may notify the Depository System Participants of the availability of such certificated Bonds through the Depository. In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the Authority shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its

account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the Authority's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Registration Books.* The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall upon reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

SECTION 2.06. *Form and Execution of Bonds.* The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Chair of the Authority shall execute, and the Secretary of the Authority shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the Authority by such persons as at the actual date of the execution of such Bond are the proper officers of the Authority, duly authorized to execute debt instruments on behalf of the Authority, although on the date of such Bond any such person was not an officer of the Authority.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.07. *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond is mutilated, the Authority, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond in accordance with its then customary procedures to, or upon the order of, the Authority. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section 2.07, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

SECTION 2.08. CUSIP Numbers. The Authority in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Owners; provided that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Bond, notice or elsewhere, and, *provided further* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Authority will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. *Issuance of the Bonds.* At any time after the execution of this Indenture, the Authority may execute and the Trustee shall authenticate and, upon the Written Request of the Authority, deliver the Bonds to the Original Purchaser.

SECTION 3.02. *Application of Proceeds of Sale of the Bonds.* Upon the receipt of payment for the Bonds on the Closing Date, in the amount of $_____, representing the aggregate principal amount (_____), plus a net original issue premium of $_____, less an underwriter's discount of $_____, the Trustee shall deposit the proceeds of sale thereof into the Bond Proceeds Fund, which shall be established and held by the Trustee in trust, and such amount shall be applied as follows:

(a) The Trustee will deposit the amount of $_____ in the Costs of Issuance Fund.

(b) The Trustee will transfer the amount of $_____, constituting the remainder of such proceeds, to the 2010 Trustee for deposit into the Escrow Fund established under the Escrow Agreement. The Trustee shall use the following wire instructions to transfer such proceeds to the 2010 Trustee:

[BNY wire instructions to come]

After moneys in the Bond Proceeds Fund have been applied as described above, the Trustee shall close the Bond Proceeds Fund.

SECTION 3.03. *Establishment and Application of Costs of Issuance Fund.* The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund" into which the Trustee shall deposit a portion of the proceeds of sale of the Bonds under Section 3.02. The Trustee shall disburse amounts in the Costs of Issuance Fund from time to time to pay the Costs of Issuance of the Bonds upon submission of a Written Requisition of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. The Trustee may conclusively rely on the representations and certifications set forth in such Written Requisitions and shall be fully protected in relying thereon. All such payments shall be made by check or wire transfer in accordance with payment instructions contained in the Written Requisition or in any invoice attached thereto, and the Trustee has no duty or obligation to authenticate such payment instructions or the authorization thereof. On November 1, 2020, or upon the earlier Written Request of the Authority, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Interest Account, and the Trustee shall thereupon close the Costs of Issuance Fund.

SECTION 3.04. *Validity of Bonds.* The recital contained in the Bonds that the same are issued under the Constitution and laws of the State of California shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. *Terms of Redemption.*

(a) Optional Redemption. The Bonds maturing on or before June 1, ____, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 1, ____, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and within a maturity as set forth in Section 4.02, at the option of the Authority, on any date on or after June 1, ____, from any available source of funds, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

(b) Notice of Optional Redemption to the Trustee. The Authority shall give the Trustee written notice of its intention to redeem Bonds under subsection (a), and the manner of selecting such Bonds for redemption from among the maturities thereof, at least 45 days prior to the redemption date.

SECTION 4.02. *Selection of Bonds for Redemption.* Whenever provision is made in this Indenture for the redemption of less than all of the Bonds of a single maturity, (a)

for any period in which the Bonds are not held by a Depository, the Trustee shall select the Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate and (b) so long as the Bonds are held by a Depository, the Depository shall select the Bonds of that maturity or series in accordance with its rules and procedures. For purposes of such selection, the Trustee shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

SECTION 4.03. *Notice of Redemption; Rescission.* The Trustee shall mail notice of redemption of the Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to the respective Owners of any Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the Bonds (or all Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all Bonds within a maturity are called for redemption) Bond numbers of the Bonds to be redeemed and the maturity or maturities of the Bonds to be redeemed, and in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

The Authority may send a redemption notice stating that the redemption is conditional upon the Authority receiving sufficient funds to pay the redemption price on the proposed redemption date. The Authority has the right to rescind any notice of the redemption of Bonds under Section 4.01(a) by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of a redemption pursuant to Section 4.01(a) may provide that it is subject to rescission as described in this paragraph. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Authority and the Trustee have no liability to the Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under this Section.

SECTION 4.04. *Partial Redemption of Bonds.* Upon surrender of any Bonds redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered.

SECTION 4.05. *Effect of Redemption.* Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the Bonds

(or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed under the provisions of this Article shall be canceled by the Trustee upon surrender thereof and destroyed in accordance with the retention policy of the Trustee then in effect.

ARTICLE V

AUTHORITY REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

SECTION 5.01. *Security for the Bonds; Bond Fund.*

(a) Pledge of Authority Revenues and Other Amounts. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Authority Revenues and all amounts (including proceeds of the sale of the Bonds) held in any fund or account established under this Indenture are hereby pledged to secure the payment of the principal of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of this Indenture. Said pledge constitutes a lien on and security interest in the Authority Revenues and such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

(b) Assignment to Trustee. The Authority hereby irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Authority, all of its rights in the Installment Sale Agreement (excepting only the Authority's rights under Sections 4.8, 5.2 and 6.4 thereof), including but not limited to all of the Authority's rights to receive and collect all of the Installment Payments. The Trustee is entitled to collect and receive all of the Installment Payments, and any Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and shall, subject to the provisions of Article VIII, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Installment Sale Agreement.

(c) Deposit of Authority Revenues in Bond Fund. All Authority Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Bond Fund" which the Trustee shall establish, maintain and hold in trust; except that all moneys received by the Trustee and required hereunder or under the Installment Sale Agreement to be deposited in the Redemption Fund shall be promptly deposited in such

funds. All Authority Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. Any surplus remaining in the Bond Fund, after payment in full of (i) the principal of and interest on the Bonds or provision therefore under Article X, and (ii) any applicable fees and expenses to the Trustee, shall be withdrawn by the Trustee and remitted to the City.

SECTION 5.02. *Allocation of Authority Revenues.* On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) Deposit to Interest Account. The Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date.

SECTION 5.03. *Interest Account.* All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it comes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

SECTION 5.04. *Principal Account.* All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the Bonds at their respective maturity dates.

SECTION 5.05. *Reserved.*

SECTION 5.06. *Application of Redemption Fund.* Upon the determination by the Authority to redeem any Bonds under Section 4.01(a), the Trustee shall establish and maintain the Redemption Fund, into which the Trustee shall deposit a portion of the Authority Revenues received, in accordance with a Written Request of the Authority, amounts in which shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and premium (if any) of the Bonds to be redeemed under Section 4.01(a). At any time prior to the selection of Bonds for redemption, the Trustee may apply such amounts to the purchase of Bonds at public or private sale, when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed under a Written Request of the Authority, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds. The Trustee is entitled to conclusively rely on any Written Request of the Authority received under this Section 5.06, and is fully protected in relying thereon.

SECTION 5.07. *Investments.* Except as otherwise set forth in this Indenture, moneys in any of the funds or accounts established with the Trustee under this Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall

be directed by the Authority under a Written Request of the Authority filed with the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such directions from the Authority, the Trustee shall hold such moneys uninvested. The Trustee shall notify the Authority in writing within five Business Days if it is holding any moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. To the extent Permitted Investments are registrable, such Permitted Investments must be registered in the name of the Trustee.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be retained in such fund or account. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee or any of its affiliates may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses, taxes, fees or other charges arising from any investments, reinvestments or liquidation of investments made under this Section 5.07.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or is dealing as a principal for its own account.

The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's Online Trust and Custody service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

SECTION 5.08. *Valuation and Disposition of Investments.*

(a) Except as otherwise provided in subsection (b) of this Section, the Authority covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued at the Fair Market Value thereof as such term is defined in subsection (d) below. The Trustee shall have no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Authority in any Written Request of the Authority.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code; provided that the Authority shall inform the Trustee which funds are subject to a yield restriction.

(c) Except as provided in the preceding subsection (b), for the purpose of determining the amount in any fund or account established hereunder, the value of Permitted Investments credited to such fund shall be valued by the Trustee at least annually on or before September 15. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Permitted Investment.

(d) For purposes of this Section 5.09, the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

(e) To the extent of any valuations made by the Trustee hereunder, the Trustee may utilize and rely upon computerized securities pricing services that may be available to it, including those available through its regular accounting system.

ARTICLE VI

COVENANTS OF THE AUTHORITY

SECTION 6.01. *Punctual Payment.* The Authority shall punctually pay or cause to be paid the principal of and interest and premium (if any) on all the Bonds in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of the Authority Revenues and other amounts pledged for such payment as provided in this Indenture.

SECTION 6.02. *Extension of Payment of Bonds.* The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which have not been so extended. Nothing in this Section 6.02 limits the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance does not constitute an extension of maturity of the Bonds.

SECTION 6.03. *Against Encumbrances.* The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Authority Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

SECTION 6.04. *Power to Issue Bonds and Make Pledge and Assignment.* The Authority is duly authorized under law to issue the Bonds and to enter into this Indenture and to pledge and assign the Authority Revenues and other amounts purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Authority Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. *Accounting Records.* The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds and all funds and accounts established under this Indenture. The Trustee shall make such books of record and account available for inspection by the Authority and the City, during business hours, upon reasonable notice, and under reasonable circumstances.

SECTION 6.06. *Limitation on Additional Obligations.* The Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Authority Revenues.

SECTION 6.07. *Tax Covenants.*

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Authority shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Authority shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the

Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated all amounts of Excess Investment Earnings which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Authority shall pay when due an amount equal to Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any amounts provided by the City for that purpose under Section 4.8(e) of the Installment Sale Agreement. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

SECTION 6.08. *Reserved.*

SECTION 6.09. *Waiver of Laws.* The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

SECTION 6.10. *Further Assurances.* The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. *Events of Default.* The following events constitute Events of Default hereunder:

(a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on the Bonds when due.

(c) Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; *provided, however*, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not

within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an event of default under and as defined in the Installment Sale Agreement.

SECTION 7.02. *Remedies Upon Event of Default.*

(a) Only as long as Section 6.2(a) is an available remedy under the Installment Sale Agreement, if any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding shall, in each case, upon receipt of indemnification satisfactory to Trustee against the costs, claims, expenses and liabilities to be incurred in connection with such action, upon notice in writing to the Authority, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding .

(b) The Trustee may, subject to the receipt of indemnity satisfactory to it as provided herein:

(i) by mandamus or other action or proceeding or suit at law or in equity enforce its rights against the Authority, or any board member, officer or employee thereof, and compel the Authority or any such board member, officer or employee to perform and carry out its or his or her duties under applicable law and the agreements and covenants contained herein required to be performed by it or him;

(ii) by suit in equity enjoin any acts or things which are unlawful or violate the rights of the Trustee or the owners of the Bonds hereunder;

(iii) intervene in judicial proceedings that affect the Bonds or the security therefor or hereunder; or

(iv) by suit in equity upon the happening of an Event of Default require the Authority and its officers and employees to account as the trustee of an express trust.

(c) Except with respect to an Event of Default under Section 7.01(d) above, if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority deposits with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds to the extent permitted by law, and the reasonable fees, charges

and expenses (including those of its legal counsel, including the allocated costs of internal attorneys) of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.03. *Application of Authority Revenues and Other Funds After Default.* If an Event of Default occurs and is continuing, all Authority Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee in the following order of priority:

(a) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its legal counsel including outside counsel and the allocated costs of internal attorneys) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of this Indenture, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference;

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate borne by the respective Bonds (to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

SECTION 7.04. *Trustee to Represent Bond Owners.* The Trustee is hereby irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available

to such Owners under the provisions of the Bonds, this Indenture and applicable provisions of any law. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of this Indenture.

SECTION 7.05. *Limitation on Bond Owners' Right to Sue.* Notwithstanding any other provision hereof, no Owner of any Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Installment Sale Agreement or any other applicable law with respect to such Bonds, unless (a) such Owner has given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity satisfactory to it against the costs, claims, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of Bonds (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners), or to enforce any right under the Bonds, this Indenture, the Installment Sale Agreement or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

SECTION 7.06. *Absolute Obligation of Authority.* Nothing in Section 7.06 or in any other provision of this Indenture or in the Bonds contained affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest and premium (if any) on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon acceleration or call for redemption, as herein provided, but only out of the Authority Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.07. *Termination of Proceedings.* In case any proceedings taken by the Trustee or by any one or more Bond Owners on account of any Event of Default have been discontinued or abandoned for any reason or have been determined adversely to the Trustee or the Bond Owners, then in every such case the Authority, the Trustee and

the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

SECTION 7.08. *Remedies Not Exclusive.* No remedy herein conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

SECTION 7.09. *No Waiver of Default.* No delay or omission of the Trustee or any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or the Bond Owners.

SECTION 7.10. *Notice to Bond Owners of Default.* Promptly upon a responsible officer of the Trustee obtaining actual knowledge of the occurrence of an Event of Default, but in no event later than five Business Days after obtaining actual knowledge of such occurrence, the Trustee shall promptly give written notice thereof by first class mail, postage prepaid, to the Owner of each Outstanding Bond, unless such Event of Default has been cured before the giving of such notice; *provided, however* that except in the case of an Event of Default described in Sections 7.01(a) or 7.01(b), the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that it is in the best interests of the Bond Owners not to give such notice.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. *Appointment of Trustee.* MUFG Union Bank, N.A., is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this Article VIII so long as any Bonds are Outstanding.

SECTION 8.02. *Acceptance of Trusts; Removal and Resignation of Trustee.* The Trustee hereby accepts the express trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture and no implied duties or covenants shall be read into this Indenture against the Trustee. In case an Event

of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Trustee at any time, unless an Event of Default has occurred and is then continuing, and shall remove the Trustee (a) if at any time requested to do so by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (b) if at any time the Trustee ceases to be eligible in accordance with this Section 8.02, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. Any such removal shall be made upon at least 30 days' prior written notice to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the City, and by giving the Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. In the event of the removal or resignation of the Trustee under subsections (b) or (c), respectively, the Authority shall promptly appoint a successor Trustee.

If no successor Trustee has been appointed and accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee may, at the expense of the Authority, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, must signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and after payment by the Authority of all unpaid fees and expenses (including attorneys' fees and expenses)_of the predecessor Trustee, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein. At the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall promptly mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under this Indenture shall be a corporation or association organized and doing business under the laws of any state or the United States of America or the District of Columbia, shall be authorized under such laws to exercise corporate trust powers, shall have (or, in the case of a corporation or association that is a member of a bank holding company system, the related bank holding company has) a combined capital and surplus of at least $50,000,000, and shall be subject to supervision or examination by a federal or state agency, so long as any Bonds are Outstanding. If such corporation or association publishes a report of condition at least annually under law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection (e), the combined capital and surplus of such corporation or association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If the Trustee at any time ceases to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign promptly in the manner and with the effect specified in this Section.

(f) Notwithstanding any other provision of this Indenture, the Trustee may be removed at any time for any breach of the trust set forth herein.

SECTION 8.03. *Merger or Consolidation.* Any national banking association, bank, federal savings association, or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any national banking association, bank, federal savings association, or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any national banking association, bank, federal savings association, or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such national banking association, bank, federal savings association, or trust company shall be eligible under subsection (e) of Section 8.02 shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.04. *Liability of Trustee.*

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Bonds or the Installment Sale Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations of Trustee herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee is not liable for any error of judgment made by a responsible officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee is not liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture or assigned to it hereunder.

(d) The Trustee is not liable for any action taken by it and believed by it to be authorized or within the reasonable judgment or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default hereunder, or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until a responsible officer of the Trustee shall have actual knowledge thereof, or a responsible officer shall have received written notice thereof at its Office from the City, the Authority or the Owners of at least 25% in aggregate principal amount of the Outstanding Bonds. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the City of any of the terms, conditions, covenants or agreements herein, under the Installment Sale Agreement or the Bonds or of any of the documents executed in connection with the Bonds, or as to the existence of a default or an Event of Default or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default. The Trustee is not responsible for the validity, effectiveness or priority of any collateral given to or held by it. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain or inquire as to the performance or observance by the City or the Authority of the terms, conditions, covenants or agreements set forth in the Installment Sale Agreement, other than the covenants of the City to make Installment Payments to the Trustee when due and to file with the Trustee when due, such reports and certifications as the City is required to file with the Trustee thereunder.

(f) No provision of this Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, receivers or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent, receiver or attorney appointed with due care by it hereunder.

(h) The Trustee has no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bond Owners under this Indenture, unless such Owners have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, claims, expenses and liabilities (including but not limited to fees and expenses of its attorneys) which might be incurred by it in compliance with such request or direction. No permissive or implied power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(i) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of Section 8.02(a), this Section 8.04 and Section 8.05, and shall be applicable to the assignment of any rights to the Trustee hereunder.

(j) The Trustee is not accountable to anyone for the subsequent use or application of any moneys which are released or withdrawn in accordance with the provisions hereof.

(k) The Trustee makes no representation or warranty, expressed or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or the City of the Project. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential damages in connection with or arising from the Installment Sale Agreement or this Indenture for the existence, furnishing or use of the Project.

(l) The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail (provided, that for purposes of this Agreement, an e-mail does not constitute a notice, request or other communication hereunder but rather the portable document format or similar attachment attached to such e-mail shall constitute a notice, request or other communication hereunder), facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its reasonable judgment elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, claims, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(n) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or

inaction pertaining to the Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(o) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder.

SECTION 8.05. *Right to Rely on Documents.* The Trustee shall be protected and shall incur no liability in acting or refraining from acting in reliance upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matter referred to in any paper or document but may accept and conclusively rely upon the same as conclusive evidence of the truth and accuracy of any such statement or matter and shall be fully protected in relying thereon. The Trustee may consult with counsel of its selection and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the Bonds appearing in the Registration Books as the absolute owners of the Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate, Written Request or Written Requisition of the Authority or the City, and such Written Certificate, Written Request or Written Requisition shall be full warrant to the Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Written Certificate, Written Request or Written Requisition, and the Trustee shall be fully protected in relying thereon, but in its reasonable judgment the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

SECTION 8.06. *Preservation and Inspection of Documents.* All documents received by the Trustee under the provisions of this Indenture shall be retained in its respective possession and in accordance with its retention policy then in effect and shall, upon reasonable notice to Trustee, be subject to the inspection of the Authority, the City and any Bond Owner, and their agents and representatives duly authorized in writing, during business hours and under reasonable conditions as agreed to by the Trustee.

SECTION 8.07. *Compensation and Indemnification.* The Authority shall pay to the Trustee from time to time, on demand, the compensation for all services rendered under this Indenture and also all expenses, advances (including any interest on advances), charges, legal (including attorneys' fees and expenses) and consulting fees and other disbursements mutually agreed upon in writing, incurred in and about the performance of its powers and duties under this Indenture.

The Authority shall indemnify the Trustee, its officers, directors, employees and agents against any and all cost, claim, loss, liability or expense whatsoever (including but not limited to fees and expenses of its attorneys) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust and this Indenture, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder or under the Installment Sale Agreement. As security for the performance of the obligations of the Authority under this Section 8.07, the Trustee shall have a lien prior to the lien of the Bonds upon all property and funds held or collected by the Trustee as such. The rights of the Trustee and the obligations of the Authority under this Section 8.07 shall survive the resignation or removal of the Trustee or the discharge of the Bonds and this Indenture and the Installment Sale Agreement.

ARTICLE IX

MODIFICATION OR AMENDMENT HEREOF

SECTION 9.01. *Amendments Permitted.*

(a) Amendments With Owner Consent. This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by Supplemental Indenture, which the Authority and the Trustee may enter into when the written consents of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding are filed with the Trustee. No such modification or amendment may (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture on such Authority Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It is not necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof.

(b) Amendments Without Owner Consent. This Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Bond Owners, if the Trustee has been furnished an opinion of counsel that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained, other covenants and agreements thereafter to

be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to cure any ambiguity, inconsistency or omission, or to cure or correct any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority deems necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners, in the opinion of Bond Counsel filed with the Trustee;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute; and

(iv) to modify, amend or supplement this Indenture in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code.

(c) Limitation. The Trustee is not obligated to enter into any Supplemental Indenture authorized by subsections (a) or (b) of this Section 9.01 which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Bond Counsel Opinion Requirement. Prior to the Trustee entering into any Supplemental Indenture hereunder, the Authority shall deliver to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxes.

(e) Notice of Amendments. Notices of proposed amendments to Owners of the Bonds and rating agencies shall be prepared by the Authority. The Authority shall deliver or cause to be delivered a draft of any Supplemental Indenture to each rating agency which then maintains a rating on the Bonds, at least 10 days prior to the effective date of such Supplemental Indenture under this Section 9.01.

SECTION 9.02. *Effect of Supplemental Indenture.* Upon the execution of any Supplemental Indenture under this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.03. *Endorsement of Bonds; Preparation of New Bonds.* Bonds delivered after the execution of any Supplemental Indenture under this Article may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form

approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same maturity.

SECTION 9.04. *Amendment of Particular Bonds.* The provisions of this Article IX do not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

ARTICLE X

DEFEASANCE

SECTION 10.01. *Discharge of Indenture.* Any or all of the Outstanding Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on such Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem such Bonds; or

(c) by delivering all of such Bonds to the Trustee for cancellation.

If the Authority also pays or causes to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (evidenced by a Written Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture), and notwithstanding that any of such Bonds shall not have been surrendered for payment, this Indenture and the pledge of Authority Revenues and other assets made under this Indenture with respect to such Bonds and all covenants, agreements and other obligations of the Authority under this Indenture with respect to such Bonds shall cease, terminate, become void and be completely discharged and satisfied, subject to Section 10.02. In such event, upon the Written Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by it under this Indenture which are not required for the payment of any of such Bonds not theretofore surrendered for such

payment. The Trustee is entitled to conclusively rely on any such Written Certificate or Written Request and, in each case, is fully protected in relying thereon.

SECTION 10.02. *Discharge of Liability on Bonds.* Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bonds (whether upon or prior to the maturity or the redemption date of such Bonds), provided that, if such Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

Notwithstanding anything to the contrary in this Article X, in the event of defeasance of all Outstanding Bonds, such defeasance will not operate to discharge any of the following:

(a) the obligation of the Trustee to transfer and exchange Bonds hereunder,

(b) the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and

(c) the obligations of the Authority to compensate and indemnify the Trustee under Section 8.07.

The Authority may at any time surrender to the Trustee, for cancellation by Trustee, any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03. *Deposit of Money or Securities with Trustee.* Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established under this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such Bonds, premium, if any, and all unpaid interest thereon to the redemption date; or

(b) non-callable Federal Securities, the principal of and interest on which when due will, in the written opinion of an Independent Accountant

filed with the City, the Authority and the Trustee, provide money sufficient to pay the principal of and interest and premium (if any) on the Bonds to be paid or redeemed, as such principal, interest and premium become due, provided that in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee has been made for the giving of such notice;

provided, in each case, that (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the Authority) to apply such money to the payment of such principal, interest and premium (if any) with respect to such Bonds, and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel to the effect that such Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Accountant's opinion referred to above). The Trustee shall be entitled to conclusively rely on such Written Request or opinion and shall be fully protected, in each case, in relying thereon.

SECTION 10.04. *Unclaimed Funds.* Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or acceleration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall (at the cost of the Authority) first mail to the Owners of Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. *Liability of Authority Limited to Authority Revenues* . Notwithstanding anything in this Indenture or in the Bonds contained, the Authority is not required to advance any moneys derived from any source other than the Authority Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. *Limitation of Rights to Parties and Bond Owners.* Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds,

any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

SECTION 11.03. *Funds and Accounts.* Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations under this Indenture.

SECTION 11.04. *Waiver of Notice; Requirement of Mailed Notice.* Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice is required to be given by mail, such requirement may be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

SECTION 11.05. *Destruction of Bonds.* Whenever in this Indenture provision is made for the cancellation by the Trustee, and the delivery to the Authority, of any Bonds, the Trustee shall destroy such Bonds in accordance with its then customary procedures and as may be allowed by law and deliver a certificate of such destruction to the Authority.

SECTION 11.06. *Severability of Invalid Provisions.* If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07. *Notices.* All notices or communications to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, including overnight mail and courier, upon actual receipt, provided that any direction to disburse amounts held by the Trustee must be sent by electronic transmission via the Trustee's online service, facsimile or other secured manner acceptable to the Trustee. The Authority, the City or the Trustee may, by written notice to the other parties,

from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority or the City:	City of Lodi P.O. Box 3006 Lodi, California 95241-1910 Attention: City Manager Fax: 209-333-6807 Email: citymanager@lodi.gov
If to the Trustee:	MUFG Union Bank, N.A. 350 California St., 17th Floor San Francisco, California 94104 Attention: Corporate Trust Department Fax: 415-273-2492 Email: SFCT@unionbank.com

SECTION 11.08. *Evidence of Rights of Bond Owners.* Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section 11.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 11.09. *Disqualified Bonds.* In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee

is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City or any other obligor on the Bonds. In case of a dispute as to such right, the Trustee shall be entitled to rely upon the advice of counsel in any decision by Trustee and shall be fully protected in relying thereon.

Upon request, the Authority and the City shall specify to the Trustee those Bonds disqualified under this Section 11.09 and the Trustee may conclusively rely upon such certificate.

SECTION 11.10. *Money Held for Particular Bonds.* The money held by the Trustee for the payment of the interest, premium, if any, or principal due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, *subject, however*, to the provisions of Section 10.04 but without any liability for interest thereon.

SECTION 11.11. *Waiver of Personal Liability.* No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest or premium (if any) on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.12. *Successor Is Deemed Included in All References to Predecessor.* Whenever in this Indenture either the Authority, the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority, the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.13. *Execution in Several Counterparts.* This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

SECTION 11.14. *Payment on Non-Business Day.* In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and with the same effect as if made on such preceding non-Business Day.

SECTION 11.15. *Governing Law.* This Indenture shall be governed by and construed in accordance with the laws of the State of California.

SECTION 11.16. *U.S.A. Patriot Act.* The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity

that establishes a relationship or opens an account with the Trustee. The parties to the Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the LODI PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its Executive Director and attested to by its Secretary, and MUFG UNION BANK, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

LODI PUBLIC FINANCING AUTHORITY

By _____
Executive Director

Attest:

_____
Secretary

MUFG UNION BANK, N.A., *as Trustee*

By _____
Authorized Officer

Approved as to Form:

_____
JANICE D. MAGDICH
City Attorney

APPENDIX A

DEFINITIONS

"Authority" means the Lodi Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California.

"Authority Revenues" means: (a) all of the Installment Payments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under this Indenture.

"Authorized Representative" means: (a) with respect to the Authority, its Executive Director, Treasurer, Secretary or any other person designated as an Authorized Representative of the Authority by a Written Certificate of the Authority signed by its Executive Director, General Counsel or Treasurer and filed with the City and the Trustee; and (b) with respect to the City, its Mayor, City Manager, chief financial officer, City Attorney or any other person designated as an Authorized Representative of the City by a Written Certificate of the City signed by its City Manager or chief financial officer and filed with the Authority and the Trustee.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City or the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Fund" means the fund by that name established and held by the Trustee under Section 5.01.

"Bond Law" means the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Bond Proceeds Fund" means the fund established and held by the Trustee pursuant to Section 3.02.

"Bond Year" means each twelve-month period extending from June 2 in one calendar year to June 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including June 1, 2020.

"Bonds" means the $_____ aggregate principal amount of Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A authorized by and at any time Outstanding under this Indenture.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the City in which the Office of the Trustee is located.

"Closing Date" means the date of delivery of the Bonds to the Original Purchaser.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Depository" means (a) initially, DTC, and (b) any other Securities Depositories acting as Depository under Section 2.04.

"Depository System Participant" means any participant in the Depository's book-entry system.

"City" means the City of Lodi, a municipal corporation organized and existing under the laws of the State of California.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Escrow Agreement" means the Escrow Deposit and Trust Agreement, dated as of April 1, 2020, by and between the City and The Bank of New York Mellon Trust Company, N.A., as escrow bank.

"Event of Default" means any of the events specified in Section 7.01.

"Federal Securities" means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the City as its official fiscal year period.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions hereof.

"Interest Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Installment Sale Agreement" means the Installment Sale Agreement dated as of April 1, 2020, between the City and the Authority, together with any duly authorized and executed amendments thereto.

"Installment Payments" means all payments required to be paid by the City on any date under Section 4.4 of the Installment Sale Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under Sections 7.2 of the Installment Sale Agreement.

"Interest Payment Date" means each June 1 and December 1, commencing June 1, 2020, so long as any Bonds remain unpaid.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

"Office" means the corporate trust office of the Trustee in San Francisco, California, or such other or additional offices as the Trustee may designate in writing to the Corporation from time to time as the corporate trust office for purposes of this Indenture; except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporation trust agency business is conducted.

"Original Purchaser" means Piper Sandler Companies, as the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding", when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including Bonds (or portions thereof) described in Section 11.09; and (c) Bonds paid pursuant to the last paragraph of Section 2.07 and (d) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture.

"Owner", whenever used herein with respect to a Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Permitted Investments" means any of the following which at the time of investment are determined by the Authority to be legal investments under the laws of the State of California for the moneys proposed to be invested therein (provided that the Trustee shall be entitled to rely conclusively upon any such determination by the Authority):

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any federal agencies whose obligations are backed by the full faith and credit of the United States of America.

(c) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the

Federal Securities Act of 1933, and which are rated in the highest short-term rating category by S&P (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services) excluding those with floating net asset value.

(d) Certificates of deposit (including those of the Trustee, its parent and its affiliates) secured at all times by collateral described in (a) or (b) above, which have a maturity not greater than one year from the date of investment and which are issued by commercial banks, savings and loan associations or mutual savings banks whose short-term obligations are rated A or better by S&P, which collateral must be held by a third party and provided that the Trustee must have a perfected first security interest in such collateral.

(e) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation or secured at all times by collateral described in (a) or (b) above.

(f) Investment agreements with a financial institution the long-term debt or claims paying ability of which, or in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor or the institution is rated AA or better from S&P, by the terms of which the Trustee is permitted to withdraw the invested funds if the rating from S&P falls below AA.

(g) A repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) having a minimum permanent capital of one hundred million dollars ($100,000,000) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement has a term of no more than thirty (30) days and is secured by any one or more of the securities and obligations described in clauses (a) or (b) above, which shall have a market value (inclusive of accrued interest and valued at least weekly) equal to one hundred four percent (104%) of the amount of cash transferred by the Trustee to the bank, trust company, national banking association or bond dealer and at a level such that such repurchase agreement shall have a rating that is equal to or greater than the rating on the Bonds; such securities shall be lodged with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement, and the entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least weekly) will be an amount equal to such required level and the Trustee shall be entitled to rely on each such undertaking.

(h) The Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Principal Account" means the account by that name established and held by the Trustee in the Bond Fund under Section 5.02.

"Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

"Registration Books" means the records maintained by the Trustee under Section 2.05 for the registration and transfer of ownership of the Bonds.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority designates in written notice filed with the Trustee.

"S&P" means Standard & Poor's, a division of the McGraw Hill Companies, of New York, New York, its successors and assigns.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

"Tax Code" means the Internal Revenue Code of 1986 in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Term" means, when used with respect to the Installment Sale Agreement, the time during which the Installment Sale Agreement is in effect, as provided in Section 4.1 thereof.

"Trustee" means MUFG Union Bank, N.A., a national banking association organized and existing under the laws of the United States of America, or its successor or successors, as Trustee hereunder as provided in Article VIII.

"Written Certificate," "Written Request" and "Written Requisition" of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

APPENDIX B

BOND FORM

NO. R-_____ ***$_____***

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

LODI PUBLIC FINANCING AUTHORITY

2020 REFUNDING WATER REVENUE BOND, SERIES A

INTEREST RATE:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
_____%	June 1, ____	_____, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: *** ***

The LODI PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified, the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the 15th day of the month preceding such interest payment date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before November 15, 2020, in which event it shall bear interest from the Original Issue Date specified above; *provided, however*, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, at the Interest Rate per annum specified above, payable semiannually on June 1 and December 1 in each year, commencing June 1, 2020 (the "Interest Payment Dates"), calculated on the basis of a 360-day year composed of twelve 30-day months.

Principal hereof is payable upon presentation and surrender hereof at the corporate trust office of MUFG Union Bank, N.A., as trustee (the "Trustee"), in San Francisco, California, or such other place as designated by the Trustee (the "Trust

Office"). Interest hereon is payable by check of the Trustee mailed on the applicable Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each Interest Payment Date (a "Record Date"), or, upon written request filed with the Trustee as of such Record Date by a registered owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account in the United States designated by such registered owner in such written request.

This Bond is not a debt of the City of Lodi (the "City"), the County of San Joaquin, the State of California, or any of its political subdivisions, and neither the City, said County, said State, nor any of its political subdivisions, is liable hereon nor in any event shall this Bond be payable out of any funds or properties of the Authority other than the Authority Revenues.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A" (the "Bonds"), in an aggregate principal amount of $_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities or interest rates) and all issued under the provisions of Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law"), and under an Indenture of Trust dated as of April 1, 2020, between the Authority and the Trustee (the "Indenture") and a resolution of the Authority adopted on _____, 2020, authorizing the issuance of the Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the security for the Bonds, and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority thereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds maturing on or before June 1, ____, are not subject to optional redemption prior to their respective stated maturity dates. The Bonds maturing on or after June 1, ____, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and within a maturity as set forth in the Indenture, at the option of the Authority, on any date on or after June 1, ____, from any available source of funds, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

The Bonds have been issued by the Authority to refinance an installment payment obligation incurred by the City to finance improvements to the water supply, treatment and distribution system of the City (the "Water System"). The Bonds are special obligations of the Authority which are payable from and secured by a charge and lien on the Authority Revenues as defined in the Indenture, consisting principally of installment payments made by the City under an Installment Sale Agreement dated as of April 1, 2020, between the Authority and the City (the "Installment Sale Agreement"). As and to the extent set forth in the Indenture, all of the Authority Revenues are exclusively and irrevocably pledged in accordance with the terms of the Indenture to the payment of the principal of and interest and premium (if any) on the Bonds.

The rights and obligations of the Authority and the owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each Bond so affected.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Series A Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. This Bond may be exchanged at the Trust Office for of the same tenor, aggregate principal amount, interest rate and maturity, of other authorized denominations.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Authority or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified by the Authority that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Bond Law and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond is not entitled to any benefit under the Indenture or valid or obligatory for any purpose until the certificate of authentication hereon endorsed has been manually signed by the Trustee.

IN WITNESS WHEREOF, the Lodi Public Financing Authority has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Chair

and attested to by the facsimile signature of its Secretary, all as of the Original Issue Date specified above.

LODI PUBLIC FINANCING AUTHORITY

By: _____
Chair

Attest:

_____
Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated:

MUFG UNION BANK, N.A., *as Trustee*

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____
Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

_____
Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "___"
See "Rating".

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$22,400,000*
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

Dated: Date of Delivery **Due: June 1, as shown on inside cover**

Authority for Issuance. The 2020 Refunding Water Revenue Bonds, Series A (the "2020 Bonds") are being issued by the Lodi Public Financing Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on _____, 2020, and an Indenture of Trust dated as of April 1, 2020 (the "Indenture") by and between the Authority and MUFG Union Bank, N.A., as trustee for the 2020 Bonds (the "Trustee"). See "INTRODUCTION – General."

Use of Proceeds. The proceeds of the 2020 Bonds will be used to (i) redeem all of the outstanding $29,650,000 principal amount of Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (the "Refunded Bonds") and the corresponding portion of the related installment payment obligation of the City of Lodi (the "City"); and (ii) pay the costs of issuing the 2020 Bonds. See "THE REFINANCING PLAN."

Security for the 2020 Bonds. Under the Indenture, the 2020 Bonds will be payable solely from and secured by Authority Revenues and certain funds and accounts held under the Indenture. Authority Revenues consist primarily of 2020 Installment Payments ("2020 Installment Payments") to be made by the City pursuant to an Installment Sale Agreement dated as of April 1, 2020 (the "2020 Installment Sale Agreement") between the City and the Authority. The obligation of the City to make the 2020 Installment Payments is a special obligation of the City that is secured by a pledge of, and payable from, Net Revenues relating to the City's water system (the "Water System") and moneys on deposit in the Water System Fund. The general fund of the City is not liable for, and neither the faith and credit nor the taxing power of the City is pledged to, the payment of the 2020 Installment Payments.

The City is authorized under the 2020 Installment Sale Agreement to incur other obligations payable from Net Revenues on a parity basis with the 2020 Installment Payments and any obligations issued or incurred by the City, the payment of which constitutes a charge and lien on the Net Revenues and moneys in the Water System Fund equal to and on a parity basis with the charge and lien upon the Net Revenues and moneys in the Water System Fund for the payment of the 2020 Installment Payments ("Parity Obligations"). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS" and "THE WATER SYSTEM."

Bond Terms; Book-Entry Only. The 2020 Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2020, and will be issued in fully-registered form without coupons in integral multiples of $5,000. The 2020 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2020 Bonds will not receive certificates representing their interests in the 2020 Bonds. Payments of the principal of, premium, if any, and interest on the 2020 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2020 Bonds. See "THE 2020 BONDS – General."

Redemption. **The 2020 Bonds are subject to redemption prior to maturity. See "THE 2020 BONDS – Redemption."**

NEITHER THE 2020 BONDS, NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST ON THE 2020 BONDS, CONSTITUTES A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2020 BONDS ARE SECURED SOLELY BY THE PLEDGE OF AUTHORITY REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2020 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY. THE AUTHORITY HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE OF 2020 BONDS. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE PURCHASE OF THE 2020 BONDS.

The 2020 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City by the City Attorney and Jones Hall, A Professional Law Corporation, San Francisco, California, Disclosure Counsel to the City, for the Authority by the City Attorney, and for the Underwriter by Kutak Rock LLP, Los Angeles, California. It is anticipated that the 2020 Bonds will be delivered in book-entry form through the facilities of DTC on or about _____, 2020.

[Piper Sandler Logo]

The date of this Official Statement is: _____, 2020.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

$_____
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

MATURITY SCHEDULE
(Base CUSIP: _____)

Maturity Date (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†

*Priced to par call date of June 1, 20__.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

LODI PUBLIC FINANCING AUTHORITY
CITY OF LODI

AUTHORITY BOARD/CITY COUNCIL

Doug Kuehne, Mayor/Member
Alan Nakanishi, Mayor Pro Tem/Member
Bob Johnson, Councilmember/ Member
JoAnne Mounce, Councilmember/ Member
Mark Chandler, Councilmember/ Member

AUTHORITY/CITY OFFICIALS

Stephen Schwabauer, City Manager/Executive Director
Andrew Keys, Deputy City Manager/Treasurer
Janice D. Magdich, City Attorney/Authority Counsel
Charles Swimley, Public Works Director

BOND AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

TRUSTEE

MUFG Union Bank, N.A.
San Francisco, California

ESCROW BANK

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2020 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2020 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City, the Authority, or any other parties described in this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2020 Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2020 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture, the Installment Sale Agreement, or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2020 Bonds have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities Exchange Act of 1934, as amended (the "**Securities Exchange Act**"), in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act and Section 3(a)(12) of the Securities Exchange Act.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the 2020 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2020 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE AUTHORITY PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Website. The City maintains a website; however, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2020 Bonds.

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OFFICIAL STATEMENT

$22,400,000*
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in the Indenture (as defined below). See "APPENDIX D – Summary of Principal Legal Documents."

General

The Lodi Public Financing Authority (the "**Authority**") is issuing its 2020 Refunding Water Revenue Bonds, Series A (the "2020 Bonds") under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, commencing with Section 6584 (the "**Bond Law**"), a resolution adopted by the Board of Directors (the "**Board**") of the Authority on _____, 2020 (the "**Authority Resolution**"), a resolution adopted by the City Council (the "**City Council**") of the City of Lodi (the "**City**") on _____, 2020 (the "**City Resolution**"), and an Indenture of Trust (the "**Indenture**"), dated as of April 1, 2020, by and between the Authority and MUFG Union Bank, N.A., as trustee (the "**Trustee**"). The 2020 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York ("**DTC**"), or its nominee, which will act as securities depository for the 2020 Bonds. Purchasers of the 2020 Bonds will not receive certificates representing the 2020 Bonds that are purchased. See "THE 2020 Bonds – Book-Entry Only System" and "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The 2020 Bonds are being issued to provide funds to (i) redeem all of the outstanding $29,650,000 principal amount of the Lodi Public Financing Authority's 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds - Direct Payment) (such amount being redeemed constituting the "**Refunded Bonds**") and a related installment payment obligation of the City; and (ii) pay the costs of issuing the 2020 Bonds. The City is not refinancing the portion of its installment payment obligation attributable to the Lodi Public Financing Authority's 2010 Water Revenue Bonds, Series A (the "**2010A Bonds**") or causing a redemption of the 2010A Bonds. The Refunded Bonds and the 2010A Bonds are referred to herein as the "**2010 Bonds**." See "THE REFINANCING PLAN."

* Preliminary; subject to change.

Security for the 2020 Bonds

Under the Indenture, the 2020 Bonds will be payable solely from and secured by Authority Revenues and certain funds and accounts held under the Indenture. Authority Revenues consist primarily of 2020 Installment Payments ("**2020 Installment Payments**") to be made by the City pursuant to an Installment Sale Agreement dated as of April 1, 2020 (the "**2020 Installment Sale Agreement**"). The obligation of the City to make the 2020 Installment Payments is a special obligation of the City that is secured by a pledge of and payable from Net Revenues (as defined herein) relating to the City's water system (the "**Water System**") and moneys on deposit in the Water System Fund. The general fund of the City is not liable for, and neither the faith and credit nor the taxing power of the City is pledged to, the payment of the 2020 Installment Payments.

The obligation of the City to make the 2020 Installment Payments does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

NEITHER THE 2020 BONDS NOR THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST ON THE 2020 BONDS CONSTITUTES A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2020 BONDS ARE SECURED SOLELY BY THE PLEDGE OF AUTHORITY REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2020 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY. THE AUTHORITY HAS NO TAXING POWER.

Outstanding Parity Obligations

The 2020 Installment Payments are on parity with the City's installment payment obligation attributable to the 2010A Bonds, which are not being refunded by the 2020 Bonds and will remain outstanding.

Additional Parity Obligations

The City may incur additional obligations payable from and secured by the Net Revenues on parity with the 2020 Installment Payments ("**Parity Obligations**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS – Additional Parity Obligations". The 2020 Installment Payments and any future obligations payable from Net Revenues on a parity with the 2020 Installment Payments constitute "**Parity Obligations**."

No Reserve Account

No debt service reserve account has been established with respect to the 2020 Bonds. The Authority and the City have reserved the right to establish, fund and replenish from Net Revenues, or obtain any debt service reserve fund surety or guarantee reimbursable from Net Revenues for, debt service reserves for Parity Obligations. Such reserves, if established, will not be available to pay, and Owners of the 2020 Bonds will have no claim or lien on, such reserves and the amounts on deposit herein.

Rate Covenant

The City covenants in the 2020 Installment Sale Agreement that it will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each fiscal year that are sufficient to satisfy specific obligations of the Water System and provide certain coverage on the debt service payable with respect to the 2020 Installment Payments and any Parity Obligations becoming due and payable in such fiscal year. See "SECURITY FOR THE 2020 BONDS – Rate Covenant."

The Water System

The Water System consists of approximately 240 miles of water pipes ranging in diameter from two to 30 inches, 28 groundwater wells, a surface water treatment plant, and three storage facilities. The distribution system currently serves over 26,500 residential, commercial, and industrial customers, covering substantially all of the population of the City.

Other Matters

The summaries of and references to documents, statutes, reports and other instruments referred to in this Official Statement do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized or otherwise defined in this Official Statement indicates that such word is defined in a particular agreement or other document and, as used in this Official Statement, has the meaning given it in such agreement or document. See "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

THE REFINANCING PLAN

The 2020 Bonds are being issued to provide funds to (i) refinance the Refunded Bonds and the corresponding portion of the related installment payment obligation of the City, and (ii) pay the costs of issuing the 2020 Bonds.

The Refunded Bonds, together with the 2010A Bonds, were issued for the purpose of (i) financing the acquisition and construction of improvements to the Water System (the "**2010 Water Projects**"), (ii) funding a deposit in debt service reserve account for the 2010 Bonds, and (iii) paying the costs of issuance of the 2010 Bonds and certain related costs. The Refunded Bonds consist of the amounts set forth in the following table.

2010 Water Revenue Bonds, Series B
(Federally Taxable - Build America Bonds - Direct Payment)

Maturity Date (June 1)	Outstanding Principal Amount	Interest Rate	Redemption Price	Redemption Date	CUSIP†
2022	$1,075,000	5.014%	100%	June 1, 2020	540257AL6
2023	1,115,000	5.214	100	June 1, 2020	540257AM4
2024	1,150,000	5.414	100	June 1, 2020	540257AN2
2025	1,190,000	5.614	100	June 1, 2020	540257AP7
2030*	6,705,000	6.387	100	June 1, 2020	540257AQ5
2040*	18,415,000	6.637	100	June 1, 2020	540257AR3
TOTAL	$29,650,000				

* Term Bond.

Upon the execution and delivery of the 2020 Bonds, a portion of the proceeds and available moneys from the Refunded Bonds shall be applied to the purchase of certain direct obligations of the United States of America, which, along with uninvested cash and earnings on the obligations, will satisfy the City's payment obligations with respect to the Refunded Bonds until June 1, 2020 (the "**Redemption Date**"). These direct obligations and uninvested cash shall be deposited in an escrow account held by The Bank of New York Mellon Trust Company, N.A., as escrow agent for the Refunded Bonds (the "**Escrow Agent**") under an escrow deposit and trust agreement (the "**Escrow Agreement**").

The obligations of the United States of America so deposited with the Escrow Agent into the escrow account for the Refunded Bonds will bear interest at such rates and will be scheduled to mature at such times and in such amounts that, when paid in accordance with their terms, together with any other funds held by the Escrow Agent under the Escrow Agreement, will be sufficient to make full and timely payment of the principal of and interest evidenced and represented by the Refunded Bonds prior to the Redemption Date and to pay the prepayment price equal to 100% of the principal amount of the outstanding Refunded Bonds plus interest accrued to the Redemption Date. For information on mathematical verification for the sufficiency of scheduled payments with respect to such obligations of the United States of America and other funds held by the Escrow Agent to make such payments with respect to the Refunded Bonds, see

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. The City and the Underwriter do not assume any responsibility for the accuracy of such numbers.

"VERIFICATION OF MATHEMATICAL COMPUTATIONS." Upon such irrevocable deposit with the Escrow Agent and the receipt by the Escrow Agent of irrevocable escrow instructions from the City under the Escrow Agreement, the Refunded Bonds will be defeased and the owners of the Refunded Bonds will no longer be entitled to the benefits of the legal documents under which they were executed and delivered.

The amounts held and invested by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded Bonds. Neither the funds deposited in the Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the 2020 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the 2020 Bonds are as follows:

Sources:	
Principal Amount	$
[*Plus/Less*] Original Issue [Premium/Discount]	
Less Underwriter's Discount	
Plus Available Funds Relating to the Refunded Bonds	
Total Sources	$
Uses:	
Deposit to Escrow Fund	$
Costs of Issuance [1]	
Total Uses	$

[1] Represents funds to be used to pay costs of issuance, which include legal fees, Municipal Advisor fees, printing costs, rating agency fees and other miscellaneous expenses.

THE 2020 BONDS

This section provides summaries of the 2020 Bonds and certain provisions of the Indenture. See APPENDIX D for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

General

Bond Terms. The 2020 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of $5,000. The 2020 Bonds will mature in the amounts and on the dates, and bear interest at the annual rates, set forth on the inside cover page of this Official Statement.

Payments of Principal and Interest. Interest on the 2020 Bonds will be payable on June 1 and December 1 in each year, beginning December 1, 2020 (each an "**Interest Payment Date**"). Principal on the 2020 Bonds will be payable on June 1 in the amounts and in the years set forth on the inside front cover of this Official Statement.

While the 2020 Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to the 2020 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2020 Bonds. See APPENDIX G – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest on the 2020 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: a 2020 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, a 2020 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or interest on any 2020 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Principal and premium, if any, with respect to each 2020 Bond is payable upon surrender of such Bond at the Office of the Trustee in San Francisco, California, upon maturity or the earlier redemption thereof. The principal of, premium, if any, and interest on the 2020 Bonds will be payable in lawful money of the United States of America. Interest with respect to the 2020 Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months.

Transfer, Registration and Exchange

See "APPENDIX D – Summary of Principal Legal Documents" for a description of the provisions of the Indenture relating to the transfer, registration and exchange of the 2020 Bonds.

Redemption

The 2020 Bonds maturing on or before June 1, 20__, are not subject to optional redemption prior to their respective stated maturity dates. The 2020 Bonds maturing on or after June 1, 20__, are subject to redemption in whole, or in part at the Written Request of the Authority among maturities on such basis as the Authority may designate and within a maturity as set forth in the Indenture, at the option of the Authority, on any date on or after June 1, 20__, from any

available source of funds, at a redemption price equal to 100% of the principal amount of the 2020 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Selection of Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the 2020 Bonds of a single maturity,(a) for any period in which the 2020 Bonds are not held by a Depository, the Trustee shall select the 2020 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate and (b) so long as the 2020 Bonds are held by a Depository, the Depository shall select the 2020 Bonds of that maturity or series in accordance with its rules and procedures. For purposes of such selection, the Trustee shall treat each 2020 Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate 2020 Bond.

Notice of Redemption; Rescission

The Trustee shall mail notice of redemption of the 2020 Bonds by first class mail, postage prepaid, not less than 30 nor more than 60 days before any redemption date, to the respective Owners of any 2020 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board. Each notice of redemption shall state the date of the notice, the redemption date, the place or places of redemption, whether less than all of the 2020 Bonds (or all 2020 Bonds of a single maturity) are to be redeemed, the CUSIP numbers and (in the event that not all 2020 Bonds within a maturity are called for redemption) 2020 Bond numbers of the 2020 Bonds to be redeemed and the maturity or maturities of the 2020 Bonds to be redeemed, and in the case of 2020 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said 2020 Bonds the redemption price thereof, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2020 Bonds be then surrendered. Neither the failure to receive any notice nor any defect therein shall affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date. Notice of redemption of 2020 Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

The Authority has the right to rescind any notice of the optional redemption of 2020 Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption may provide that it is subject to rescission as described in this paragraph. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2020 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The Authority and the Trustee have no liability to the 2020 Bond Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption

Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the 2020 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2020 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2020 Bonds so

called for redemption shall cease to accrue, said 2020 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2020 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2020 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the integral multiples of $5,000, under the book-entry system maintained by DTC. While the 2020 Bonds are subject to the book-entry system, the principal, interest and any prepayment premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2020 Bonds. Purchasers of the 2020 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM" for further information regarding DTC and the book-entry system.

DEBT SERVICE SCHEDULE

The table below shows annual debt service payments on the 2020 Bonds, assuming no optional redemption.

Year Ending June 1	Principal	Interest	Total Debt Service
	$	$	$
Total	$	$	$

SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS

This section provides summaries of the 2020 Bonds and certain provisions of the Indenture and 2020 Installment Sale Agreement. See APPENDIX D for a more complete summary of the Indenture and 2020 Installment Sale Agreement. Capitalized terms used but not defined in this section have the meanings given in APPENDIX D.

The principal of and interest on the 2020 Bonds are not a debt of the Authority (except to the limited extent described in this Official Statement) or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Net Revenues and other amounts pledged under the Indenture.

Pledge of Authority Revenues

The 2020 Bonds are payable from and secured by a pledge of Authority Revenues and certain funds and accounts established and held by the Trustee under the Indenture. Authority Revenues, as defined in the Indenture, mean (a) all of the 2020 Installment Payments, and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

THE 2020 BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF AUTHORITY REVENUES AND CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER. THE OBLIGATION OF THE CITY TO MAKE 2020 INSTALLMENT PAYMENTS IS PAYABLE SOLELY FROM NET REVENUES RELATING TO THE CITY'S WATER SYSTEM AND MONEYS ON DEPOSIT IN ANY OF THE FUNDS AND ACCOUNTS ESTABLISHED AND HELD BY THE TRUSTEE UNDER THE INDENTURE TO SECURE THE 2020 INSTALLMENT PAYMENTS AND ANY PARITY OBLIGATIONS. NEITHER THE 2020 BONDS NOR THE OBLIGATION OF THE CITY TO MAKE 2020 INSTALLMENT PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE COUNTY, THE STATE OF CALIFORNIA (THE "**STATE**") OR ANY OF ITS POLITICAL SUBDIVISIONS (INCLUDING ANY MEMBER OF THE AUTHORITY) IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS.

2020 Installment Payments

The 2020 Installment Sale Agreement provides that the City's obligation to make the 2020 Installment Payments from Net Revenues and to perform and observe the other agreements contained therein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the City or otherwise with respect to the Water System, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until all of the 2020 Installment Payments are fully paid or prepaid or provision is made for such payment in accordance with the terms of the 2020 Installment Sale Agreement, the City (a) will not suspend or discontinue payment of any 2020 Installment Payments, (b) will perform and observe all other agreements contained in the 2020 Installment Sale Agreement, and (c) will not terminate the 2020 Installment Sale Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in tax law or other laws of the United States of

America or the State of California or any political subdivision of either thereof or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or the 2020 Installment Sale Agreement.

Pursuant to the Indenture, the Authority transfers, assigns and sets over to the Trustee all of the 2020 Installment Payments and any and all rights, title, interest and privileges it has in, to and under the 2020 Installment Sale Agreement (other than its rights to expenses and indemnification), including without limitation, the right to collect and receive directly all of the 2020 Installment Payments and the right to enforce the provisions of the 2020 Installment Sale Agreement. The City consents to such assignment in the 2020 Installment Sale Agreement and agrees to make payments of the 2020 Installment Payments directly to the Trustee. Under the Indenture, The Trustee is also entitled to and shall, subject to the provisions of the Indenture, take all steps, actions and proceedings which the Trustee determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the 2020 Installment Sale Agreement. The Trustee is entitled to indemnification and expenses before taking such action as provided in the Indenture.

The Indenture provides that all of the 2020 Installment Payments received by the Trustee shall be deposited immediately in the Bond Fund. All of the 2020 Installment Payments are to be held in trust by the Trustee for the benefit of the Owners of the 2020 Bonds and shall be disbursed and applied only as provided in the Indenture.

Pledge of Net Revenues

Pursuant to the 2020 Installment Sale Agreement, all Net Revenues and all moneys on deposit in any of the funds and accounts established and held by the Trustee under the Indenture to secure the Installment Payments and any Parity Debt are irrevocably pledged to the payment of the 2020 Installment Payments, which pledge shall be on a parity with any pledge of Net Revenues or of moneys in the Water System Fund securing Parity Obligations.

"Gross Revenues" means all gross charges received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to connection charges (including the City's impact mitigation fees) to the extent permitted by law, investment earnings thereon and the Refundable Credits under the 2010 Installment Sale Agreement; but excluding (a) the proceeds of any ad valorem property taxes levied for the purpose of paying general obligation bonds of the City relating to the Water System and (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City levied for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System.

"Operation and Maintenance Costs" means the reasonable and necessary costs and expenses paid by the City for maintaining and operating the Water System, including but not limited to (a) costs of acquisition of water to be supplied by the Water System, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Water System; but in all cases excluding (i) debt service payable on obligations incurred by the City with respect to the Water

System, including but not limited to the 2020 Installment Payments and any Parity Debt, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

The obligation of the City to make the 2020 Installment Payments is a special obligation of the City payable from the Net Revenues relating to the Water System and moneys on deposit in the Water System Fund, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

See "Outstanding Parity Obligations" and "Additional Parity Obligations" below.

Rate Covenant

The City covenants in the 2020 Installment Sale Agreement that it will, to the maximum extent permitted by law, fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year so as to yield:

(a) Gross Revenues for such Fiscal Year sufficient to pay the following amounts in the following order of priority:

(i) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(ii) All 2020 Installment Payments and all payments of principal of and interest on any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent any of such payments are payable from bond proceeds or from any other source of legally available funds of the City which have been deposited with the Trustee for such purpose prior to the commencement of the related Fiscal Year;

(iii) All amounts, if any, required to restore the balance in the Reserve Account to the full amount of the Reserve Requirement, and to restore the balance in the reserve account established for any Parity Debt to their required balances; and

(iv) All Additional Payments and other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

(b) Net Revenues for such Fiscal Year equal to at least one hundred twenty-five percent (125%) of all Installment Payments and all payments of principal of and interest on any Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent any of such payments are payable from bond proceeds or from any other source of legally available funds of the City which have been deposited with the Trustee for such purpose prior to the commencement of the related Fiscal Year.

For purposes of this paragraph (b), the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the Water System Fund in that Fiscal Year from the

Rate Stabilization Fund are included in the calculation of Net Revenues, but only to the extent that the moneys transferred from the Rate Stabilization Fund would not otherwise constitute Gross Revenues for the Fiscal Year.

(c) Net Revenues for such Fiscal Year equal to at least one hundred percent (100%) of the sum of (i) all Installment Payments and all payments of principal of and interest on any Parity Obligations as they become due and payable during such Fiscal Year, without preference or priority, except to the extent any of such payments are payable from bond proceeds or from any other source of legally available funds of the City which have been deposited with the Trustee for such purpose prior to the commencement of the related Fiscal Year and (ii) all amounts, if any, required to restore the balance in the Reserve Account to the full amount of the Reserve Requirement, and to restore the balance in the reserve account established for any Parity Obligations to their required balances.

For purposes of this paragraph (c), the amount of Net Revenues for a Fiscal Year will be computed on the basis that (A) any connection charges (including the City's impact mitigation fees) deposited into the Water System Fund in that Fiscal Year shall not be included, (B) any transfers into the Water System Fund in that Fiscal Year from the Rate Stabilization Fund shall not be included in the calculation of Net Revenues, and (C) any deposits into the Rate Stabilization Fund in that Fiscal Year shall be included in the amount of Net Revenues, but only to the extent such deposits are made from Gross Revenues received by the City during that Fiscal Year.

For definitions of additional terms used in the 2020 Installment Sale Agreement and the Indenture, see "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – CERTAIN DEFINITIONS".

Rate Stabilization Fund

Under the 2020 Installment Sale Agreement, the City has the right at any time to establish a rate stabilization fund (the "**Rate Stabilization Fund**") to be held by it and administered in accordance with the 2020 Installment Sale Agreement, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Water System. From time to time, the City may deposit amounts into the Rate Stabilization Fund from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien that secures the 2020 Bonds and any Parity Obligations, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts into the Water System Fund in any Fiscal Year for the purpose of paying the 2020 Installment Payments or the principal of and interest on any Parity Obligations coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Water System Fund will constitute Gross Revenues for such Fiscal Year and will be applied for the purposes of the Water System Fund. Amounts on deposit in a Rate Stabilization Fund will not be pledged to or otherwise secure the 2020 Bonds or any Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

Application of Revenues

In order to carry out and effectuate the obligation of the City contained in the 2020 Installment Sale Agreement to pay the 2020 Installment Payments, the City agrees and covenants that all Gross Revenues, including, without limitation, Refundable Credits as defined in the 2010 Installment Sale Agreement shall be deposited when and as received in a special fund designated as the "Water System Fund", which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any 2020 Installment Payments remain unpaid.

Amounts on deposit in the Water System Fund will be applied by the City to pay when due the following amounts in the following order of priority:

(i) all Operation and Maintenance Costs;

(ii) the 2020 Installment Payments and all payments of principal of and interest on any Parity Debt;

(iii) to the Trustee the amount of any deficiency in any reserve account established for Parity Debt, the notice of which deficiency has been sent to the City in accordance with the applicable provisions of the related Parity Debt Documents;

(iv) any other payments required to comply with the provisions of the 2020 Installment Sale Agreement and any Parity Debt Documents; and

(v) any other purposes authorized under the 2020 Installment Sale Agreement, including (A) the payment of any subordinate obligations or any unsecured obligations, (B) the acquisition and construction of improvements to the Water System, (C) the prepayment of any other obligations of the City relating to the Water System, or (D) any other lawful purposes of the City.

No Debt Service Reserve Fund

No debt service reserve fund is being established in connection with the issuance of the 2020 Bonds. The Authority and the City have reserved the right to establish debt service reserves for Parity Obligations. See "INTRODUCTION – No Reserve Account."

Outstanding Parity Obligations

Upon the issuance of the 2020 Bonds and the refunding of the Refunded Bonds and corresponding portion of the related installment payment obligation of the City, the only other outstanding obligations payable from Net Revenues on a parity with the 2020 Bonds will be the 2010A Bonds and the related installment payment obligation of the City.

Additional Parity Obligations

The City is permitted under the 2020 Installment Sale Agreement to incur Parity Obligations, subject to satisfaction of the following conditions.

(a) No Event of Default has occurred and is continuing (unless the Event of Default will be cured as a result of the issuance of the Parity Debt).

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive 12-month period selected by the City at its option, in either case verified by a certificate or opinion of an Independent Accountant or Fiscal Consultant, plus the Additional Revenues, at least equal 125% of the amount of Maximum Annual Debt Service with respect to the 2020 Installment Payments and all Parity Debt then outstanding (including the Parity Debt then proposed to be issued). For purposes of this paragraph, the amount of any Refundable Credits that the City expects to receive in a Fiscal Year will be excluded from the amount of Gross Revenues for such Fiscal Year, but will be included as a credit against the applicable amount of 2020 Installment Payments and principal of and interest on any Parity Debt coming due in such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the Water System Fund in that Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues (but only to the extent that the moneys transferred from the Rate Stabilization Fund would not otherwise constitute Gross Revenues for the applicable Fiscal Year).

(c) Except as provided in the next paragraph, upon the issuance of such Parity Debt a reserve fund will be established for such Parity Debt. The reserve fund which is established for an issue of Parity Debt will be required to be maintained in an amount which, together with the aggregate amount required to be on deposit in all of the reserve funds established for the 2020 Bonds and other outstanding Parity Debt, is at least equal to Maximum Annual Debt Service on the 2020 Installment Payments and all outstanding Parity Debt, taken as a whole (other than Parity Debt for which no reserve fund is established as described in the next paragraph).

In the event the City issues Parity Debt the purchaser of which does not require the establishment of a reserve fund, such Parity Debt may be issued without a reserve fund. However, in that event, such Parity Debt is not entitled to the security of amounts held in the reserve fund which is established for the 2020 Bonds or for any other issue of Parity Debt, and such Parity Debt will be disregarded in determining the amount required to be maintained in any other reserve fund established for outstanding Parity Debt.

(d) The trustee or fiscal agent for such Parity Debt (except to the extent required to be a separate entity from the City or the Authority by the purchaser of such Parity Debt) is the same entity performing the functions of Trustee under the Indenture.

(e) The City must deliver to the Trustee a Written Certificate of the City certifying that the conditions precedent to the issuance of such Parity Debt set forth in the 2020 Installment Sale Agreement have been satisfied.

Notwithstanding the foregoing provisions, neither clause (a) nor clause (b) above shall limit the ability of the City to execute any Parity Obligations at any time to refund any Outstanding 2020 Installment Payments or Outstanding Parity Obligations, in each case which results in a net present value savings to the City, inclusive of all costs of such refunding.

Subordinate Obligations

The 2020 Installment Sale Agreement permits the City to incur obligations which are unsecured or which are payable from Net Revenues on a subordinate basis to the 2020 Installment Payments and any future Parity Obligations. There currently are no outstanding subordinate obligations.

THE WATER SYSTEM

General

The City of Lodi ("**Lodi**") is a general law city in the State of California incorporated in 1906. The City is located in the San Joaquin Valley of California, 35 miles south of the State capital of Sacramento, and 90 miles east of San Francisco.

The City operates under a City Council-Manager form of government and provides the following services: public safety (police, fire and graffiti abatement), public utilities services (electric, water and sewer), transportation services (streets, flood control and transit), leisure, cultural and social services (parks and recreation, library, and community center), and general government services (management, human resources administration, financial administration, building maintenance and equipment maintenance).

As of January 1, 2019, the City had an estimated population of 68,272 within an area of approximately 14 square miles.

See "APPENDIX A – GENERAL DEMOGRAPHIC INFORMATION ABOUT THE CITY OF LODI AND SAN JOAQUIN COUNTY."

Governance and Management

The City is governed by a five-member City Council. The City is converting to District elections, which started in November of 2018 and concludes with the seats open in 2020. Each council member is elected for four years with staggered terms.

The current City Council members and the expiration dates of their terms are set forth below.

Council Member	Title	Expiration of Term
Doug Kuehne	Mayor	November 2022
Alan Nakanishi	Mayor Pro Tem	November 2022
Bob Johnson	Councilmember	November 2020
JoAnne Mounce	Councilmember	November 2020
Mark Chandler	Councilmember	November 2022

Stephen Schwabauer, City Manager, was appointed to the position by the City Council on June 5, 2014 after serving five-months as the Interim Manager. He had been City Attorney from 2004 to 2014, and Deputy City Attorney from 2000 to 2004. During his tenure as City Attorney, Schwabauer negotiated the resolution of a multimillion dollar groundwater contamination action and associated financing scheme. Schwabauer also led labor negotiations for much of his tenure as City Attorney and developed significant experience with budget operations and employee relations. Schwabauer earned his Bachelor of Arts degree from U.C. Davis in 1990 and his law degree from U.C. Berkeley in 1994.

Andrew Keys, Deputy City Manager/Internal Services Director, has been the City's Deputy City Manager/Internal Services Director since March 27, 2017. As the City's administrative second-in-command, Keys oversees the City's Finance, Budget and Treasury, Information Systems and Human Resources functions. Keys came to the City after a 9-year career with the City of Elk Grove, California. In Elk Grove, he served in various roles within the finance

department, including Analyst, Accounting Manager and Budget Manager, as well as within administration serving as Assistant to the City Manager and Deputy City Manager. Keys began his career in the municipal finance sector with KNN Public Finance where he served for a year as an Analyst after receiving his Bachelor of Arts degree in International Relations from U.C. Davis in 2006. He later received his Master's degree in Business Administration from U.C. Davis in 2013.

Charles Swimley, Public Works Director, began his tenure with the City in 2001 as Senior Civil Engineer, was promoted to Water Services Manager in 2006, then Deputy Director of Utilities in 2010 where he oversaw wastewater collection and treatment, water production and distribution and street maintenance. In 2012, Swimley was promoted to City Engineer until his appointment to Public Works Director in April 2016. Swimley, a registered civil engineer since 1994, earned his Bachelor of Science degree from California State University, Sacramento.

Employees

As of July 1, 2019, the City had 57.3 full-time equivalent employee positions budgeted for the Water System and the City's wastewater system (the "**Wastewater System**"). Generally, employees work in both systems and are not specifically assigned to one system. The allocation is 50% to each system. Employees of the Water System and the Wastewater System are represented by the American Federation of State, County and Municipal Employees Maintenance and Operators and General Services Bargaining units, whose Memoranda of Understanding expired on December 31, 2019. Negotiations continue in a productive manner and there have been no strikes or other union work stoppages at the City, including in the Water System and Wastewater System.

Water System Facilities

The Water System consists of approximately 240 miles of water pipes ranging in diameter from two to 30 inches, 28 groundwater wells, a surface water treatment plant, and three storage facilities.

Distribution System. The distribution system consists of approximately 240 miles of pipe ranging in size from two inches to fourteen inches and serves an area of 14 square miles. The distribution system currently serves over 26,500 residential, commercial, and industrial customers. There is a single pressure zone within the service area. The City acquired the Water System in 1910 when the population of the City was approximately 2,000. The Water System has slowly expanded to serve the current community of approximately 68,000 residents. The distribution system age ranges from 100 years to new and a substantial portion of the system has been replaced over the last ten years. The City has implemented a program to replace the oldest and smallest pipes, as described below in "Capital Improvement Plan." Upon completion of the eighth phase of the residential water meter program, which anticipated by the end of calendar year 2020, nearly 30 miles of older 2" and 3" water main will have been replaced with 8" diameter main.

Supply. Groundwater and surface water compose the sources of supply for the City's Water System. In 2019, approximately 51% of the Water System's water production came from groundwater wells and 49% came from surface water.

Groundwater. The Water System operates 28 groundwater wells, seven of which are equipped with Granular Activated Carbon ("**GAC**") for DBCP and 1,2,3-TCP treatment. See "–

Certain Environmental Conditions" for further information regarding DBCP and 1,2,3-TCP. The combined capacity of the groundwater wells is approximately 37,000 gallons per minute or 52.9 million gallons per day. The wells operate automatically on water pressure demand and pump directly into the distribution system.

The Sustainable Groundwater Management Act (the "**SGMA**") was signed into law in 2014 and provides a framework for long-term sustainable groundwater management throughout the State. The SGMA requires local and regional authorities in medium- and high-priority groundwater basins designated by the Department of Water Resources (the "**DWR**") to form groundwater sustainability agencies ("**GSAs**") and to adopt a groundwater sustainability plan (a "**GSP**") designed to achieve basin sustainability no later than 2040 for basins in critical conditions of overdraft and 2042 for basins not in critical condition of overdraft.

The City overlies the Eastern San Joaquin Groundwater Subbasin, one of 21 basins and subbasins identified by the DWR as being in a state of critical overdraft. The City and 15 other GSAs formed the Eastern San Joaquin Groundwater Authority (the "**ESJGWA**"), a joint exercise of powers authority, effective February 8, 2017 in response to the SGMA. The purpose of the ESJGWA is to coordinate the management of the Eastern San Joaquin Groundwater Subbasin in accordance with the SGMA. The ESJGWA is governed by a Board of Directors (the "**ESJGWA Board**"), with one representative from each GSA, and is guided by an Advisory Committee, also with one representative from each GSA, that is tasked with making recommendations to the ESJGWA Board on technical and substantive matters. The ESJGWA released a draft GSP for public comment in July 2019. Following public workshops and hearings, the final GSP dated November 2019 was released.

On January 8, 2020, after approval and adoption of the GSP by each GSA, the ESJGWA Board adopted a resolution agreeing to submit the GSP to the DWR in advance of the January 30, 2020 statutory submittal deadline,

The City does not currently expect that enactment of or compliance with the SGMA or the GSP for the Eastern San Joaquin Groundwater Subbasin will have a material adverse effect on its ability to make the 2020 Installment Payments; however, the City can make no assurances as to the reliability or adequacy of future supplies of groundwater to meet future demands.

Surface Water. The Water System also operates a surface water treatment plant (the "**Treatment Plant**"), which commenced operation in 2012. The Treatment Plant pumps raw water from the Mokelumne River and treats it with a microfiltration process. The Treatment Plant was initially constructed to treat and distribute up to 10 million gallons of water per day and was designed to be able to accommodate a future expansion of the Treatment Plant of up to 20 million gallons per day.

The City does not have its own water rights to water from the Mokelumne River but instead contracts with other local agencies for the purchase of water from the Mokelumne River. In 2003, the City entered into a contract with the Woodbridge Irrigation District ("**WID**") for the purchase of up to 6,000 acre-feet annually of surface water from the Mokelumne River. The initial contract term with WID expires on October 15, 2047 and the contract provides for an extension at the City's option for an additional 40 years. In 2014, the City entered into a contract with the North San Joaquin Water Conservation District (the "**NSJWCD**") for the purchase of up to 1,000 acre-feet annually of surface water from the Mokelumne River. The contract with NSJWCD has an initial term of five years and is subject to further extensions of additional five-year periods, with a total term not to exceed 40 years.

Storage. The Water System contains three separate storage facilities. A 100,000-gallon elevated tank, located on North Main Street in the City, modulates pressures with the distribution system. A one million-gallon storage tank and pressure boosting pump station, located east of State Route 99 on Thurman Street in the City, serve peak demands in the City's industrial areas. A three million-gallon storage tank is located at the site of the Treatment Plant. In addition, a fourth storage facility, with a 1 million gallon capacity, is under construction in the southeast side of the City that will provide additional water supply to accommodate peak fire flow demand. This project is a condition of development, is entirely funded by the developer of the Reynolds Ranch project, and will be dedicated to the City upon completion.

Insurance. The City's boiler and machinery operations (including those parts of the Water System) are insured by the Alliant Property Insurance Program (APIP), which is a group purchase property program through the Lloyd's of London marketplace, and Hallmark Financial Services, for up to $100 million in coverage. The City, including the Water System, is self-insured for general liability losses for up to $500,000 and has pooled excess coverage through the California Joint Powers Risk Management Agency for up to $40 million per occurrence. The City is self-insured for workers' compensation losses for up to $250,000 and has pooled excess coverage through the Local Agency Workers' Compensation Excess Authority for statutory coverage.

Service Area and Customers

The City provides water to substantially all of the population of the City, representing an area of approximately 11.5 square miles. In addition, the City provides water service to a small 21-unit residential subdivision outside the City via an agreement with the County of San Joaquin and anticipates that in 2020 it will begin providing water service to Henderson School, which is also outside the City limits, under an agreement with Lodi Unified School District. The table below shows the number of accounts in the Water System by user type and service charge revenues by class of user. Residential users represent approximately 89% of all accounts and approximately 76% of water sales revenues.

Table 1
City of Lodi
Water System
Number of Accounts and Revenues by User Type

	Commercial/Industrial/ Municipal		Residential	
Year Ending December 31	Number of Accounts	Revenue	Number of Accounts	Revenue
2015	1,524	$2,830,790	21,387	$9,410,460
2016	1,821	2,991,610	21,683	9,500,400
2017	2,909	3,087,136	22,106	9,960,627
2018	2,903	3,170,623	22,464	10,213,988
2019	2,897	3,201,535	22,661	10,297,008

Source: City of Lodi

The table below shows the 10 largest users of the Water System based on service charge revenues for the Fiscal Year 2018-19.

Table 2
City of Lodi
Water System
Largest Users by Service Charge Revenues
Fiscal Year 2018-19

User	Type of Business	Revenue	% of Total Revenue
City of Lodi	Government	$484,915	3.62%
Lodi Unified School District	K-12, adult education	382,317	2.86
Pacific Coast Producers	Private label fruit canning	160,516	1.20
Lodi Memorial Hospital	Health care	65,454	0.49
Treehouse Foods	Specialty bakery, frozen dough	52,500	0.39
All State Packer	Produce grower-shipper	24,866	0.19
Lodi Grape Festival	Festival grounds	24,530	0.18
Temple Baptist Church	Church	22,338	0.17
Sweetener Products	Sweetener distribution	20,651	0.15
Blue Shield of California	Health insurance	19,314	0.14
Subtotal Top Ten Users		1,257,401	9.39
Total System		$13,384,611	100.00%

Source: City of Lodi

Rate Consultant's Report

The City retained The Reed Group, Inc. (the "**Rate Consultant**") in 2019 to assist in developing financial plans and utility rates for the Water System and the City's wastewater system. The Rate Consultant has prepared a report dated March 6, 2019 titled "Water and Wastewater Rate Study" attached hereto as Appendix C (the "**Rate Consultant's Report**"), which summarizes the financial strategy supporting the activities of the Water System. Much of the information concerning the rates for the Water System, and the projected operating results contained herein in Table 7 (the "**Projected Operating Results**"), have been excerpted from the Rate Consultant's Report.

The Rate Consultant's Report contains certain assumptions and estimates. The Rate Consultant's Report should be read in its entirety for a discussion of estimated future results of the Water System and the assumptions and rationale underlying the estimates. As noted in the Rate Consultant's Report, any future estimate is subject to uncertainties. There will usually be differences between actual and estimated results because not all events and circumstances occur as expected, and those differences may be material. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the City to make timely payment of the 2020 Installment Sale Payments may be materially adversely affected.

Water Rates and Charges

Subject to the requirements of Proposition 218, the City has the power to establish rates and charges as needed to operate the Water System. The rates and charges are established by the City Council and are not subject to review or approval by any other agency.

Most recently, pursuant to Resolution No. 2019-42 adopted on March 20, 2019 (the "**Rate Schedule Resolution**"), the City Council set usage-based and flat water rates for residential, commercial and industrial customers for the period from March 21, 2019 through December 31, 2023. The Proposition 218 process was followed and notifications were sent to property owners and utility customers 45 days prior to the public hearing on March 20, 2019. At the public hearing, the total number of protests filed with the City Clerk represented less than 10% of that required to sustain the protest and the rate changes were adopted by the City Council.

The Rate Schedule Resolution provides for inflationary-based increases in water rates in each year through 2023 equal to the Engineering New Record's 20-Cities Construction Cost Index, or 3.0%, whichever is lower. Increases in water rates each year of the five-year period must be approved by the City Council by separate resolution. Pursuant to Resolution 2019-43, adopted on March 20, 2019, the City Council approved a 2.5% increase in water rates for 2019.

Transition from Flat Rates to Metered Rates. In 2005, the State of California adopted legislation requiring that all new residential water services installed since 1992 begin receiving metered water bills beginning in 2011. The same legislation requires that all water utility customers have meters installed and begin receiving metered water bills no later than 2026.

The City began transitioning single family residential customers with water meters from flat water rates to water-usage based water rates in January 2011. Prior to converting any customer to usage-based rates, the City provides the customer with actual water usage data and information regarding how the customer's bills may be affected with the change in billing.

As of January of 2020, approximately 90% of single-family residential customers had been transitioned to water meters. It is expected that the meter retrofit program will be completed by 2023 and that, due to a planned lag between installation of a meter and conversion of a customer to metered water rates, full conversion to metered rates will occur by 2025.

Flat rates for water are based on the number of bedrooms in single-family homes and multi-family homes. Metered water rates include a fixed monthly service charge based on the size of the water meter. Single-family residential customers paying metered rates are subject to a three-tier usage rate structure, while multi-family homes and non-residential customers pay a uniform water usage rate.

Set forth below is a table showing selected rates effective as of April 2019.

Table 3
City of Lodi
Water System
Selected Rates Effective April 2019

Flat Rates ($/month)	
Single Family Residential Unit	$33.66
2 Bedroom	40.43
3 Bedroom	48.45
Metered Water Rates	
Service Charge ($/month)	
Single Family Residential	
Up to 3/4" Meter	22.42
Multi-Family and Non-Residential	
1" Meter	35.20
1 1/2" Meter	66.88
2" Meter	105.08
Water Usage Rates ($/CCF)	
Single Family Residential	
Tier 1 - 0 to 10 CCF/month	0.99
Tier 2 - 11 to 50 CCF/month	1.32
Tier 3 - Over 50 CCF/month	1.64
Multi-Family and Non-Residential	
All Water Usage	1.18

Source: City of Lodi

A history of water rate increases since 2014, and projections for water rate increases through 2023, is presented in the following table.

Table 4
City of Lodi
Water System
History of Water Rate Increases Since 2014
and Projected Water Rate Increases Through 2023

Year	Percentage
2014	2.500%
2015	2.000
2016	1.975
2017	3.000
2018	0.000
2019	2.500
2020	0.000
2021	-5.300 (1)
2022	3.000
2023	3.000

(1) Reflects planned rollback to 2016 rates.
Source: City of Lodi

Water Shortage Surcharge. The Rate Schedule Resolution includes a water shortage rate surcharge. This temporary water shortage surcharge is implemented under specified water shortage conditions and is designed to provide incremental revenue to help offset declines in revenue due to reduced water sales in times of water shortage. The temporary water shortage surcharge applies to usage rates (and not to the fixed monthly service charge for metered customers, or to flat rates) and begins when water use reductions of 10-20% are necessary.

Billing and Collection. The City bills monthly for water, wastewater, solid waste and electricity on the same bill. If a bill is unpaid, the City will terminate electric service to a customer within 55 days of nonpayment after 48 hours' notice. Any termination of a customer's water services by the City would be required to be in compliance with the State's Water Shutoff Protection Act (California Health & Safety Code §116900, et. seq.). For Fiscal Year 2016-17 and Fiscal Year 2018-19, no accounts were sent to collection as the City was working through challenges with enterprise resource program software implementation. For Fiscal Year 2018-19, all closed accounts with a delinquent balance over 45 days were sent to collection. Closed accounts with outstanding balances greater than 45 days are now referred to a collection agency on a monthly basis. For financial reporting, the City records an allowance for bad debt equal to 1% of receivables over 60 days old. The Water System component of accounts recently referred to collection are:

Fiscal Year	**2016-17**	**2017-18**	**2018-19**
Amount	$0	$0	$296,894
% of Sales Charge Revenue	0%	0%	0.37%

Source: City of Lodi

Comparison of Monthly Water and Wastewater Service Charges of Selected Agencies. A comparison of water and wastewater service charges of selected agencies located in San Joaquin County for a single-family home is set forth below.

Table 5
Comparison of Monthly Water and Wastewater Service Charges
(as of March 2019)

Agency [1]	Water Rate	Wastewater	Total
City of Tracy	$32.80	$34.00	$66.80
City of Manteca	32.60	43.30	75.90
City of Lodi (current)	**39.15**	**52.87**	**92.02**
City of Lodi (2021)[2]	**36.88**	**56.08**	**92.96**
City of Galt	33.70	63.15	96.85
City of Stockton	68.75	44.16	112.91
City of Lathrop	90.93	75.00	165.93

(1) Rates for the City reflect rates approved in March 2019. Rates for other agencies are as of March 2019. Based on metered water rates with 15 CCF of average monthly water usage and 9 CCF of monthly winter water usage (for wastewater bill calculations), and a 3/4" residential meter.
(2) Includes rollback of water rates to 2016 schedule.
Source: City of Lodi

Impact Fees. In addition to collecting service charges, the City also collects water impact mitigation fees, or "impact fees." Impact fees are one time fees charged to new development for capacity in the water system. The impact fee for a typical low density single family residence (five dwelling units per acre) is approximately $3,777 per equivalent single family dwelling unit ("**EDU**"), and is subject to annual inflation indexing. The Projected Operating Results include estimated water impact fees of approximately $575,500 in Fiscal Year 2019-20, including interest earnings.

Actual impact fee revenues will depend on a variety of factors, including the actual increases in impact fees adopted by the City Council and the actual number of new connections for which impact fees are paid. In addition, there can be no assurances that the City Council will adopt impact fees at the level assumed in the Projected Operating Results, and that new connections for which impact fees are paid will occur at the levels assumed in the Projected Operating Results.

Capital Improvement Plan

The capital improvement program for the Water System includes multiple projects that total nearly $30 million through Fiscal Year 2029-30. Annual expenditures for the capital improvement program range from approximately $75,000 to approximately $7.5 million, and average approximately $2.5 million. Larger projects include completion of the water meter retrofit program (approximately $8 million over four fiscal years) and the replacement of a membrane at the Treatment Plant (approximately $2 million). A variety of smaller projects, including rehabilitation and upgrading of groundwater wells and pipe replacement, make up the remainder of the projected capital improvement program. The capital improvement program is projected to be funded from available revenues and reserves of the Water System. The issuance of Parity Debt is not currently expected.

Fund Balance Policies

The City Council has adopted policies of maintaining the following fund balance targets:

- General fund unassigned balance of at least 16% of general fund revenues, consisting of Catastrophic and Economic reserves of a minimum of 8% each of annual general fund revenues.

- Water Enterprise fund target of 50% of Water System operating expenses.

- Electric Enterprise fund working capital target of $23.3 million.

Certain Environmental Conditions

Following are discussions of certain environmental conditions which currently are, and may in the future, affect the operations and/or financial condition of the Water System.

PCE/TCE Contamination. As described herein, the City currently relies upon groundwater for approximately 51% of its production of potable water to its residents through the Water System. The City detected the chemicals tetrachloroethylene ("**PCE**" or "**PERC**") and trichloroethylene ("**TCE**") in the groundwater in 1989. The contamination was caused by releases into five different contamination plumes over many decades by businesses in the City. The City filed, and has fully resolved, a cost recovery action entitled "The People of the State of California and the City of Lodi v. M&P Investments, et. al U.S. District Court for the Eastern District of California, Case No. Civs-00-2441 FCD JFM."

Although the contamination is a serious issue, no operating wells are out of compliance with water quality regulations and the City believes that it can manage its water supply to avoid adverse consequences to the Water System. The City has numerous wells that pump water from far outside the areas that are affected, but which are equipped with treatment systems as appropriate. In addition, the Treatment Plant has reduced the City's reliance on groundwater, increasing the ability of the City to avoid problematic groundwater areas.

The five contamination plumes run along three narrow contours following the flow of groundwater. Twenty-three of the City's 28 wells pump water from outside the plumes' contours. With minor exceptions, because the plumes containing the contaminants follow the southerly groundwater flow, the City believes that five of the City's 28 wells could be affected in the future. However, the water supply can be completely protected by either closing the affected well or installing wellhead treatment to remove the contaminants at the time the water is ready to be introduced into the Water System.

The City's audited financial statements for the year ended June 30, 2018 state that the City's remaining pollution remediation obligation was approximately $16.6 million as of June 30, 2019. See APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019" – Note 14 to the Basic Financial Statements" for a discussion of the City's remediation liabilities. However, there can be no assurances that the actual costs of remediation will not exceed the City's current estimates. See "RISK FACTORS – Remediation Costs."

DBCP Contamination. The City's groundwater is impacted by remnants of the former agricultural pesticide dibromochloropropane ("**DBCP**"). DBCP is a listed carcinogen that can be removed from water via activated carbon treatment. DBCP was used as a fumigant to treat infestations in vineyards. As the City has grown, it has annexed former vineyard sites. DBCP can be found in 12 of the City's 28 wells, primarily in the City's newer vineyard annexations to the

south and west. The City has no connection to, or liability for, the contamination except its obligation to purify the water to the extent it chooses to introduce it into its drinking water supply. As required by state law, the City monitors various contaminant levels including DBCP, at the wellhead on a regular basis. DBPC is treated by GAC in seven of the City's 28 wells.

The City settled a lawsuit against the manufacturers of DBCP, including Dow, Shell and Occidental, in 1996 that requires the defendants to fund the City's well replacement and treatment costs through the year 2036. Although the reimbursement terms are complex, the amounts paid to date by the defendants have significantly exceeded the City's actual costs. The settlement agreement allows reimbursements to exceed costs because reimbursements are, in most cases, set at ninety percent (90%) of projected treatment costs and actual treatment costs have been less than projections. Staff anticipates that this trend will continue throughout the settlement agreement's term. The City does not anticipate that it will need to utilize Net Revenues of the Water System to fund treatment costs in the future because continued effective resource management are expected to keep costs below settlement revenues.

1,2,3-TCP Contamination. 1,2,3-Tricholoropropane ("**1,2,3-TCP**") is a manmade chlorinated hydrocarbon that is typically found at industrial or hazardous waste sites and has been used as a cleaning and degreasing solvent. 1,2,3-TCP is also associated with pesticide products formulated with dichloropropanes in the manufacturing of soil fumigant (nematicide) D-D, (no longer available in the United States) which does not attach to soil particles and may move into groundwater aquifers. 1,2,3-TCP is recognized in California as a potential cancer causing substance. Since 2001, 1,2,3-TCP has been found in numerous drinking water sources across the state.

Currently five well sites that are known to contain 1,2,3-TCP are equipped with GAC treatment units which were initially installed to remove DBCP contaminants from the well water. GAC is proven to be effective in removing 1,2,3-TCP from drinking water and is identified by the State Water Resources Control Board as the best available technology for treating 1,2,3-TCP. The City plans to install additional GAC units as necessary to remove 1,2,3-TCP from two other contaminated well sites and has programmed these sites into the capital improvement plan.

Financial Statements

The audited Comprehensive Annual Financial Report of the City as of June 30, 2019 is included in Appendix B to this Official Statement. The 2020 Installment Payments are special obligations of the City payable solely from the Net Revenues of the Water System. The Comprehensive Annual Financial Report has been audited by The Pun Group, independent accountants (the "**Independent Accountants**") as stated in their report appearing in Appendix B.

No review or investigation with respect to subsequent events has been undertaken in connection with such Comprehensive Annual Financial Report by the Independent Accountants and the Independent Accountants have not been asked to consent to the City regarding inclusion of the Comprehensive Annual Financial Report in this Official Statement.

Historical and Projected Operating Results

Tables 6 and 7 set forth, respectively, historical and projected revenues, expenses and debt service coverage of the Water System. The historical information in Table 6 is based on the City's audited financial statements for Fiscal Years 2014-15 through 2018-19. The Projected Operating Results in Table 7 were prepared by the City, and are based in part on the Rate

Consultant's Report. The coverage ratios have been computed in accordance with the requirements of the 2020 Installment Sale Agreement, including the definitions of Net Revenues and Operation and Maintenance Costs.

Development of Projected Operating Results and Debt Service Coverage. The City's Projected Operating Results for the Water System for the Fiscal Years ending June 30, 2020 through 2024 set forth below reflect certain significant assumptions concerning future events and circumstances. The financial estimates represent the City's estimate of projected financial results based upon its judgment of the probable occurrence of future events, as well as the Rate Consultant's Report. The assumptions set forth in part in the footnotes set forth below are material in the development of the City's financial projections, and variations in the assumptions may produce substantially different financial results. The Rate Consultant's Report also describes various assumptions utilized in the preparation of the Projected Operating Results, and should be read in its entirety. Actual operating results achieved during the projection period may vary from those presented in the future estimates and such variations may be material.

Major assumptions affecting the Projected Operating Results include the following:

- Inflation Rates. The Projected Operating Results assume general inflation of 3.0% per year. This general inflation rate applies to all operating and maintenance costs, except water purchase from WID, which increases at 2.0% per year.

- Growth Projection. The annual pace of new development is assumed to be approximately 1.0% of the customer base.

- Customer Demand. The City was under state-mandated water use restrictions during the recent statewide drought. A full rebound to pre-drought water usage is not included due to continued transition to metered rates, conservation measures implemented during the drought, and anticipated new water conservation requirements from the State.

Table 6
City of Lodi
Water System
Historical Operating Results and Debt Service Coverage
Fiscal Years 2014-15 through 2018-19

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Gross Revenues					
Water Sales	$12,722,619	$12,161,186	$12,473,676	$13,005,023	$13,344,473
Investment Earnings	87,211	166,791	132,364	99,018	448,331
Water Impact Mitigation Fees	20,299	332,765	206,847	362,481	528,885
Meter Retrofit Installation Charges	56,502	76,103	19,255	21,577	33,347
Other Revenues[1]	483,710	287,839	1,011,756	932,652	1,095,363
Total Gross Revenues	$13,369,891	$13,024,684	$13,843,898	$14,420,751	$15,450,399
Operating and Maintenance Expenses					
Personnel Services	$2,316,305	$2,515,542	$2,998,026	$2,833,892	$3,014,211
Supplies, Materials and Services	2,139,014	3,008,676	3,468,229	3,220,625	3,339,632
Utilities	579,774	496,316	453,488	518,271	537,561
Administrative overhead	780,000	780,000	813,000	820,560	821,900
Total O&M Expenses	$5,815,093	$6,800,534	$7,732,743	$7,393,348	$7,713,304
Net Revenue Available for Debt Service	$7,554,798	$6,224,150	$6,111,155	$7,027,403	$7,737,095
Debt Service					
2010A Bonds Debt Service	$1,078,300	$1,077,050	$1,078,550	$1,076,100	$1,077,600
2010B Bonds Net Debt Service[2]	1,277,841	1,274,531	1,275,193	1,273,206	1,270,558
Total Net Debt Service	$2,356,141	$2,351,581	$2,353,743	$2,349,306	$2,348,158
Debt Service Coverage					
Debt Service Coverage	3.21	2.65	2.60	2.99	3.29
Debt Service Coverage (excluding impact mitigation fees)	3.20	2.51	2.51	2.84	3.07
Net Remaining Revenues Available for Capital	$5,198,657	$3,872,569	$3,757,412	$4,678,097	$5,388,937
Capital Improvement Projects					
Meter Retrofit Program[3]	$4,841,932	$1,606,734	$4,589,636	$4,068,588	$652,540
Other Water System Improvements	267,902	9,097	330,380	114,412	436,433
Total Capital Improvement Projects	$5,109,834	$1,615,831	$4,920,016	$4,183,000	$1,088,973
Net Change in Reserve	$88,823	$2,256,738	$(1,162,604)	$495,097	$4,299,964
Water Enterprise Fund[4]					
Beginning Fund Balance	$7,027,567	$7,116,390	$9,373,129	$8,210,525	$8,705,622
Ending Fund Balance	7,116,390	9,373,129	8,210,525	8,705,622	13,005,586

(1) Includes rent, sales of City property, discounts, water reimbursements, and damage to property, water tap fees, DBCP reimbursements, and other miscellaneous revenues.
(2) Reflects total debt service for the 2010B Bonds, net of the interest rate subsidy for the Refunded Bonds.
(3) Annual capital costs of the transition to water meters.
(4) Water Enterprise Fund balance includes both operating and capital reserves and is presented on a cash basis.
Source: City of Lodi.

Table 7
City of Lodi
Water System
Projected Operating Results and Debt Service Coverage
Fiscal Years 2019-20 through 2023-24

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Gross Revenues					
Flat Rate Revenue	$3,498,000	$2,955,000	$2,630,000	$2,304,000	$1,464,000
Service Charge Revenue	5,446,000	5,570,000	5,575,000	6,000,000	6,511,000
Usage Charge Revenue	4,773,000	4,905,000	4,845,000	5,150,000	5,722,000
Miscellaneous Revenue	377,300	377,300	377,300	377,300	377,300
Interest Earnings	159,000	69,000	96,600	109,800	131,100
Total Gross Revenues	$14,253,300	$13,876,300	$13,523,900	$13,941,100	$14,205,400
Operating and Maintenance Expenses					
Water Administration	$1,717,300	$1,768,500	$1,821,300	$1,875,500	$1,931,500
WID Water Purchases	1,487,900	1,528,400	1,570,000	1,612,800	1,656,800
Operating Transfer Out	846,600	872,000	898,200	925,100	952,900
Damage to Property	4,200	4,300	4,400	4,500	4,600
Water Production	715,100	736,600	758,600	781,300	804,700
Electricity	303,800	315,100	326,900	339,100	351,800
Water Distribution	1,081,400	1,113,800	1,147,100	1,181,400	1,216,700
Surface Water Treatment Facility	1,666,100	1,715,700	1,766,600	1,819,100	1,873,000
Electricity	155,600	161,400	167,400	173,600	180,100
Water Conservation	151,700	156,100	160,700	165,300	170,100
DBCP	69,600	71,700	73,900	76,100	78,300
Total O&M Expenses	$8,199,300	$8,443,600	$8,695,100	$8,953,800	$9,220,500
Net Revenue Available for Debt Service	$6,054,000	$5,432,700	$4,828,800	$4,987,300	$4,984,900
Debt Service					
2010A Bonds Debt Service	$1,078,200	$1,076,400	--	--	--
2010B Bonds Net Debt Service (1)	634,286	--	--	--	--
2020 Bonds Debt Service*	176,910	1,079,450	$1,854,450	$1,861,200	$1,859,000
Total Net Debt Service	$1,889,396	$2,155,850	$1,854,450	$1,861,200	$1,859,000
Debt Service Coverage*	3.20	2.52	2.60	2.68	2.68
Net Remaining Revenues Available for Capital	$4,164,604	$3,276,850	$2,974,350	$3,126,100	$3,125,900
Transfer to Capital Improvement Fund	$6,745,000	$2,208,000	$2,082,000	$1,970,000	$869,000
Net Change in Reserve	$(2,580,396)	$1,068,850	$892,350	$1,156,100	$2,256,900
Water Enterprise Fund					
Beginning Fund Balance	$13,005,586	$10,425,190	$11,494,040	$12,386,390	$13,542,490
Ending Fund Balance	10,425,190	11,494,040	12,386,390	13,542,490	15,799,390

(1) Reflects debt service paid on December 1, 2019, net of the interest rate subsidy for the Refunded Bonds. Does not include not include the June 1, 2020 debt service that will be paid through the refunding escrow. The City will deposit a portion of the debt service that would have been due on June 1, 2020 into the refunding escrow–this payment is not reflected in the debt service shown.

* Preliminary; subject to change.

Source: The Reed Group, Inc.; City of Lodi.

Retirement Plan

Retirement benefits to City employees, including those assigned to the Water and Wastewater Systems, are provided through the City's participation in the California Public Employees' Retirement System ("**CalPERS**"), an agent multiple-employer public employee defined benefit pension plan. Participants are required to contribute a percentage (6.949% in Fiscal Year 2019-20 for employees assigned to the Water System hired prior to January 1, 2013 ("**Classic Employees**") and 7.25% in Fiscal Year 2019-20 for employees assigned to the Water System hired after January 1, 2013 ("**PEPRA Employees**")) of their annual covered salary. In addition to the required contributions, both Classic Employees and PEPRA Employees pay an additional 2% or 3% of their annual covered salary towards the City's portion of the pension normal cost. The City's contribution rate for current service (normal cost) and the Unfunded Accrued Liability ("**UAL**") payment to make up for shortfalls in the pension system are determined by annual actuarial calculations based on the benefit formula and the number of employees and their respective salary schedules. For the fiscal year ending June 30, 2019, the Citywide contribution to the CalPERS miscellaneous plan (of which all Water System employees are members) was $1,441,256 in Normal Cost and $3,502,555 in UAL. The Normal Cost is based on the City's assumption for payroll expense, and the UAL is set by CalPERS. For the Water System's share of such contributions, the Fiscal Year 2018-19 contribution for the Normal Cost share was $129,576 and for the UAL was $328,790.

The contribution requirements of plan members and the City are established and may be amended by CalPERS. Assembly Bill 340, the Public Employee's Pension Reform Act ("**PEPRA**"), implemented new benefit formulas and final compensation periods, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of a new member under PEPRA. As of January 22, 2019, there are 24 PEPRA Employees and 15 Classic Employees in the Water and Wastewater Systems, with 50% of the total being allocated to the Water System. As more PEPRA Employees are hired in the future, the Normal Cost should be reduced. Because the UAL is tied to current shortfalls in the pension system, it is not directly impacted by the hiring of PEPRA members. Beginning July 1, 2018, CalPERS began phasing in a reduction in the discount rate (assumed rate of return on investments) used to determine agency contributions. The discount rate is being reduced from 7.5% to 7.0% as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.25%
June 30, 2018	2020-21	7.00%

The impact of each reduction will be phased in over five years, with the full impact realized in the 2024-25 fiscal year. The City anticipates total pension costs approximately doubling as compared to the current fiscal year during this time. To address the issue, the City has adopted a Pension Stabilization Policy ("**PSP**") and created a Pension Stabilization Fund ("**PSF**"). As of December 31, 2019, $17,023,582 was set aside in the PSF, an Internal Revenue Service Section 115(c) trust fund established for the purposes of paying future pension liabilities. The PSP requires 100% of General Fund reserves in excess of the 16% General Fund reserve target be deposited into the PSF, and all other funds invest a proportional share based on the budgeted pension obligations in that fiscal year. Based on this policy, $2,160,715 was invested in Fiscal Year 2019-20 based on the results of Fiscal Year 2018-19. The PSP remains in effect until the funded status of the City's two pension plans for Miscellaneous and Safety employees are at a

combined 80% funded status when considering the Market Value of Assets at CalPERS and in the PSF. As of the July 2019 actuarial report, with a June 30, 2018 measurement date, the funded status for the Miscellaneous Plan was 69.0%, Safety plan was 58.6% and combined plans was 63.8%. As of December 31, 2019, the combined funded status when considering the PSF assets increases to 68.0%. Based on fiscal year ending June 30, 2019 combined normal cost and UAL pension payments, the Water System is responsible for approximately 4% of the total pension liability for the City. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

For additional information regarding the City's retirement plans and other post-employment benefits, see Appendix B – "AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019."

Other Post-Employment Benefits

The City provides certain post-employment benefits other than pensions ("**OPEB**") to City employees, including those assigned to the Water System, who retire from the City and receive a CalPERS pension through its participation in the CalPERS medical benefits program. The City's OPEB plan is the CalPERS standard Minimum Contribution Benefit subsidy plan that provides a fixed monthly amount of premium subsidy for retirees. Employees of the City are eligible for retiree health benefits if they retire from the City and commence pension benefits under CalPERS. In addition, employees hired prior to dates that range from July 1, 1994 to December 6, 1995 (depending on the labor group the employee was part of), are allowed to convert their accumulated sick leave into postemployment medical benefits at retirement as long as they have ten or more years of service with the City. This closed plan provides monthly compensation in an amount equal to the employer's cost paid for healthcare to the employee at the time of retirement. The Unfunded Actuarial Accrued Liability ("**UAAL**") for OPEB as of June 30, 2019 was $33,422,021. The City's policy is to fund the normal cost (the current accrual for benefits being earned) plus an amortization of the net (unfunded accrued) OPEB liability. For Fiscal Year 2017-18, the City contributed $2,947,260, of which $1 million was placed in an OPEB trust. For Fiscal Year 2018-19, the City contributed $1,862,969.

The portion of the plan's assets allocable to the Water System employees, which is part of the City's liability pool, has not been separately calculated. The Water and Wastewater Systems employees together represent approximately 14% of employees of the City, with 50% of that amount being allocated to the Water System.

For additional information relating to the City's retirement and other post-employment obligations, see Notes 8 and 9 to the City's Comprehensive Annual Financial Report for the Year Ended June 30, 2019 included in Appendix B to this Official Statement.

Payments to PERS and payments with respect to OPEB benefits constitute Maintenance and Operation Costs of the Water System.

THE AUTHORITY

The Authority was created in July 2010 by a joint exercise of powers agreement, which was entered into between the City and Industrial Development Authority of the City ("**IDA**"), pursuant to the provisions of the Act. Under the Joint Exercise of Powers Agreement, the Authority is a public entity, separate from the City and the IDA. The debts, liabilities and obligations of the Authority are not debts, liabilities and obligations of either the City or the IDA. The Authority is administered by a governing board consisting of the members of the Lodi City Council.

RISK FACTORS

The following factors, which represent certain risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the 2020 Bonds. The following is not intended to be an exhaustive list and there can be no assurance made that other risk factors do not currently exist or will not become evident at any future time.

Rate Covenant Not a Guarantee

The ability of the City to make the 2020 Installment Payments and thereby pay the principal of and interest on the 2020 Bonds depends on the ability of the City to generate Net Revenues in the levels required by the 2020 Installment Sale Agreement. Although, as more particularly described herein, the City expects that sufficient revenues will be generated through the imposition and collection of service charges, impact fees, and other Revenues described herein, there is no assurance that such imposition of service charges, impact fees, or other Revenues will result in the generation of Net Revenues in the amounts required by the 2020 Installment Sale Agreement. As a result, the City's covenant does not constitute a guarantee that sufficient Net Revenues will be available to make debt service payments on the 2020 Bonds.

Limited Obligations

The 2020 Bonds are payable only from 2020 Installment Payments received from the City and moneys in the funds and accounts held under the Indenture, and the 2020 Installment Payments are secured by and payable solely from Net Revenues. The 2020 Installment Payments are not secured by a legal or equitable pledge or charge or lien upon any property of the City or the Authority or any of their income or receipts, except the Net Revenues.

The obligation of the City to make the 2020 Installment payments does not constitute an obligation which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

No Reserve Account

No debt service reserve account has been established with respect to the 2020 Bonds. The Authority and the City have reserved the right to establish debt service reserves for Parity Obligations.

Parity Debt

Upon the issuance of the 2020 Bonds and the refunding of the Refunded Bonds and corresponding portion of the related installment payment obligation of the City, the only other outstanding obligations payable from Net Revenues on a parity with the 2020 Bonds will be the 2010A Bonds and the related installment payment obligation of the City. In addition, the City is permitted under the 2020 Installment Sale Agreement, subject to satisfaction of certain conditions, to incur future Parity Debt. In the event Net Revenues were insufficient to pay all of the City's obligations with respect to the 2020 Installment Payments and any Parity Debt, when due, the City would be obligated to make payments on the Parity Debt and 2020 Installment payments on a pro rata basis.

Demand and Usage

There can be no assurance that the local demand for services provided by the Water System will continue according to historical levels. In addition, drought conditions and voluntary or mandatory conservation measures could decrease usage of the services of the Water System. See "– California Drought Conditions."

Reduction in the level of demand or usage could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City's rate covenant. Such increase in rates could include the approved temporary water shortage surcharge. See "THE WATER SYSTEM – Water Rates and Charges – *Water Shortage Surcharge*." Rate increases could increase the likelihood of nonpayment.

Statutory and Regulatory Impact

The kind and degree of water treatment is regulated, to a large extent, by the federal government and the State of California. Treatment standards set forth in federal and state law control the operations of the Water System and mandate its use of technology. If the federal government, acting through the Environmental Protection Agency, or the State of California, acting through the Department of Health Services, or additional federal or state legislation, should impose stricter water quality standards upon the Water System, the Water System's expenses could increase accordingly and rates and charges would have to be increased to offset those expenses.

It is not possible to predict the direction which federal or state regulation will take with respect to drinking water quality standards, although it is likely that both will impose more stringent standards with attendant higher costs.

In addition, as described herein, the City is currently undertaking remediation activities to address certain environmental conditions affecting the Water System. Although the City believes that existing funds available for such remediation will be sufficient to pay the cost of such remediation, there can be no assurances that he cost of remediation will not exceed the City's projections.

Although the City has covenanted in the 2020 Installment Sale Agreement to fix, prescribe and collect rates, fees and charges during each Fiscal Year at specified levels, no assurance can be given that the cost of compliance with such laws and regulations will not materially adversely affect the ability of the City to generate Net Revenues in the amounts required by the 2020 Installment Sale Agreement and to pay the 2020 Installment Payments. Certain potential

increasing regulatory standards could materially increase the cost to the City of providing water and wastewater services.

Earthquake, Flood, Wildfire or Other Natural Disasters

General. The occurrence of an earthquake, flood or other natural disaster which resulted in the temporary or permanent closure of major components of the Water System or resulted in significantly increased costs could materially adversely affect the ability of the City to operate the Water System or to generate Net Revenues at the levels required by the 2020 Installment Sale Agreement.

Flood. Based on flood risk evaluations prepared by the Federal Emergency Management Agency (FEMA) for the City and San Joaquin County, effective October 19, 2009, flood hazards are a constraint to development only in two areas of the City: the area immediately adjacent to the Mokelumne River along the City's northern boundary. These areas lie within Zone AE, meaning that they are subject to a 1% annual (100-year) flood. Flooding depths in this area are generally greater than three feet. Most of the City lies within Zone X, which describes lands subject to the 0.2% annual (500-year) flood zone or that lie within the 100-year flood zone, but with flooding depths less than one foot.

Wildfire. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. The City is located in a region of the State with a very low fire risk and no part of the City or its service territory is located in or near the High Fire Threat District designated in the California Public Utilities Commission's Fire Threat Map. The City's service area is predominately categorized as either "non-fuel" or "moderate" in the California Department of Forestry and Fire Protection's ("**CALFIRE**") Fire and Resource Assessment Program Fire Threat Map. In 2007, CALFIRE determined that San Joaquin County, which City's service territory is entirely within, has no Very High Fire Hazard Severity Zones.

Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future. While the City and the Water System have not suffered direct effects of wildfire, there can be no assurance that wildfires will not affect the City and the Water System in the future, or the effects of any such wildfire, which could be material.

California Drought Conditions

California is subject to droughts from time to time. In particular, in the last decade the State experienced six consecutive years of below-average rain and snow, causing severe drought conditions in all 58 counties. On January 17, 2014, Governor Edmund G. Brown proclaimed a state of emergency due to the severe drought conditions faced by the State. On April 1, 2015, for the first time in California's history, Governor Brown directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25%. In implementing the Governor's order, the State Water Resources Control

Board required the City to reduce water use by 20% relative to 2013 water use. The City responded by requiring customers to reduce water usage.

Water year 2017 had above-average precipitation and snowpack, and on April 7, 2017, Governor Brown issued Executive Order B-40-17, officially ending the drought state of emergency in all California counties except Fresno, Kings, Tulare, and Tuolumne. However, there can be no assurance that drought conditions will not arise again, causing water rationing and adversely affecting property use and values.

Implementation of mandatory water reductions imposed by the State Water Resources Control Board on the City reduced the amount of water sold by the Water System. While water demand has partially rebounded since the end of the last drought, demand has not fully returned to pre-drought levels and the Rate Consultant's Report does not project a full rebound to pre-drought levels due to hardening of usage (i.e., permanent conservation measures implemented during the drought) and the potential for new water conservation requirements from the State.

The City cannot predict if and when drought conditions will return, what effect drought conditions may have on revenues of the Water System, or whether or to what extent water reduction requirements may affect the Water System.

Potential Impact of Climate Change

The issue of climate change has become an important factor in water resources planning. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, global warming could result in the following types of water resources impacts in the State, including impacts on the Water System:

- Changes in the timing, intensity, and variability of precipitation, and an increased amount of precipitation falling as rain instead of as snow,

- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,

- Increased water temperatures with accompanying adverse effects on some fisheries,

- Increases in evaporation and concomitant increased irrigation need, and

- Changes in urban and agricultural water demand.

However, other than the general trends listed above, there is no clear scientific consensus on exactly how climate change will quantitatively affect water supplies available to the Water System.

Cybersecurity

The City, including the Water System, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. On April 4 and May 3, 2019, the City experienced information security incidents involving ransomware impacting multiple City systems. The City did not pay any ransom and its systems were either rebuilt or restored from backups. The City retained the services of Baker & Hostetler LLP and Cytelligence Inc. to provide legal, technical, and forensic services through the City's cyber insurance coverage. With the exception of the City's $25,000 deductible, all costs associated with these information security incidents, including legal and forensic experts and employee overtime, were covered by insurance. The City has taken steps to harden its cybersecurity and provide training for employees in the use of its digital networks and systems.

No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City. No assurance can be given that the City, the Authority, the and Water System will not be affected by cyber threats and attacks in a manner that may affect the owners of the 2020 Bonds.

Rate Consultant's Report

The Rate Consultant's Report contained as Appendix C to this Official Statement contains certain assumptions and estimates. The Rate Consultant's Report should be read in its entirety for a discussion of the assumptions and rationale underlying the estimates, projections, conclusions and opinions contained therein. The estimates, projections, conclusions and opinions contained therein are subject to uncertainties. There will usually be differences between actual and estimated future results because not all events and circumstances occur as expected, and those differences may be material.

Accordingly, the projections contained in the Rate Consultant's Report are not necessarily indicative of future performance, and neither the Rate Consultant nor the City assumes any responsibility for any failure to meet such projections. In addition, certain assumptions with respect to future business and financing decisions of the City are subject to change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective purchasers of the 2020 Bonds are cautioned not to place undue reliance upon the Rate Consultant's Report or upon any estimates, projections, conclusions and opinions contained in the Rate Consultant's Report. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the amount of Net Revenues may be materially less than expected and consequently, the ability of the City to make timely payment of the 2020 Installment Payments may be materially adversely affected.

Neither the City's independent auditors, nor any other independent accountants have compiled, examined or performed any procedures with respect to the information in the Rate Consultant's Report, including the Net Revenues forecast, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Rate Consultant's Report.

Remediation Costs

As described in "THE WATER SYSTEM – Certain Environmental Conditions," pursuant to various litigation settlements and agreements with the Board, the City is required to undertake remediation activities with respect to environmental contamination of groundwater in the City. The City believes that remaining settlement proceeds and existing reserves will be sufficient to pay these remediation costs, and that available revenues will not be required to pay such costs. However, there can be no assurances that the actual costs of remediation will not significantly exceed the City's current estimates. If actual costs of remediation exceed the City's estimates, such circumstances could materially adversely affect the financial condition of the Water System.

Limited Recourse on Default

Failure by the City to make the 2020 Installment Payments, when due, constitutes an event of default under the 2020 Installment Sale Agreement and the Authority is permitted to pursue remedies at law or in equity to enforce the City's obligation to make the 2020 Installment Payments. Although the Trustee, as assignee of the Authority, has the right to accelerate the total unpaid principal component of the 2020 Installment Payments, there is no assurance that the City will have sufficient Net Revenues to pay the principal component of the 2020 Installment Payments upon acceleration.

Effect of Bankruptcy

In addition to the limitations on remedies contained in the 2020 Installment Sale Agreement and the Indenture, the rights and obligations under the 2020 Bonds, the 2020 Installment Sale Agreement and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the 2020 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights and may otherwise have material adverse consequences. The opinion of Bond Counsel notes that the rights of the owners of the 2020 Bonds and the enforceability of the 2020 Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Loss of Tax Exemption

The City has covenanted in the 2020 Installment Sale Agreement, and the Authority has covenanted in the Indenture, that each will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest or the 2020 Bonds under Section 103 of the Internal Revenue Code of 1986. In the event either the City or the Authority fails to comply with the foregoing tax covenant, interest or the 2020

Bonds may be includable in the gross income of the Owners thereof for federal tax purposes retroactive to the date of issuance of the 2020 Bonds. See "TAX MATTERS."

Articles XIIIC and XIIID of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act." Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIIC broadly define "tax," but specifically exclude, among other things:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
(3) A charge imposed as a condition of property development.
(4) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service

unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Judicial Interpretation of Articles XIIIC and XIIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three subsequent court cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level

that will pay for operating expenses, provide for repairs and depreciation of assets, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

In August 2013, an Orange County Superior Court judge ruled that the tiered pricing model of the City of San Juan Capistrano, which charges higher rates to customers who use more water, violates Proposition 218. The City of San Juan Capistrano appealed the decision, to the 4th District Court of Appeal, which published its decision on April 20, 2015. The court's decision found that the City of San Juan Capistrano's tiered rates were not sufficiently cost-justified, but that the Constitution does allow for tiered rates. In July 2015, the California Supreme Court denied a request to depublish the case.

The City believes that its rate structure is distinguishable from the structure deemed unconstitutional in the San Juan Capistrano case and consistent with Proposition 218 and the Constitution because the City's tiered rates correlate with the actual costs for the various tiers.

Articles XIIIC and XIIID and the City's Wastewater Rates and Charges. The City's current water rates (see "THE WATER SYSTEM – Water Rates and Charges") were adopted by resolution of the City Council on March 20, 2019, following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with Articles XIIIC and XIIID.

Further, the City believes its water rates and charges do not constitute "taxes" under Article XIIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIIC, they are "property-related fees imposed in accordance with the provisions of Article XIIID" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIIID) and because, as described in subsection 1(e)(2) of Article XIIIC, they are charged for water service, "a specific government service or product provided directly to the payor that is not provided to those not charged."

Conclusion. It is not possible to predict how courts will further interpret Article XIIIC and Article XIIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the 2020 Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIIC and Article XIIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water services, or to call into question previously adopted water services rate increases.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2020 Bonds or, if a secondary market exists, that any 2020 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances.

Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the 2020 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2020 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2020 Bonds or obligations that present similar tax issues as the 2020 Bonds.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2020 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2020 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2020 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2020 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2020 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2020 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2020 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2020 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2020 Bonds who purchase the 2020 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2020 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2020 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2020 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2020 Bond (said term being the shorter of the 2020 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2020 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2020 Bond is amortized each year over the term to maturity of the 2020 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2020 Bond premium is not deductible for federal income tax purposes. Owners of premium 2020 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2020 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2020 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2020 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2020 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2020 Bonds, or as to the consequences of owning or receiving interest on the 2020 Bonds, as of any future date. Prospective purchasers of the 2020 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2020 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2020 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2020 Bonds, the ownership, sale or disposition of the 2020 Bonds, or the amount, accrual or receipt of interest on the 2020 Bonds.

LITIGATION

To the knowledge of the City, there is no controversy or litigation of any nature now pending or threatened restraining or enjoining the execution and delivery of the 2020 Bonds, the Indenture, the 2020 Installment Sale Agreement or in any way contesting or affecting the validity of the 2020 Bonds or any proceedings of the City or the Authority taken with respect to the execution and delivery thereof.

APPROVAL OF LEGALITY

The 2020 Bonds are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney. Certain legal matters will be passed upon for the City by its Disclosure Counsel, Jones Hall, A Professional Law Corporation, San Francisco, California and for the Underwriter by Kutak Rock LLP, Los Angeles, California.

Payment of the fees and expenses of Bond Counsel and Underwriter's Counsel is contingent upon execution and delivery of the 2020 Bonds.

FINANCIAL STATEMENTS

The Pun Group, Certified Public Accountants (the "Auditor"), audited the financial statements of the City for the Fiscal Year ended June 30, 2019. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX B – Audited Financial Statements of the City for Fiscal Year Ended June 30, 2019."

The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City and has not participated in the preparation of, or reviewed, this Official Statement.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign the 2020 Bonds the long-term rating of "___".

The rating reflects only the views of S&P, and any explanation of the significance of such rating may be obtained only from S&P. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in their judgment, circumstances so warrant. The City undertakes no responsibility to oppose any such revision or withdrawal. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the 2020 Bonds.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2020 Bonds to provide certain financial information and operating data relating to the City by not later than 9 months after the end of each fiscal year of the City (currently June 30th), commencing with the report for the 2019-20 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. Such reports are required to be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is described in "APPENDIX F – Form of Continuing Disclosure Certificate," attached to this Official Statement. These covenants have been made in order to assist the underwriter of the 2020 Bonds in complying with Securities Exchange Commission Rule 15c2-12(b)(5).

The City has entered into a number of continuing disclosure undertakings in connection with City obligations, including obligations payable from the City's General Fund, as well as obligations payable from the revenues relating to the Water System and the City's electric and wastewater utilities. During the past five years, the City has prepared continuing disclosure reports pursuant to these undertakings.

Within the past five years, the City and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness, by (i) filing audited financial statements and operating data on EMMA for Fiscal Years 2014-15 and

2017-18 up to 24 days late and (ii) failing to associate certain filings on EMMA with all relevant CUSIPs of outstanding indebtedness.

The City has adopted a disclosure policy intended to assure future compliance with the City's continuing disclosure requirements.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc. (the "**Municipal Advisor**") has assisted the City with various matters relating to the planning, structuring and delivery of the 2020 Bonds. The Municipal Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Municipal Advisor will receive compensation from the City contingent upon the sale and delivery of the 2020 Bonds.

UNDERWRITING

The 2020 Bonds are being purchased by Piper Sandler & Co. (the "**Underwriter**"), at a purchase price of $_____ (which represents the aggregate principal amount of the 2020 Bonds ($_____), plus an original issue premium/less an original issue discount of $_____, less an Underwriter's discount of $_____).

The purchase agreement relating to the 2020 Bonds provides that the Underwriter will purchase all of the 2020 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2020 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Piper Sandler & Co. has entered into a distribution agreement with Charles Schwab & Co., Inc. ("**CS&Co.**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the agreement, CS&Co. will purchase the 2020 Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any 2020 Bonds that CS&Co. sells.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the 2020 Bonds, Causey Demgen & Moore P.C., independent certified public accountants, will deliver a report stating that the firm has verified the mathematical accuracy of certain computations relating to the adequacy of the amounts deposited pursuant to the Escrow Agreement to pay the applicable redemption price of and accrued interest on, the Refunded Bonds on their respective payment and redemption dates.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement have been authorized by the Board of Directors of the Authority and the City Council of the City.

LODI PUBLIC FINANCING AUTHORITY

By : _____
Executive Director

CITY OF LODI

By : _____
City Manager

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF LODI AND SAN JOAQUIN COUNTY

*The following information concerning the City of Lodi (the "**City**") and San Joaquin County (the "**County**") are included only for the purpose of supplying general information regarding the community. The 2019 Bonds are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.*

General

The City. The City is located in the County of San Joaquin (the "County") between Stockton and Sacramento, and adjacent to U.S. Highway 99, approximately 90 miles east of San Francisco. The City was incorporated as a General Law City on December 6, 1906.

The City operates under a City Council-Manager form of government and provides the following services: public safety (police, fire and graffiti abatement), public utilities services (electric, water and sewer), transportation services (streets, flood control and transit), leisure, cultural and social services (parks and recreation, library, and community center), and general government services (management, human resources administration, financial administration, building maintenance and equipment maintenance).

The County. The County is one of California's original counties and was created at the time of statehood in 1850. The County covers an area of approximately 1,436 square miles, consisting of 1,399 square miles of land and 27 square miles of water. The County is adjacent to Stanislaus County to the south and southeast, Alameda and Contra Costa Counties to the west, Sacramento County to the north, Amador County to the northeast, Calaveras County to the east and a corner of Santa Clara County to the southwest.

Population

Population figures for the City, the County and the State for the last six years are shown in the following table.

CITY OF LODI, SAN JOAQUIN COUNTY AND THE STATE OF CALIFORNIA
Population Estimates
Calendar Years 2014 through 2019, as of January 1

Calendar Year	City of Lodi	San Joaquin County	State of California
2014	63,700	713,315	38,622,301
2015	64,503	724,859	38,952,462
2016	65,074	736,027	39,214,803
2017	65,981	747,579	39,504,609
2018	67,042	757,279	39,740,508
2019	68,272	770,385	39,927,315

Source: State Department of Finance estimates.

Employment and Industry

The City is included in the Stockton Metropolitan Statistical Area ("**MSA**"), which includes all of San Joaquin County. The unemployment rate in the County was 4.7% in September 2019, down from a revised 5.7% in August 2019, and below the year-ago estimate of 5.0%. This compares with an unadjusted unemployment rate of 3.5% for the State and 3.3% for the nation during the same period.

Set forth below is data from calendar years 2014 to 2018 reflecting the County's civilian labor force, employment and unemployment. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

STOCKTON-LODI MSA
(San Joaquin County)
Annual Average Labor Force and Employment by Industry
Calendar Years 2014 through 2018
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force (1)	312,000	314,600	318,500	323,600	326,400
Employment	279,200	286,600	292,600	301,100	306,800
Unemployment	32,900	28,000	25,900	22,600	19,600
Unemployment Rate	10.5%	8.9%	8.1%	7.0%	6.0%
Wage and Salary Employment: (2)					
Agriculture	15,700	16,700	16,600	16,300	16,100
Mining and Logging	100	100	100	100	100
Construction	8,900	10,100	11,100	11,700	12,700
Manufacturing	18,600	18,700	18,900	19,400	19,700
Wholesale Trade	11,000	11,300	11,600	12,000	12,600
Retail Trade	25,700	26,000	26,500	26,800	26,600
Transportation, Warehousing and Utilities	18,300	20,400	23,600	26,700	28,400
Information	2,100	1,900	2,000	1,800	1,800
Financial Activities	7,500	7,400	7,500	7,800	8,100
Professional and Business Services	18,300	19,400	19,600	19,200	19,600
Educational and Health Services	35,900	36,500	36,400	38,200	38,500
Leisure and Hospitality	19,100	19,700	20,500	21,500	22,000
Other Services	6,900	7,200	7,500	7,600	7,600
Federal Government	3,100	3,000	3,000	3,100	3,100
State Government	5,800	6,200	6,400	6,600	6,700
Local Government	29,600	30,400	31,400	32,800	33,700
Total All Industries (3)	226,700	234,900	242,600	251,600	257,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County, listed in alphabetical order without regard to the number of employees, as of November 2019.

SAN JOAQUIN COUNTY
Major Employers
As of November 2019

Employer Name	Location	Industry
A Sambado & Sons Inc	Linden	Nuts-Edible
Amazon Corpnet	Tracy	Internet & Catalog Shopping
Amazon Fulfillment Ctr	Stockton	Mail Order Fulfillment Service
Blue Shield of California	Lodi	Insurance
Dameron Hospital Assn	Stockton	Hospitals
Deuel Vocational Institution	Tracy	City Govt-Correctional Institutions
Foster Care Svc	Stockton	Government Offices-County
Juvenile Justice Div CI	Stockton	State Govt-Correctional Institutions
Leprino Foods Co	Tracy	Cheese Processors (mfrs)
Lodi Health Home Health Agency	Lodi	Home Health Service
Lodi Memorial Hospital	Lodi	Hospitals
Morada Produce	Stockton	Fruits & Vegetables-Growers & Shippers
NA Chaderjian Youth	Stockton	State Govt-Correctional Institutions
Pacific Coast Producers	Lodi	Canning (mfrs)
Prima Frutta Packing Inc	Linden	Fruit & Produce Packers
Safeway Distribution Ctr	Tracy	Distribution Centers (whls)
San Joaquin County Human Svc	Stockton	Government Offices-County
San Joaquin County Sch	Stockton	School Districts
San Joaquin General Hospital	French Camp	Hospitals
San Joaquin Sheriff's Office	French Camp	Government Offices-County
Sjgov	Stockton	Government Offices-County
St Joseph's Cancer Ctr	Stockton	Cancer Treatment Centers
Stockton Police Dept	Stockton	Police Departments
Stockton Unified School Dist	Stockton	School Districts
Walmart Supercenter	Stockton	Department Stores

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2020 1st Edition.

The following table lists the ten principal employers within the City, by number of employees, as of June 30, 2019.

CITY OF LODI
Principal Employers
As of June 30, 2019

Employer Name	Number of Employees
Lodi Unified School District	2,109
Pacific Coast Producers	1,350
Adventist Health Lodi Memorial	1,270
Blue Shield of CA	901
Walmart	410
City of Lodi	381
TreeHouse	301
Costco	256
Farmers & Merchant Bank	204
Frank C Alegre Trucking Inc.	200

Source: City of Lodi Comprehensive Financial Report for fiscal year ended June 30, 2019.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures are yet not available for calendar year 2018.

Total taxable sales during the first quarter of calendar year 2018 in the City were $255,731,022, a 7.92% increase over the total taxable sales of $236,965,791 reported during the first quarter of calendar year 2017.

CITY OF LODI
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	1,143	$701,339	1,660	$871,322
2014	1,218	737,192	1,737	911,681
2015 (1)	1,260	737,754	1,886	909,889
2016	1,327	779,583	1,987	947,638
2017	1,300	856,206	1,972	1,029,268

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were $3,019,083,970, a 10.74% increase over the total taxable sales of $2,726,400,144 reported during the first quarter of calendar year 2017.

SAN JOAQUIN COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	8,754	$6,519,537	12,752	$9,466,015
2014	8,900	6,780,160	12,865	10,031,845
2015(1)	4,958	6,986,878	14,255	10,467,214
2016	9,480	7,380,226	14,682	10,922,271
2017	9,506	7,994,473	14,758	12,153,268

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.

Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the United States for the period 2015 through 2019.

CITY OF LODI AND SAN JOAQUIN COUNTY
Median Household Effective Buying Income
2015 through 2019

	2015	2016	2017	2018	2019
City of Lodi	$40,478	$42,890	$44,142	$46,144	$50,111
San Joaquin County	44,235	46,491	48,149	49,883	55,534
California	50,072	53,589	55,681	59,646	62,637
United States	45,448	46,738	48,043	50,735	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Building Activity

The tables below summarize building activity in the City and the County for the past five available years.

CITY OF LODI
Building Permit Activity
For Calendar Years 2014 through 2018
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$5,473.1	$21,470.6	$47,331.6	$54,475.9	$55,587.1
New Multi-family	0.0	0.0	13,501.8	16,178.1	0.0
Res. Alterations/Additions	3,679.8	4,261.5	4,619.9	4,791.8	7,349.5
Total Residential	$9,152.9	$25,732.1	$65,453.3	$75,445.8	$62,936.6
New Commercial	$928.9	$24,506.4	$6,019.3	$21,785.2	$10,987.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	3,169.5	1,595.8	2,568.9	3,478.6	5,402.4
Com. Alterations/Additions	9,676.0	4,064.0	16,162.1	17,768.4	10,005.7
Total Nonresidential	$13,774.4	$30,166.2	$25,750.3	$43,032.2	$26,395.1
New Dwelling Units					
Single Family	21	80	189	168	243
Multiple Family	0	0	82	134	0
TOTAL	21	80	271	302	243

Source: Construction Industry Research Board, Building Permit Summary.

SAN JOAQUIN COUNTY
Building Permit Activity
For Calendar Years 2014 through 2018
(Dollars in Thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$318,760.2	$455,877.1	$467,494.7	$652,308.1	$883,071.1
New Multi-family	4,726.9	48,792.9	66,794.5	62,635.8	99,601.4
Res. Alterations/Additions	78,511.0	42,764.8	99,049.9	86,516.1	95,073.4
Total Residential	$401,998.1	$547,434.8	$633,339.1	$801,460.0	$1,077,745.9
New Commercial	$57,241.2	$177,272.0	$218,485.4	$357,856.9	$498,359.0
New Industrial	29,357.3	85,322.6	61,687.0	179,728.4	240,073.7
New Other	27,555.0	44,373.1	46,379.4	27,794.7	31,904.4
Com. Alterations/Additions	89,630.8	193,659.3	298,721.9	269,172.8	249,142.4
Total Nonresidential	$203,784.3	$500,627.0	$625,273.7	$834,552.8	$1,019,479.5
New Dwelling Units					
Single Family	1,214	1,698	1,754	2,078	2,765
Multiple Family	19	387	550	516	293
TOTAL	1,233	2,085	2,304	2,594	3,358

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2019

APPENDIX C

RATE CONSULTANT'S REPORT

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the City of Lodi, a municipal corporation (the "City"), in connection with the issuance of the $_____ Lodi Public Financing Authority (the "Authority") 2020 Refunding Water Revenue Bonds, Series A (the "2020 Bonds"). The 2020 Bonds are being issued pursuant to an Indenture of Trust dated as of April 1, 2020 (the "Indenture"), by and between the City and MUFG Union Bank, N.A., as trustee for the 2020 Bonds (the "Trustee"). In connection therewith, the City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the 2020 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is seven months after the end of the City's fiscal year (currently January 31 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" shall mean _____, or any Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"*EMMA System*" shall mean the MSRB's Electronic Municipal Market Access system, or such other electronic system designated by the MSRB.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"Official Statement" means the final official statement dated _____, 2020, executed by the City and Authority in connection with the issuance of the 2020 Bonds.

"*Participating Underwriter*" means Piper Sandler Companies, the original underwriter of the 2020 Bonds required to comply with the Rule in connection with offering of the 2020 Bonds.

"*Rule*" *means* Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 31, 2021, with the report for the 2019-20 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide a notice to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The City's audited financial statements for the most recently completed fiscal year, prepared in accordance with Generally Accepted Accounting Principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Principal amount of 2020 Bonds outstanding as of the end of such fiscal year.

(ii) Updated information comparable to the information in Table 1 titled "City of Lodi Water System Number of Accounts and Revenue by User Type" as it appears in the Official Statement.

(iii) Updated information comparable to the information in Table 2 titled City of Lodi Water System Largest Users by Service Charge Revenues" as it appears in the Official Statement.

(iv) Updated information for such fiscal year comparable to the information in Table 3 titled "Selected Rates Effective April 1, 2019" as it appears in the Official Statement.

(v) Updated information for such fiscal year and the four previous fiscal years only (i.e., no projected information for current or future years is required) comparable to the information in Table 6 titled "City of Lodi Water System Historic Operating Results and Debt Service Coverage" as it appears in the Official Statement.

(vi) A description of any additional indebtedness incurred during the prior fiscal year which is payable from Net Revenues on a parity with the 2020 Installment Payments.

(c) In addition to any of the information expressly required to be provided under paragraph (b) above, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2020 Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2020 Bonds, or other material events affecting the tax status of the 2020 Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the City.

(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain

the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2020 Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, trustee, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2020 Bonds. If such termination occurs prior to the final maturity of the 2020 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be _____. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2020 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2020 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2020 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2020 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2020 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including

the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Trustee, the 2020 Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2020 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2020 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2020

CITY OF LODI

By: _____

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix G regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and the City takes no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("DTC"), New York, New York, acts as securities depository for the 2020 Bonds. The 2020 Bonds were issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate was issued for each maturity of each series of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2020 Bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the 2020 Bonds are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the 2020 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in

the event that a successor depository is not obtained, certificates representing the 2020 Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the 2020 Bonds will be printed and delivered to DTC.

INSTALLMENT SALE AGREEMENT

Dated as of April 1, 2020

between the

LODI PUBLIC FINANCING AUTHORITY,
as Seller

and the

CITY OF LODI,
as Purchaser

Relating to

$_____
Lodi Public Financing Authority
2020 Refunding Water Revenue Bonds,
Series A

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INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (this "**Agreement**"), dated as of April 1, 2020, is between the LODI PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "**Authority**"), as seller, and the CITY OF LODI, a municipal corporation duly organized and existing under the laws of the State of California (the "**City**"), as purchaser.

BACKGROUND:

1. The City owns and operates facilities and property for the supply, treatment and distribution of water within the service area of the City (the "**Water System**").

2. The Authority is a joint exercise of powers authority that was established by the City and the Industrial Development Authority of the City of Lodi pursuant to a Joint Exercise of Powers Agreement, dated as of July 1, 2010. The Authority was formed for the purpose of assisting the City in the financing of public capital improvements.

3. In order to provide funds to finance the acquisition and construction of improvements to the Water System (the "**2010 Water Projects**"), the City previously caused the Authority to issue the following bonds (collectively, the "**2010 Bonds**") pursuant to an Indenture of Trust, dated as of October 1, 2010 (the "**2010 Indenture**"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**2010 Trustee**"):

(i) $9,015,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series A ("**2010A Bonds**") and

(ii) $29,650,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds – Direct Payment) ("**2010B Bonds**").

4. The 2010 Bonds are payable from installment payments (the "**2010 Installment Payments**") made by the City to the Authority under an Installment Sale Agreement dated as of October 1, 2010 (the "**2010 Installment Sale Agreement**"), under which the Authority acquired, constructed and improved the 2010 Water Projects and sold the completed 2010 Water Projects to the City in consideration of the agreement by the City to pay the 2010 Installment Payments.

5. Pursuant to Section 7.2 of the 2010 Installment Sale Agreement, the City has the right to prepay all or a portion of the 2010 Installment Payments on any date on or after the Installment Payment Date (as defined in the 2010 Installment Sale Agreement) relating to the June 1, 2020 Interest Payment Date (as defined in the 2010 Installment Sale Agreement) on the 2010 Bonds.

6. Pursuant to Section 7.1 of the 2010 Installment Sale Agreement, the City may secure the payment of the 2010 Installment Payments, in whole or in part, by irrevocably depositing with the Trustee an amount of cash which, invested in whole or in part in

non-callable Federal Securities (as defined in the 2010 Indenture), in the opinion of an Independent Accountant (as defined in the Indenture), together with interest to accrue thereon and together with any cash which is deposited and not invested, will be fully sufficient to pay all such 2010 Installment Payments when due on any optional prepayment date. If the City makes a security deposit under Section 7.2 for all or a portion of the 2010 Installment Payments, all obligations of the City under the 2010 Installment Sale Agreement, and the pledge of Net Revenues (as defined in the 2010 Installment Sale Agreement) and all other security provided in the 2010 Installment Sale Agreement for such 2010 Installment Payments will cease and terminate, except the obligation of the City to make such 2010 Installment Payments from the security deposit.

7. The 2010 Bonds maturing on or after June 1, 2021 are subject to optional redemption, in whole or in part, on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount of the 2010 Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

8. Under Article X of the 2010 Indenture, the Authority may discharge its liability with respect to the 2010 Bonds by depositing money or non-callable Federal Securities (as defined in the 2010 Indenture) with the 2010 Trustee which, in the opinion of an Independent Accountant (as defined in the 2010 Indenture), will be sufficient to pay the principal, interest and premium (if any) on such 2010 Bonds when due for optional redemption.

. 9. Under current municipal bond market conditions, it is possible for the City to refinance on a tax-exempt basis the portion of the 2010 Installment Payments attributable to the 2010B Bonds (the "**2010B Installment Payments**") for the purpose of achieving savings for the benefit of the customers of the Water System and to cause a redemption of the 2010B Bonds.

10. The City is not refinancing the portion of the 2010 Installment Payments attributable to the 2010A Bonds (the "**2010A Installment Payments**") or causing a redemption of the 2010A Bonds.

11. The Authority will raise funds for the payment and prepayment of the 2010B Installment Payments and, as a result, the defeasance and prepayment of the 2010B Bonds, by issuing its Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A in the aggregate principal amount of $_____ (the "**Bonds**") under an Indenture of Trust dated as of April 1, 2020 (the "**Indenture**"), between the Authority and MUFG Union Bank, N.A., as trustee (the "**Trustee**"), which are payable from revenues consisting primarily of installment payments payable by the City hereunder.

12. In order to provide revenues which are sufficient to pay the principal of and interest on the Bonds when due, the Authority and the City wish to enter into this Agreement under which the Authority agrees to sell the 2010 Water Projects to the City (subject to the City's continuing obligation under the 2010 Installment Sale Agreement to pay the 2010A Installment Payments), in consideration of which the City agrees to pay the Installment Payments (the "**Installment Payments**") which are secured by a pledge of and lien on Net Revenues of the Water System.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the City and the Authority formally agree as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Agreement have the respective meanings given such terms in this Section 1.1. Capitalized terms used in this Agreement and not otherwise defined in this Section 1.1 have the respective meanings given them in Appendix A to the Indenture.

"Additional Payments" means the amounts payable by the City under Section 4.8.

"Additional Revenues" means, with respect to the issuance of any Parity Debt, any or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions of the Water System to be financed from the proceeds of such Parity Debt or from any other source but in any case which, during all or any part of the most recent completed Fiscal Year for which audited financial statements are available or for any other 12-month period selected by the City under Section 5.8(b), were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is to be in operation, all as shown by the certificate or opinion of a qualified independent engineer or Fiscal Consultant employed by the City.

(b) An allowance for Net Revenues arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such Parity Debt but which, during all or any part of such Fiscal Year or such other 12-month period selected by the City under Section 5.8(b), was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or such other 12-month period, all as shown by the certificate or opinion of an Independent Accountant or Fiscal Consultant employed by the City.

"Certificate of the City" means an instrument in writing signed by the Mayor, the City Manager, the chief financial officer of the City, or the City Attorney of the City, or by any other officer of the City duly authorized by the City for that purpose, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate which is executed and delivered by the City on the Closing Date.

"Event of Default" means any of the events specified in Section 6.1.

"Fiscal Consultant" means any consultant or firm of such consultants, including but not limited to a qualified engineer or rate consultant, appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of water enterprises; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City other than as purchaser of the Bonds or any Parity Debt; and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

"Gross Revenues" means all gross charges received for, and all other gross income and receipts derived by the City from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to connection charges (including the City's impact mitigation fees) to the extent permitted by law, investment earnings thereon and the Refundable Credits under the 2010 Installment Sale Agreement; but excluding (a) the proceeds of any ad valorem property taxes levied for the purpose of paying general obligation bonds of the City relating to the Water System and (b) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the City levied for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the Authority or the City, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

"Installment Payment Date" means, with respect to any Interest Payment Date, the Business Day immediately preceding such Interest Payment Date.

"Installment Payments" means the payments the City is required to pay pursuant to Section 4.4(a) as the purchase price of the 2010 Water Projects.

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum sum obtained for the current or any future Bond Year so long as any of the Bonds remain Outstanding by totaling the following amounts for such Bond Year:

(a) the aggregate amount of the Installment Payments coming due and payable in such Bond Year, except to the extent payable from any security deposit under Section 7.1 of this Installment Sale Agreement;

(b) the principal amount of the all outstanding Parity Debt, if any, coming due and payable by their terms in such Bond Year; and

(c) the amount of interest which would be due during such Bond Year on the aggregate principal amount of all outstanding Parity Obligations, if any, which would be outstanding in such Bond Year if such Parity Obligations are retired as scheduled; *provided, however*, that with respect to any Parity Debt which bears interest at a variable rate, such interest shall be calculated at an assumed rate equal to the average rate of interest per annum for each of the five previous whole calendar years as shown by the J. J. Kenny Index (or, in the event and to the extent such index is not maintained for all or any portion of such period, any similar index of variable rate interest for tax-exempt obligations or taxable obligations, as applicable, as may be selected by the City in its sole discretion).

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs and expenses paid by the City for maintaining and operating the Water System, including but not limited to (a) costs of acquisition of water to be supplied by the Water System, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Water System; but in all cases excluding (i) debt service payable on obligations incurred by the City with respect to the Water System, including but not limited to the Installment Payments and any Parity Debt, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

"Overdue Rate" means the highest rate of interest on any of the Outstanding Bonds.

"Parity Debt Documents" means, collectively, the indenture of trust, trust agreement or other document authorizing the issuance of any Parity Debt or any securities which evidence Parity Debt.

"Parity Debt" means any bonds, notes, leases, installment sale agreements or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues on a parity with the Installment Payments, entered into or issued under and in accordance with Section 5.8. As of the date of issuance of the Bonds, the 2010A Installment Payments are the only Parity Debt.

"Rate Stabilization Fund" means any fund established and held by the City as a fund for the stabilization of rates and charges imposed by the City with respect to the Water System, which fund is established, held and maintained in accordance with Section 4.6.

"Water System" means the entire water treatment, production, storage and distribution system owned or operated by the City, including but not limited to all facilities, properties and improvements at any time owned or operated by the City for the collection,

treatment and supply of water to residents served thereby, whether within or without the City, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the City.

"Water System Fund" means the fund established and held by the City pursuant to Section 4.5 of this Agreement.

"2010 Bonds" has the meaning given that term in the Background section of this Agreement.

"2010 Indenture" has the meaning given that term in the Background section of this Agreement.

"2010 Installment Payments" has the meaning given that term in the Background section of this Agreement.

"2010 Installment Sale Agreement" has the meaning given that term in the Background section of this Agreement.

"2010A Bonds" has the meaning given that term in the Background section of this Agreement.

"2010A Installment Payments" has the meaning given that term in the Background section of this Agreement.

"2010B Bonds" has the meaning given that term in the Background section of this Agreement.

"2010B Installment Payments" has the meaning given that term in the Background section of this Agreement.

"2010 Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee under the 2010 Indenture.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. *Representations, Covenants and Warranties of the City.* The City represents, covenants and warrants to the Authority as follows:

(a) Due Organization and Existence. The City is a municipal corporation duly organized and validly existing under the laws of the State of California, has full legal right, power and authority under said laws to enter into this Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City Council of the City has duly authorized the execution and delivery of this Agreement.

(b) Due Execution. The representatives of the City executing this Agreement are fully authorized to execute the same.

(c) Valid, Binding and Enforceable Obligations. This Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with its terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) No Conflicts. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement or the financial condition, assets, properties or operations of the City, including but not limited to the performance of the City's obligations under this Agreement.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under this Agreement.

(g) Prior Indebtedness. Upon issuance of the Bonds, the City will remain obligated to make the 2010B Installment Payments from Net Revenues on a parity with the Installment Payments.

SECTION 2.2. *Representations, Covenants and Warranties of Authority.* The Authority represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Authority is a joint exercise of powers authority organized and existing under the laws of the State of California, and has power to enter into this Agreement and the Indenture and to perform the duties and obligations imposed on it hereunder and thereunder. The Board of Directors of the Authority has duly authorized the execution and delivery of this Agreement and the Indenture.

(b) Due Execution. The representatives of the Authority executing this Agreement and the Indenture are fully authorized to execute the same.

(c) Valid, Binding and Enforceable Obligations. This Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority with the Authority, enforceable against the Authority in accordance with their respective terms; except as the enforceability

thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) No Conflicts. The execution and delivery hereof and of the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated hereby and by the Indenture or the financial condition, assets, properties or operations of the Authority, including but not limited to the performance of the Authority's obligations under this Agreement and the Indenture.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery hereof or of the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority,

including but not limited to the performance of the Authority's obligations hereunder and under the Indenture.

ARTICLE III

ISSUANCE OF BONDS; REFINANCING OF THE 2010B INSTALLMENT PAYMENTS

SECTION 3.1. *Issuance of Bonds; Deposit of Proceeds.* The Authority shall cause the Bonds to be issued under the Indenture in the aggregate principal amount set forth in the Indenture. The Trustee shall deposit the proceeds of sale of the Bonds received by it on the Closing Date in accordance with the Indenture. The City hereby approves the Indenture, the assignment thereunder to the Trustee of certain rights of the Authority, and the issuance of the Bonds.

SECTION 3.2. *Payment and Prepayment of the 2010B Installment Payments; Defeasance and Prepayment of the 2010B Bonds.* The proceeds received by the Trustee from the sale of the Bonds to the Original Purchaser shall be deposited in the respective funds and accounts, and in the respective amounts, as set forth in Section 3.02 of the Indenture.

SECTION 3.3. *No Debt Service Reserve Fund.* The City and the Authority acknowledge that no debt service reserve fund has been established for the Bonds or the Installment Payments, and that the owners of the Bonds shall have no right to the benefit of any debt service reserve fund established for other Parity Debt.

ARTICLE IV

SALE OF 2010 WATER PROJECTS; INSTALLMENT PAYMENTS

SECTION 4.1. *Term.* The Term of this Agreement commences on the Closing Date, and ends on June 1, 2040, or such later or earlier date on which the Bonds cease to be Outstanding under and within the meaning of the Indenture.

SECTION 4.2. *Sale of 2010 Water Projects* In consideration of the Authority's assistance with the refinancing of the 2010B Installment Payments, the City hereby sells the 2010 Water Projects to the Authority (subject to the City's continuing obligation to make the 2010A Installment Payments under the 2010 Installment Sale Agreement), and the Authority, subject to the terms and conditions hereof, hereby sells the 2010 Water Projects back to the City.

SECTION 4.3. *Title.* Title to the 2010 Water Projects, and each component thereof, will be deemed conveyed by the Authority to and vested in the City upon execution and delivery of this Agreement. The Authority and the City will execute, deliver and cause

to be recorded any and all documents reasonably required by the City to consummate the transfer of title to the 2010 Water Projects, subject to the City's continuing obligation under the 2010 Installment Sale Agreement.

SECTION 4.4. *Installment Payments.*

(a) Obligation to Pay Installment Payments to Purchase the 2010 Water Projects. The City hereby agrees to pay to the Authority, as the purchase price of the 2010 Water Projects hereunder, the aggregate principal amount of $_____ together with interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual installment payments in the respective amounts and on the respective Installment Payment Dates specified in Appendix A.

(b) Payment Provisions. The City shall deposit the Installment Payment coming due and payable on any Interest Payment Date with the Trustee, as assignee of the Authority under the Indenture, on the related Installment Payment Date. In determining the amount required to be deposited with the Trustee on any Installment Payment Date, all amounts then held by the Trustee in the Bond Fund and the accounts therein shall be credited towards the Installment Payment then due. The Installment Payments are secured by and payable solely from the sources specified in Section 4.5.

(c) Effect of Prepayment. If the City prepays all remaining Installment Payments in full under Section 7.2, the City's obligations under this Agreement will thereupon cease and terminate, including but not limited to the City's obligation to pay Installment Payments therefor under this Section 4.4; provided, however, that the City's obligations to compensate and indemnify the Trustee under Sections 4.8 and 5.2 will survive such prepayment. If the City prepays the Installment Payments in part but not in whole under Section 7.2, the principal component of each succeeding Installment Payment will be reduced as provided in such Sections, and the interest component of each remaining Installment Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds thereby redeemed under the applicable provisions of Section 4.01 of the Indenture.

(d) Rate on Overdue Payments. If the City fails to make any of the payments required under this Section 4.4 and Section 4.8, the payment in default will continue as an obligation of the City until fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Overdue Rate.

(e) Assignment. Certain rights of the Authority, including but not limited to the right of the Authority to receive payment of the Installment Payments, have been assigned by the Authority to the Trustee in trust under the Indenture, for the benefit of the Owners of the Bonds, and the City hereby consents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay to the Trustee at its Office, all payments payable by the City under this Section 4.4 and all amounts payable by the City under Article VII.

SECTION 4.5. *Pledge and Application of Net Revenues.*

(a) Pledge. The City hereby establishes a pledge of, lien on and security interest in all of the Net Revenues and all moneys on deposit in any of the funds and

accounts established and held by the Trustee under the Indenture to secure the Installment Payments and any Parity Debt.

(b) Deposit of Gross Revenues Into Water System Fund; Transfers to Make Payments. In order to carry out and effectuate the pledge and lien contained herein, the City agrees and covenants that all Gross Revenues, including, without limitation, Refundable Credits as defined in the 2010 Installment Sale Agreement, shall be received by the City in trust hereunder and shall be deposited when and as received in a special fund designated as the "Water System Fund", which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments remain unpaid. To the extent the City has an existing fund or existing funds which satisfy the foregoing requirements, then such shall be deemed to be the "Water System Fund" and the City shall not be required to create a new fund. The City may maintain separate funds or accounts within the Water System Fund. Moneys in the Water System Fund shall be used and applied by the City as provided in this Agreement and any Parity Debt Documents.

Amounts on deposit in the Water System Fund will be applied by the City to pay when due the following amounts in the following order of priority:

(i) all Operation and Maintenance Costs;

(ii) the Installment Payments and all payments of principal of and interest on any Parity Debt;

(iii) to the Trustee the amount of any deficiency in any reserve account established for Parity Debt, the notice of which deficiency has been sent to the City in accordance with the applicable provisions of the related Parity Debt Documents;

(iv) any other payments required to comply with the provisions of this Agreement and any Parity Debt Documents; and

(v) any other purposes authorized under subsection (d) of this Section 4.5.

(c) No Preference or Priority. Payment of the Installment Payments and the principal of and interest on any Parity Debt will be made without preference or priority among the Installment Payments and such Parity Debt. If the amount of Net Revenues on deposit in the Water System Fund is at any time insufficient to enable the City to pay when due the Installment Payments and the principal of and interest on any Parity Debt, such payments will be made on a pro rata basis.

(d) Other Uses of Net Revenues Permitted. The City shall manage, conserve and apply the Net Revenues on deposit in the Water System Fund in such a manner that all deposits required to be made under the preceding subsection (b) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the City may use and apply moneys in the Water System Fund for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Water System, (iii)

the prepayment of any other obligations of the City relating to the Water System, or (iv) any other lawful purposes of the City.

(e) Budget and Appropriation of Installment Payments. During the Term of this Agreement, the City shall adopt all necessary budgets and make all necessary appropriations of the Installment Payments from the Net Revenues. If any Installment Payment requires the adoption by the City of any supplemental budget or appropriation, the City shall promptly adopt the same. The covenants on the part of the City contained in this subsection (e) constitute duties imposed by law and it is the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this subsection (e).

SECTION 4.6. *Establishment of Rate Stabilization Fund.* The City has the right at any time to establish a fund to be held by it and administered in accordance with this Section 4.6, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Water System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Installment Payments and any Parity Debt, as the City may determine. The Rate Stabilization Fund shall be accounted for as a separate fund, although amounts credited to it may be commingled with other funds of the City.

The City may, but is not be required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Water System Fund in any Fiscal Year for the purpose of paying the Installment Payments or the principal of and interest on any Parity Debt coming due and payable in such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Water System Fund in any Fiscal Year constitute Gross Revenues for that Fiscal Year (except as otherwise provided herein), and will be applied for the purposes of the Water System Fund. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not otherwise secure the Installment Payments or any Parity Debt. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City.

SECTION 4.7. *Special Obligation of the City; Obligations Absolute.* The City's obligation to pay the Installment Payments and any other amounts coming due and payable hereunder is a special obligation of the City limited solely to the Net Revenues. Under no circumstances is the City required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments and such other amounts. No other funds or property of the City are liable for the payment of the Installment Payments and any other amounts coming due and payable hereunder.

The obligations of the City to pay the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the City or otherwise with respect to the Water System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the

Trustee. Until all of the Installment Payments, all of the Additional Payments and all other amounts coming due and payable hereunder are fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, failure to complete the acquisition and construction of the Project by the estimated completion date thereof, sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the tax or law other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or this Agreement.

The foregoing provisions of this Section 4.7 do not release the Authority from the performance of any of the agreements on its part contained herein or in the Indenture, and if the Authority fails to perform any such agreements, the City may institute such action against the Authority as the City deems necessary to compel performance, so long as such action does not abrogate the obligations of the City contained in the preceding paragraph. The City may, however, at its cost and expense and in its name or in the name of the Authority, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's rights hereunder, and in such event the Authority shall cooperate fully with the City and shall take such action necessary to effect the substitution of the City for the Authority in such action or proceeding if the City may request.

SECTION 4.8. *Additional Payments.* In addition to the Installment Payments, the City shall pay when due the following amounts to the following parties:

(a) to the Authority, all costs and expenses incurred by the Authority to comply with the provisions of this Agreement and the Indenture; and

(b) to the Trustee upon request therefor, all of its costs and expenses payable as a result of the performance of and compliance with its duties hereunder or under the Indenture or any related documents;

(c) to the Authority and the Trustee, all amounts required to indemnify the Authority and the Trustee under Section 5.2 hereof and Section 8.07 of the Indenture;

(d) all costs and expenses of auditors, engineers and accountants for professional services relating to the Water System or the Bonds; and

(e) all Excess Investment Earnings payable under Section 5.11(e).

The Additional Payments are payable from, but are not secured by a pledge or lien upon, the Net Revenues. The rights of the Trustee and the Authority under this Section 4.8, and the obligations of the City under this Section 4.8, shall survive the termination of this Agreement.

ARTICLE V

COVENANTS OF THE CITY

SECTION 5.1. *Disclaimer of Warranties.* The Authority makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the 2010 Water Projects or any component thereof, or any other representation or warranty with respect to the 2010 Water Projects or any component thereof. In no event is the Authority liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Agreement or the Indenture for the existence, furnishing, functioning or use of the 2010 Water Projects.

SECTION 5.2. *Release and Indemnification Covenants.* The City agrees to indemnify the Authority, the Trustee and their respective officers, agents, successors and assigns, against any and all claims, liabilities, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on or about the Water System by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Agreement or the Indenture, (c) any act or omission of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Water System, (d) any act or omission of any lessee of the City with respect to the Water System, and (e) the Trustee's exercise and performance of its powers and duties hereunder, under the Indenture, and any other document or transaction contemplated in connection herewith or therewith. No indemnification is made under this Section 5.2 or elsewhere in this Agreement for willful misconduct or negligence under this Agreement by the Authority, the Trustee or their respective officers, agents, employees, successors or assigns. The provisions of this Section 5.2 shall survive the expiration of the Term of this Agreement and the resignation and removal of the Trustee.

SECTION 5.3. *Sale or Eminent Domain of the Water System.* Except as provided herein, the City covenants that the Water System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the City to pay the Installment Payments or the principal of or interest on any Parity Debt, or would materially adversely affect its ability to comply with the terms of this Agreement or any Parity Debt Documents. The City may not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Installment Payments or any Parity Debt, or which otherwise would impair the rights of the Bond Owners or the Trustee with respect to the Net Revenues.

If any substantial part of the Water System is sold or taken in eminent domain proceedings, the payment therefor shall either (a) be used for the acquisition or construction of improvements to the Water System, or (b) be applied at the election of the City to (i) prepay the Installment Payments on the next available prepayment date under Section 7.3, or (ii) redeem any Parity Debt in accordance with the related Parity Debt Documents.

SECTION 5.4. *Insurance.* The City shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System.

The City shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Authority, the Trustee and the Owners of the Bonds.

Any policy of insurance required under this Section 5.4 may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

If all or any part of the Water System shall be damaged or destroyed, the Net Proceeds realized by the City as a result thereof shall be deposited by the City with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the City to the cost of acquiring and constructing repairs, replacements, additions, betterments, extensions or improvements to the Water System if (A) the City first secures and files with the Trustee a Certificate of the City showing (i) the loss in annual Gross Revenues, if any, suffered, or to be suffered, by the City by reason of such damage or destruction, (ii) a general description of the repairs, replacements, additions, betterment, extensions or improvements to the Water System then proposed to be acquired and constructed by the City from such proceeds, and (iii) an estimate of the Gross Revenues to be derived after· the completions of such repairs, replacements, additions, betterment, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the City, certifying that the Gross Revenues after such repair, replacement, addition, betterment, extension or improvement of the Water System will sufficiently offset on a timely basis the loss of Gross Revenues resulting from such damage or destruction so that the ability of the City to pay all Parity Debt when due will not be substantially impaired, and such Certificate of the City shall be final and conclusive, and any balance of such proceeds not required by the City for such purpose shall be deposited in the Water System Fund and applied as provided in Section 4.5; provided, that if the foregoing conditions are not met, then such proceeds shall be deposited with the Trustee and applied to make Installment Payments and any Parity Debt as they shall become due ratably without any discrimination or preference; provided further that the foregoing procedures for the application of Net Proceeds consisting of insurance payments shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such damage or destruction has had no effect, or at most an immaterial effect, upon the Gross Revenues and the security of the Parity Debt, and a Certificate of the City to such effect has been filed with the Trustee, then the City shall forthwith deposit such proceeds in the Water System Fund, to be applied as provided in Section 4.5.

SECTION 5.5. *Records and Accounts.* The City shall keep proper books of record and accounts of the Water System in which complete and correct entries are made of all transactions relating to the Water System. Said books shall, upon prior request, be subject to the reasonable inspection of the Owners of not less than 10% of the Outstanding Bonds,

or their representatives authorized in writing, upon not less than two Business Days' prior notice to the City.

The City shall cause the books and accounts of the Water System to be audited annually by an Independent Accountant not more than nine months after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Bond Owners at the office of the City and at the Office of the Trustee. Such report may be part of a combined financial audit or report covering all or part of the City's finances.

SECTION 5.6. *Rates and Charges.*

(a) Covenant Regarding Gross Revenues. The City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

(i) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(ii) All Installment Payments and all payments of principal of and interest on any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent any of such payments are payable from bond proceeds or from any other source of legally available funds of the City which have been deposited with the Trustee for such purpose prior to the commencement of the related Fiscal Year;

(iii) All amounts, if any, required to restore the balance in the Reserve Account to the full amount of the Reserve Requirement, and to restore the balance in the reserve account established for any Parity Debt to their required balances; and

(iv) All Additional Payments and other payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield both of the following:

(i) Net Revenues equal to at least 125% of the amount described in the preceding clause (a)(ii) that is due in such Fiscal Year. For purposes of this paragraph (b)(i), the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the Water System Fund in that Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues, as provided in Section 4.6, but only to the extent that the moneys transferred from the Rate Stabilization Fund would not otherwise constitute Gross Revenues for the Fiscal Year.

(ii) Net Revenues equal to at least 100% of the amounts described in the preceding clauses (a)(ii) and (iii) that are due in such Fiscal Year. For purposes of this paragraph (b)(ii), the amount of Net Revenues for a Fiscal Year will be computed on the basis that (A) any connection charges (including the City's impact mitigation fees) deposited into the Water System Fund in that Fiscal Year shall not be included, (B) any transfers into the Water System Fund in that Fiscal Year from the Rate Stabilization Fund shall not be included in the calculation of Net Revenues, and (C) any deposits into the Rate Stabilization Fund in that Fiscal Year shall be included in the amount of Net Revenues, but only to the extent such deposits are made from Gross Revenues received by the City during that Fiscal Year.

SECTION 5.7. *Superior and Subordinate Obligations.* The City may not issue or incur any additional bonds or other obligations during the Term of this Agreement having any priority in payment of principal or interest out of the Gross Revenues or the Net Revenues over the Installment Payments.

Nothing herein limits or affects the ability of the City to issue or incur (a) Parity Obligations under Section 5.8, or (b) obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

SECTION 5.8. *Issuance of Parity Debt.* Except for obligations incurred to prepay or discharge the Installment Payments or any Parity Debt, the City may not issue or incur any Parity Debt during the Term hereof unless all of the following conditions are satisfied:

(a) No Event of Default has occurred and is continuing (unless the Event of Default will be cured as a result of the issuance of the Parity Debt).

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements are available, or for any more recent consecutive 12-month period selected by the City at its option, in either case verified by a certificate or opinion of an Independent Accountant or Fiscal Consultant, plus the Additional Revenues, at least equal 125% of the amount of Maximum Annual Debt Service with respect to the Installment Payments and all Parity Debt then outstanding (including the Parity Debt then proposed to be issued). For purposes of this paragraph, the amount of any Refundable Credits that the City expects to receive in a Fiscal Year shall be excluded from the amount of Gross Revenues for such Fiscal Year, but shall be included as a credit against the applicable amount of Installment Payments and principal of and interest on any Parity Debt coming due in such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that any transfers into the Water System Fund in that Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues, as provided in Section 4.6 (but only to the extent that the moneys transferred from the Rate Stabilization Fund would not otherwise constitute Gross Revenues for the applicable Fiscal Year).

(c) Except as provided below, upon the issuance of such Parity Debt a reserve fund shall be established for such Parity Debt. The reserve fund which is established for an issue of Parity Debt shall be required to be maintained in an amount which, together with the aggregate amount required to be on deposit in all of the reserve funds established for the Bonds and other outstanding Parity Debt, is at least equal to Maximum Annual Debt Service on the Installment Payments and all outstanding Parity Debt, taken as a whole (other than Parity Debt for which no reserve fund is established as described below). Notwithstanding the foregoing, the amount which is required to be maintained in any reserve fund which is established for Parity Debt shall not exceed the maximum amount then permitted to be funded from the proceeds of tax-exempt obligations under the Tax Code. The Reserve Account and all other reserve funds which are funded from the proceeds of Parity Debt shall constitute a single reserve for the equal and proportionate benefit of the Bonds and all outstanding Parity Debt (other than Parity Debt for which no reserve fund established as required below), without preference or priority. Any such reserve fund may be maintained in the form of a letter of credit or surety bond.

In the event the City issues Parity Debt the purchaser of which does not require the establishment of a reserve fund, such Parity Debt may be issued without a reserve fund. However, in that event, such Parity Debt is not entitled to the security of amounts held in the reserve fund which is established for the Bonds or for any other issue of Parity Debt, and such Parity Debt will be disregarded in determining the amount required to be maintained in any other reserve fund established for outstanding Parity Debt.

(d) The trustee or fiscal agent for such Parity Debt (except to the extent required to be a separate entity from the City or the Authority by the purchaser of such Parity Debt) is the same entity performing the functions of Trustee under the Indenture.

(e) The City must deliver to the Trustee a Written Certificate of the City certifying that the conditions precedent to the issuance of such Parity Debt set forth in this Section 5.8 have been satisfied.

SECTION 5.9. *Operation of the Water System in Efficient and Economical Manner.* The City covenants and agrees to operate the Water System in an efficient and economical manner and to operate, maintain and preserve the Water System in good repair and working order.

SECTION 5.10. *Assignment and Amendment Hereof.* The Authority and the City may at any time amend or modify any of the provisions of this Agreement, but only: (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond

Owners, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, to conform to the original intention of the City and the Authority;

(iii) to modify, amend or supplement this Agreement in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code; and

(iv) in any other respect whatsoever as the Authority and the City deem necessary or desirable, if in the opinion of Bond Counsel such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

No such modification or amendment may (a) extend or have the effect of extending any Installment Payment Date or reducing any Installment Payment or any premium payable upon the prepayment thereof, without the express consent of the Owners of the affected Bonds, or (b) modify any of the rights or obligations of the Trustee without its written assent thereto.

SECTION 5.11. *Tax Covenants.*

(a) Private Business Use Limitation. The City shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The City may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The City may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

cure such failure within such 30 day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) Only as long as it is an event of default under and as defined with respect to any Parity Debt, the filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(e) The occurrence of any event of default under and as defined with respect to any Parity Debt.

SECTION 6.2. *Remedies on Default.* If an Event of Default occurs and is continuing, the Trustee as assignee of the Authority has the right, at its option and without any further demand or notice, to take any one or more of the following actions:

(a) Only as long as it is an available remedy under and as defined with respect to any Parity Debt, declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the Overdue Rate from the immediately preceding Interest Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Trustee shall rescind and annul such declaration and its consequences if, before any judgment or decree for the payment of the moneys due has been obtained or entered, (i) the City deposits with the Trustee a sum sufficient to pay all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the Overdue Rate, and (ii) the City pays the reasonable expenses of the Trustee (including any fees and expenses of its attorneys), and (iii) any and all other defaults known to a responsible officer of the Trustee (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) have been made good. No such rescission and annulment will extend to or shall affect any subsequent default, or impair or exhaust any right or power consequent thereon.

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the City under this Agreement.

(c) As a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Bond Owners hereunder, cause the appointment of a receiver or receivers of the Gross Revenues and other amounts pledged hereunder, with such powers as the court making such appointment may confer.

SECTION 6.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Authority is intended to be exclusive. Every such remedy is cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VI, it is not necessary to give any notice, other than such notice as may be required in this Article VI or by law.

SECTION 6.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Agreement defaults under any of the provisions hereof and the nondefaulting party, the Trustee or the Owner of any Bonds employs attorneys or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, the Trustee or such Owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred. The provisions of this Section 6.4 survive the expiration of the Term of this Agreement and the resignation and removal of the Trustee.

SECTION 6.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Agreement is breached by either party and thereafter waived by the other party, such waiver is limited to the particular breach so waived and does not waive any other breach hereunder.

SECTION 6.6. *Trustee and Bond Owners to Exercise Rights.* Such rights and remedies as are given to the Authority under this Article VI have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies will be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 7.1. *Security Deposit.* Notwithstanding any other provision hereof, the City may on any date secure the payment of Installment Payments, in whole or in part, by irrevocably depositing with the Trustee an amount of cash which, together with other available amounts, is either:

(a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, when due under Section 4.4(a), or

(b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an Independent Accountant (which opinion is addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due under Section 4.4(a) or when due on any optional prepayment date under Section 7.2, as the City instructs at the time of said deposit.

If the City makes a security deposit under this Section for the payment of all or a portion of the remaining Installment Payments, all obligations of the City hereunder, and the pledge of Net Revenues and all other security provided by this Agreement, for said obligations, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made, such Installment Payments from the security deposit. The security deposit will be deemed to be and will constitute a special fund for the payment of such Installment Payments in accordance with the provisions hereof.

SECTION 7.2. *Optional Prepayment.* The City may exercise its option to prepay the principal components of the Installment Payments in whole or in part on any date on or after the Installment Payment Date relating to the June 1, _____ Interest Payment Date. The City may exercise such option by payment of a prepayment price equal to the sum of (a) the aggregate principal components of the Installment Payments to be prepaid, (b) the interest component of the Installment Payment required to be paid on or accrued to such date, and (c) the premium (if any) then required to be paid upon the corresponding redemption of the Bonds under Section 4.01(a) of the Indenture. The Trustee shall deposit the prepayment price in the Installment Payment Fund to be applied to the redemption of Bonds under Section 4.01(a) of the Indenture. If the City prepays the Installment Payments in part but not in whole, the principal components will be prepaid among such maturities and in such integral multiples of $5,000 as the City designates in written notice to the Trustee. The City shall give the Trustee written notice of its intention to exercise its option in sufficient time to enable the Trustee to give notice of redemption as required by the Indenture.

The Installment Payments will otherwise be subject to prepayment in the amounts and at the times necessary to provide for redemption of the Bonds as set forth in the Indenture.

SECTION 7.3. *Credit for Amounts on Deposit.* If the City prepays the Installment Payments in full under this Article VII, such that the Indenture is discharged by its terms as a result of the prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts then on deposit in

the funds and accounts established under the Indenture will be credited towards the amounts then required to be so prepaid.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. *Further Assurances.* The City agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or the Trustee to carry out the intention or to facilitate the performance of this Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created. It is understood that the Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest.

SECTION 8.2. *Notices.* Any notice, request, complaint, demand or other communication under this Agreement must be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice is effective either (a) upon transmission by fax or other form of telecommunication, (b) upon actual receipt after deposit in the United States of America mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City or the Authority:	City of Lodi P.O. Box 3006 Lodi, California 95241-1910 Attention: City Manager Email: citymanager@lodi.gov
If to the Trustee:	MUFG Union Bank, N.A. 350 California St., 17th Fl. San Francisco, California 94104 Attention: Corporate Trust Department Email: SFCT@unionbank.com

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 8.3. *Governing Law.* This Agreement will be construed in accordance with and governed by the laws of the State of California.

SECTION 8.4. *Binding Effect.* This Agreement inures to the benefit of and is binding upon the Authority, the City and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 8.5. *Severability of Invalid Provisions.* If any one or more of the provisions contained in this Agreement are for any reason held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability will not affect any other provision of this Agreement, and this Agreement will be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the City each hereby declares that it would have entered into this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

SECTION 8.6. *Article and Section Headings and References.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, are solely for convenience of reference and do not affect the meaning, construction or effect of this Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender mean and include words of the feminine and neuter genders.

SECTION 8.7. *Payment on Non-Business Days.* Whenever any payment is required to be made hereunder on a day which is not a Business Day, such payment will be made on the immediate preceding Business Day.

SECTION 8.8. *Execution of Counterparts.* This Agreement may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original and all of which together constitute but one and the same instrument.

SECTION 8.9. *Waiver of Personal Liability.* No member of the City Council, officer, agent or employee of the City has any individual or personal liability for the payment of Installment Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Agreement; but nothing herein contained relieves any such member of the City Council, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

SECTION 8.10. *Trustee as Third Party Beneficiary.* The Trustee is hereby made a third party beneficiary hereof and is entitled to the benefits of this Agreement with the same force and effect as if the Trustee were a party hereto.

IN WITNESS WHEREOF, the Authority and the City have caused this Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

LODI PUBLIC FINANCING AUTHORITY,
as Seller

By _____
Executive Director

ATTEST:

By_____
Secretary

CITY OF LODI, *as Purchaser*

By _____
Mayor

ATTEST:

By_____
Assistant City Clerk

Approved as to Form:

JANICE D. MAGDICH
City Attorney

APPENDIX A

SCHEDULE OF INSTALLMENT PAYMENTS

Installment Payment Date[1]	Principal Component	Interest Component	Total Payment

TOTALS

(1) Installment Payment Dates are the Business Day immediately preceding each Interest Payment Date shown in the table.

ESCROW DEPOSIT AND TRUST AGREEMENT

Relating to

$29,650,000
Lodi Public Financing Authority
2010 Water Revenue Bonds, Series B
(Federally Taxable - Build America Bonds – Direct Payment)

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "**Agreement**"), dated April __, 2020, is between the CITY OF LODI, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "**City**"), and The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America, acting as escrow agent for the 2010B Bonds described below (the "**Escrow Agent**") and as trustee (the "**2010 Trustee**") for the 2010B Bonds.

BACKGROUND:

1. The City owns and operates facilities and property for the supply, treatment and distribution of water within the service area of the City (the "**Water System**").

2. The Authority is a joint exercise of powers authority that was established by the City and the Industrial Development Authority of the City of Lodi pursuant to a Joint Exercise of Powers Agreement, dated as of July 1, 2010. The Authority was formed for the purpose of assisting the City in the financing of public capital improvements.

3. In order to provide funds to finance the acquisition and construction of improvements to the Water System (the "**2010 Water Projects**"), the City previously caused the Authority to issue the following bonds (collectively, the "**2010 Bonds**") pursuant to an Indenture of Trust, dated as of October 1, 2010 (the "**2010 Indenture**"), by and between the Authority and the 2010 Trustee:

(i) $9,015,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series A ("**2010A Bonds**") and

(ii) $29,650,000 Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds – Direct Payment) ("**2010B Bonds**").

4. The 2010 Bonds are payable from installment payments (the "**2010 Installment Payments**") made by the City to the Authority under an Installment Sale Agreement dated as of October 1, 2010 (the "**2010 Installment Sale Agreement**"), under which the Authority acquired, constructed and improved the 2010 Water Projects and sold the completed 2010 Water Projects to the City in consideration of the agreement by the City to pay the 2010 Installment Payments.

5. Pursuant to Section 7.2 of the 2010 Installment Sale Agreement, the City has the right to prepay all or a portion of the 2010 Installment Payments on any date on or

after the Installment Payment Date (as defined in the 2010 Installment Sale Agreement) relating to the June 1, 2020 Interest Payment Date (as defined in the 2010 Installment Sale Agreement) on the 2010 Bonds.

6. Pursuant to Section 7.1 of the 2010 Installment Sale Agreement, the City may secure the payment of the 2010 Installment Payments, in whole or in part, by irrevocably depositing with the Trustee an amount of cash which, invested in whole or in part in non-callable Federal Securities (as defined in the 2010 Indenture), in the opinion of an Independent Accountant (as defined in the Indenture), together with interest to accrue thereon and together with any cash which is deposited and not invested, will be fully sufficient to pay all such 2010 Installment Payments when due on any optional prepayment date. If the City makes a security deposit under Section 7.2 for all or a portion of the 2010 Installment Payments, all obligations of the City under the 2010 Installment Sale Agreement, and the pledge of Net Revenues (as defined in the 2010 Installment Sale Agreement) and all other security provided in the 2010 Installment Sale Agreement for such 2010 Installment Payments will cease and terminate, except the obligation of the City to make such 2010 Installment Payments from the security deposit.

7. The 2010 Bonds maturing on or after June 1, 2021 are subject to optional redemption, in whole or in part, on any date on or after June 1, 2020, at a redemption price equal to 100% of the principal amount of the 2010 Bonds to be redeemed, plus accrued interest to the redemption date, without premium.

8. Under Article X of the 2010 Indenture, the Authority may discharge its liability with respect to the 2010 Bonds by depositing money or non-callable Federal Securities (as defined in the 2010 Indenture) with the 2010 Trustee which, in the opinion of an Independent Accountant (as defined in the 2010 Indenture), will be sufficient to pay the principal, interest and premium (if any) on such 2010 Bonds when due for optional redemption.

9. Under current municipal bond market conditions, it is possible for the City to refinance on a tax-exempt basis the portion of the 2010 Installment Payments attributable to the 2010B Bonds (the "**2010B Installment Payments**") and to cause a redemption of the 2010B Bonds for the purpose of achieving savings for the benefit of the customers of the Water System.

10. The City is not refinancing the portion of the 2010 Installment Payments attributable to the 2010A Bonds (the "**2010A Installment Payments**") or causing a redemption of the 2010A Bonds.

11. In order to accomplish the refinancing described above, the Authority and the City have entered into an Installment Sale Agreement dated as of April 1, 2020 (the "**Installment Sale Agreement**"), under which the City will sell the 2010 Water Projects to the Authority and the Authority will sell the 2010 Water Projects to the City in consideration of the agreement by the City to pay the purchase price thereof in semiannual installment payments, in each case subject to the continuing obligation of the City to make the 2010A Installment Payments under the 2010 Installment Sale Agreement.

12. For the purpose of obtaining funds to refinance the 2010B Installment Payments and to cause the redemption of the 2010B Bonds, the Authority is issuing its Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A in the

aggregate principal amount of $_____ (the "**Refunding Bonds**") under an Indenture of Trust, dated as of April 1, 2020 (the "**Refunding Bonds Indenture**"), by and between the Authority and MUFG Union Bank, N.A., as trustee (the "**Trustee**") and under the provisions of Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6584 of said Code (the "**Bond Law**").

13. The City wishes to appoint the Escrow Agent for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of providing for the payment in full of the 2010B Installment Payments and the payment in full of the principal of and interest and premium (if any) on the outstanding 2010B Bonds, and to provide certain directions to the 2010 Trustee with respect to the 2010B Bonds.

14. As a result of the deposit and investment of funds in accordance with this Agreement, the 2010B Installment Payments will be secured by a security deposit under Section 7.1 of the 2010 Installment Sale Agreement, and the 2010B Bonds will be discharged and defeased in accordance with the provisions of Article X of the 2010 Indenture.

AGREEMENT:

In consideration of the premises and the material covenants contained herein, the City and The Bank of New York Mellon Trust Company, N.A., as Escrow Agent and 2010 Trustee, hereby agree as follows:

SECTION 1. *Appointment of Escrow Agent; Establishment of Escrow Fund.* The City hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to (a) establish a security deposit for and prepay the 2010B Installment Payments in accordance with the 2010 Installment Sale Agreement and (b) defease and redeem the 2010B Bonds in accordance with the 2010 Indenture.

The Escrow Agent is directed to establish an escrow fund (the "**Escrow Fund**") to be held by the Escrow Agent in trust as an irrevocable escrow securing the payment of the 2010B Installment Payments and the 2010B Bonds as set forth below. All cash and securities in the Escrow Fund are hereby irrevocably pledged as a special fund for the payment of the 2010B Installment Payments in accordance with the 2010 Installment Sale Agreement and the payment of the principal of and interest and premium (if any) on the 2010B Bonds in accordance with the 2010 Indenture.

If at any time the Escrow Agent receives actual knowledge that the cash and securities in the Escrow Fund will not be sufficient to make any payment required by Section 4 in respect of the 2010B Bonds, the Escrow Agent shall notify the City of such fact and the City shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

SECTION 2. *Deposit and Investment of Amounts in Escrow Fund.* On April __, 2020 (the "**Closing Date**"), the Authority, pursuant to the Refunding Bonds Indenture, will cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of $_____ in immediately available funds, to be derived from the proceeds of the Refunding Bonds.

In addition, the City hereby directs the 2010 Trustee to transfer to the Escrow Agent for deposit into the Escrow Fund the amount of $_____, to be derived from moneys related to the 2010B Bonds that are available as a result of the defeasance of the 2010B Bonds.

On the Closing Date, the Escrow Agent shall invest $_____ of the amounts deposited in the Escrow Fund in the federal securities listed on Exhibit A; the federal securities listed on Exhibit A are non-callable "Federal Securities" as defined in the 2010 Indenture. The Escrow Agent shall hold the remaining $_____ in cash, uninvested.

If the Escrow Agent learns that the Department of the Treasury or the Bureau of Fiscal Service will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Agreement, the Escrow Agent shall promptly request alternative written investment instructions from the City with respect to funds which were to be invested in SLGS. The City shall promptly deliver such instructions, which shall direct investment in non-callable Federal Securities that comply with the requirements of the 2010 Indenture, along with a verification report and defeasance opinion of bond counsel. The Escrow Agent shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Agent shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the City. In the absence of investment instructions from the City, the Escrow Agent shall not be responsible for the investment of such funds or interest thereon. The Escrow Agent may conclusively rely upon the City's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

SECTION 3. *Application of Amounts in Escrow Fund.* The Escrow Agent is hereby instructed to withdraw from the Escrow Fund and transfer to the 2010 Trustee an amount required to pay the principal of and interest and prepayment premium (if any) on the 2010B Bonds, in accordance with the schedule attached as Exhibit B hereto, which payment shall also constitute payment of the 2010B Installment Payments.

Following the payment and prepayment of the 2010B Installment Payments and the 2010B Bonds in full, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to the Trustee for the Refunding Bonds, for deposit in the Bond Fund established under the Refunding Bonds Indenture, to be applied to pay interest next coming due and payable on the Refunding Bonds.

SECTION 4. *Irrevocable Election to Prepay 2010B Bonds; Defeasance Notice.* The City has irrevocably elected to pay and prepay all of the unpaid 2010B Installment Payments and all of the outstanding 2010B Bonds on the date set forth in Exhibit B, in accordance with the provisions of the 2010 Indenture. The City hereby directs the 2010 Trustee to give notice of the prepayment of the 2010B Bonds in accordance with the requirements of the 2010 Indenture, at the expense of the City, using the form set forth in Exhibit C.

The City further hereby directs the 2010 Trustee to file on the Closing Date the notice attached as Exhibit D on the Municipal Securities Rulemaking Board's EMMA system. The sole remedy for failure to file such notice on EMMA shall be an action by the

City or the holders of the 2010B Bonds in mandamus for specific performance or similar remedy to compel performance.

SECTION 5. *Compensation to Escrow Agent.* The City shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Escrow Fund.

SECTION 6. *Immunities and Liability of Escrow Agent.* The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent may consult with legal counsel of its own choice and the Escrow Agent shall not be liable for any action taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys and securities to pay the principal, interest and prepayment premium with respect to the 2010B Bonds.

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the City and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this Agreement and believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care.

The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to the resigning Escrow Agent and the

successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The City shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby except to the extent caused by the Escrow Agent's negligence or willful misconduct. The provisions of the foregoing sentence shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

The Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Agreement and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks

arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

SECTION 7. *Termination of Agreement.* Upon payment in full of the principal of and interest and prepayment premium on the 2010B Bonds and all fees, expense and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

SECTION 8. *Execution in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California.

[Remainder of page intentionally left blank.]

SECTION 10. *Amendments*. This Agreement may not be amended except in writing by the parties hereto and with an opinion of nationally recognized bond counsel to the effect that (a) the amendment will not prevent the 2010B Bonds from being treated as Build America Bonds and Qualified Bonds and therefore eligible for the Refundable Credits (as those terms are defined in the 2010 Indenture), (b) the amendment will not result in loss of the exemption from federal income taxes of interest on the Refunding Bonds and (c) such amendment will not have a material adverse effect on the interests of the holders of the 2010B Bonds.

CITY OF LODI

By: _____
Mayor

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent and as 2010 Trustee

By _____
Authorized Officer

ACKNOWLEDGED AND ACCEPTED:

LODI PUBLIC FINANCING AUTHORITY

By _____
Executive Director

Approved as to Form:

JANICE D. MAGDICH
City Attorney

ATTACHMENT 1

2010B Bonds

Maturity Date	CUSIP	Outstanding Principal Amount	Interest Rate
June 1, 2022	540257AL6	$1,075,000	5.014%
June 1, 2023	540257AM4	1,115,000	5.214
June 1, 2024	540257AN2	1,150,000	5.414
June 1, 2025	540257AP7	1,190,000	5.614
June 1, 2030*	540257AQ5	6,705,000	6.387
June 1, 2040*	540257AR3	18,415,000	6.637

*: Term Bond

EXHIBIT A

ESCROW SECURITIES

Type of Security	Purchase Date	Maturity Date	First Int Pmt Date	Par Amount	Rate

EXHIBIT B

ESCROW REQUIREMENTS

Payment Date	Interest Payment	Principal Redeemed	Total Payment
June 1, 2020			

EXHIBIT C

FORM OF NOTICE OF REDEMPTION

$29,650,000
Lodi Public Financing Authority
2010 Water Revenue Bonds, Series B
(Federally Taxable - Build America Bonds – Direct Payment)

NOTICE IS HEREBY GIVEN, by the Lodi Public Financing Authority (the "Authority") that the captioned bonds (the "2010B Bonds") have been defeased and discharged under and within the meaning of the Indenture of Trust, dated as of October 1, 2010 (the "2010 Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. as trustee (the "2010 Trustee"), and that the Authority has irrevocably elected to redeem the outstanding 2010B Bonds on June 1, 2020, at a redemption price equal to the par amount thereof together with accrued interest thereon to the redemption date, without premium.

The 2010B Bonds consist of the following:

Maturity Date	CUSIP	Outstanding Principal Amount	Interest Rate
June 1, 2022	540257AL6	$1,075,000	5.014%
June 1, 2023	540257AM4	1,115,000	5.214
June 1, 2024	540257AN2	1,150,000	5.414
June 1, 2025	540257AP7	1,190,000	5.614
June 1, 2030*	540257AQ5	6,705,000	6.387
June 1, 2040*	540257AR3	18,415,000	6.637

*: Term Bond

On June 1, 2020, there will become due on each of the 2010B Bonds the redemption price thereof, and after June 1, 2020, interest thereon shall cease to accrue. Funds for the payment of the 2010B Bonds have been deposited with the 2010 Trustee, as escrow agent, and the sufficiency of the funds and investments for the purpose of paying the principal of and interest on the 2010B Bonds has been verified by _____.

Holders of the Bonds are requested to present their Bonds, at the following addresses:

First Class/Registered/Certified	Express Delivery Only	By Hand Only
The Bank of New York Mellon Global Corporate Trust P.O. Box 396 East Syracuse, New York 13057	The Bank of New York Mellon Global Corporate Trust 111 Sanders Creek Parkway East Syracuse, New York 13057	The Bank of New York Mellon Global Corporate Trust Corporate Trust Window 101 Barclay Street 1st Floor East New York, New York 10286

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

Payment of interest on the 2010B Bonds shall be made by check or, at the option of any owner of at least $1,000,000 aggregate principal amount of 2010B Bonds, by wire transfer to a bank account in the United States of America.

IMPORTANT TAX NOTICE

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Trustee has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your certificates.

**Note: The Authority and the Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to the correctness of the CUSIP numbers indicated in the notice or as printed on any 2010B Bond. They are included solely for the convenience of the holders.*

Dated: ____, 2020

The Bank of New York Mellon Trust Company, N.A.., as Escrow Agent

EXHIBIT D

FORM OF NOTICE OF DEFEASANCE

$29,650,000
Lodi Public Financing Authority
2010 Water Revenue Bonds, Series B
(Federally Taxable - Build America Bonds – Direct Payment)

NOTICE IS HEREBY GIVEN, by the Lodi Public Financing Authority (the "Authority") that the captioned bonds (the "2010B Bonds") have been defeased and discharged under and within the meaning of the Indenture of Trust, dated as of October 1, 2010 (the "2010 Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A. as trustee (the "2010 Trustee"), and that the Authority has irrevocably elected to redeem the outstanding 2010B Bonds on June 1, 2020, at a redemption price equal to the par amount thereof together with accrued interest thereon to the redemption date, without premium. Funds for the payment of the 2010B Bonds have been deposited with the 2010 Trustee, as escrow agent, and the sufficiency of the funds and investments for the purpose of paying the principal of and interest on the 2010B Bonds has been verified by _____.

As a consequence of the foregoing actions and in accordance with the 2010 Indenture, all obligations of 2010 Trustee and the Authority with respect to the 2010B Bonds have ceased and terminated, except the obligation to use moneys set aside in escrow as described above and, if necessary, from other legally available funds of the City.

The outstanding 2010B Bonds consist of the following:

Maturity Date	CUSIP	Outstanding Principal Amount	Interest Rate
June 1, 2022	540257AL6	$1,075,000	5.014%
June 1, 2023	540257AM4	1,115,000	5.214
June 1, 2024	540257AN2	1,150,000	5.414
June 1, 2025	540257AP7	1,190,000	5.614
June 1, 2030*	540257AQ5	6,705,000	6.387
June 1, 2040*	540257AR3	18,415,000	6.637

*: Term Bond

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

Note: The Authority and the Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to the correctness of the CUSIP numbers indicated in the notice or as printed on any 2010B Bond. They are included solely for the convenience of the holders.

Dated: April __, 2020

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Escrow Agent

$_____
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

BOND PURCHASE AGREEMENT

_____, 2020

Lodi Public Financing Authority
P.O. Box 3006
Lodi, California 95241-1910

City of Lodi
P.O. Box 3006
Lodi, California 95241-1910

Ladies and Gentlemen:

Piper Sandler & Co. (the "**Underwriter**") hereby offers to enter into this Bond Purchase Agreement (the "**Purchase Agreement**") with you, the Lodi Public Financing Authority (the "**Authority**") and the City of Lodi (the "**City**"), for the purchase by the Underwriter and the delivery by the Authority of the above-referenced Bonds (the "**Bonds**"). The proceeds of the Bonds will be used to: (i) redeem all of the outstanding Lodi Public Financing Authority 2010 Water Revenue Bonds, Series B (Federally Taxable - Build America Bonds - Direct Payment) (the "**Refunded Bonds**") and the corresponding portion of the related installment payment obligation of the City; and (ii) pay the costs of issuing the Bonds. This offer is subject to your acceptance prior to 11:59 p.m., California time, on the date hereof and if not so accepted will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority and the City at any time prior to the acceptance thereof by the Authority and the City. Upon such acceptance, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon you and the Underwriter. All terms not defined herein shall have the meanings set forth in the Indenture and the Installment Sale Agreement (each defined below).

The Authority and the City acknowledge and agree that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the City, the Authority and the Underwriter in which the Underwriter is acting solely as a principal and not as an agent of the Authority or the City and the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the Authority or the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Authority or the City with respect to the transaction contemplated by this Purchase Agreement and the discussions, undertakings or procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter has provided other services or is currently providing other services to the Authority or the City on other matters); (iii) the only obligations the Underwriter has to the Authority and the City with respect to the transaction contemplated by this Purchase Agreement are expressly set forth in this Purchase Agreement; and (iv) the Authority and the City have consulted their own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent the Authority and the City have

deemed appropriate. The Authority acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**").

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the $_____ aggregate principal amount of the Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A to be dated the Closing Date, at a price of $_____, being the principal amount of the Bonds, plus net original issue premium of $_____, less an Underwriter's discount of $_____.

The Bonds shall mature in the amounts and on the dates, and bear interest at the rates, set forth in Exhibit A hereto. The Bonds shall be as described in and shall be secured under and pursuant to an Indenture of Trust, dated as of April 1, 2020 (the "**Indenture**"), by and between the Authority and MUFG Union Bank, N.A., as trustee (the "**Trustee**"), substantially in the form previously submitted to the Underwriter with only such changes therein as shall be mutually agreed upon by the Authority, the Trustee and the Underwriter.

The obligation of the Authority to pay the principal of and interest on the Bonds is a special obligation of the Authority, payable solely from Authority Revenues (as defined in the Indenture), and certain other amounts held under the Indenture. Authority Revenues consist primarily of Installment Payments made by the City to the Authority pursuant to the Installment Sale Agreement (as defined below). The Installment Payments are secured by and payable from net revenues ("**Net Revenues**") of the City's water supply, treatment and distribution system (the "**Water System**") on a parity basis with installment payments payable by the City under an Installment Sale Agreement dated as of October 1, 2010. The principal of and interest on the Bonds are not required to be paid from any other funds of the Authority, including any proceeds of any taxes, and does not constitute a debt or pledge of the faith and credit of the Authority or the State of California (the "**State**") or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The Refunded Bonds will be defeased and refunded in accordance with an Escrow Deposit and Trust Agreement, dated as of April 1, 2020 (the "**Escrow Agreement**"), between the City and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "**Escrow Agent**").

The Authority and the City hereby ratify the use by the Underwriter of the Preliminary Official Statement, dated _____ ___, 2020 relating to the Bonds (together with the cover page and all appendices thereto, and any supplements thereof, the "**Preliminary Official Statement**"), and authorizes the Underwriter to use and distribute the Preliminary Official Statement, the Official Statement (as defined below), the Indenture, the Installment Sale Agreement, dated as of April 1, 2020, between the Authority and the City (the "**Installment Sale Agreement**"), the Continuing Disclosure Certificate as required by Securities and Exchange Commission Rule 15c2-12 ("**Rule 15c2-12**"), and substantially in the form attached as an appendix to the Official Statement, dated _____ ___, 2020 (the "**Continuing Disclosure Certificate**"), executed by the City and this Purchase Agreement, and all information contained therein, and all other documents, certificates and statements furnished by the Authority and the City to the Underwriter in connection with the offer and sale of the Bonds by the Underwriter. The Authority and the City have heretofore "deemed final" the Preliminary Official Statement within the meaning of Rule 15c2-12.

The City will undertake pursuant to the Continuing Disclosure Certificate to provide certain annual financial and operating information and notices of the occurrence of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. This undertaking will be entered into in order to assist the Underwriter in complying with the Rule.

2. The Underwriter agrees to offer all the Bonds to the public initially at the prices (or yields) set forth on the inside cover page of the Official Statement of the Authority pertaining to the Bonds, dated _____ __, 2020 (together with all appendices thereto, and with such changes therein and supplements thereto and as are consented to in writing by the Underwriter, and with the Preliminary Official Statement, are herein called the "**Official Statement**"). Subsequent to the initial public offering of the Bonds, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 5 hereof. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices. "Public Offering" shall include an offering to a representative number of institutional investors or registered investment companies, regardless of the number of such investors to which the Bonds are sold. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

3. The Authority shall also deliver a sufficient number of copies of the Official Statement to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending on the End Date (defined below). The Authority shall deliver these copies to the Underwriter no later than the earlier of (i) seven (7) business days after the execution of this Purchase Agreement or (ii) one (1) business day prior to the Closing Date in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Authority and the City shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32. The Underwriter shall inform the City in writing of the End Date, and covenants to file the Official Statement with the MSRB on a timely basis.

The Official Statement, as of its date, as of the Closing Date (as defined herein) and as of the date of any update, amendment or supplement thereto as required hereby subsequent to the Closing, up to and including the date which is twenty-five (25) days following the end (the "**End Date**") of the Underwriting Period (as hereinafter defined), will be correct and complete in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

If, after the date of this Purchase Agreement and until the earlier of (i) ninety (90) days after the end of the "underwriting period" (as defined in Rule 15c2-12) (the "**Underwriting Period**"), or (ii) twenty-five (25) days following the end of the Underwriting Period if the Official Statement is

available to any person from the MSRB as contemplated by Rule 15c2-12(b)(4), any event shall occur or circumstance shall exist of which the Authority or the City have knowledge that would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority or the City, as the case may be, shall notify the Underwriter (and for the purpose of this Section provide the Underwriter with such information as it may from time to time reasonably request), and, if in the opinion of the City, the Authority or the Underwriter such event or circumstance requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority and the City will, at their expense, supplement or amend the Official Statement in a form and manner jointly approved by the City, the Authority and the Underwriter and furnish to the Underwriter a reasonable number of copies of such supplement or amendment provided that the Underwriter agrees that it will promptly notify the Authority and the City of the end of the Underwriting Period.

4. At 8:30 a.m., Pacific Time, on _____ __, 2020, or at such other time or date as shall be agreed upon by the Underwriter, Authority and the City (such time and date being herein referred to as the "**Closing Date**"), the Authority will deliver to the Underwriter, the Bonds, in book-entry form, through the facilities of The Depository Trust Company or its agent (all Bonds having had the CUSIP numbers assigned to them thereon), duly executed by an authorized officer of the Authority as provided in the Indenture, and the other documents herein mentioned at the offices of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Bond Counsel**") or another place to be mutually agreed to by the City and the Underwriter and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Purchase Agreement in immediately available funds (such delivery and payment being herein referred to as the "**Closing**").

Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of The Depository Trust Company.

It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to provide such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriter to accept delivery of the Bonds in accordance with the terms of this Purchase Agreement.

5. A. The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

B. Except as otherwise set forth in Exhibit A attached hereto, the Authority will treat the first price at which 10% of each maturity of the Bonds (the "**10% test**") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold

Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Authority or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the Underwriter represents that (i) the 10% test has been satisfied (assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement) and (ii) the 10% test has not been satisfied and for which the Authority and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

a. the close of the fifth (5th) business day after the sale date; or

b. the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Authority promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

D. The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Authority acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

a. "public" means any person other than an underwriter or a related party;

b. "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to

participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

c. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

d. "sale date" means the date of execution of this Purchase Agreement by all parties.

6. The Underwriter represents to and agrees with the Authority and the City that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it;

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the Authority and the City, and is not prohibited thereby from acting as the underwriter with respect to securities of the Authority and the City;

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in California Government Code Section 53590 (c) or MSRB Rule G-32, with the City with respect to the Bonds, and no investment firm controlling, controlled by or under common control with such Underwriter have or has had any such financial advisory relationship; and

(d) The Underwriter has reasonably determined that the undertaking to provide continuing disclosure with respect to the Bonds pursuant to the Continuing Disclosure Certificate is sufficient to effect compliance with Rule 15c2-12.

7. The Authority represents, warrants and covenants to the Underwriter that:

(a) The Authority is a joint exercise of powers authority duly organized and validly existing pursuant to the laws of the State of California and has all necessary power and authority to enter into and perform its duties under the Indenture, the Installment Sale Agreement and this Purchase Agreement (collectively, the "**Authority Documents**") and, when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, valid and binding obligations of the Authority in accordance with their respective terms.

(b) Neither the execution and delivery of the Authority Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the Authority's part contained therein, nor the consummation of any other of the transactions herein and

therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Authority Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Authority required for the execution and delivery of the Bonds or the consummation by the Authority of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the Authority, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Authority to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Indenture, or in any way contesting or affecting the validity of the Authority Documents or of the Authority to enter into the Authority Documents or contesting the powers of the Authority to perform its obligations under any of the foregoing or in any way contesting the powers of the Authority in connection with any action contemplated by this Purchase Agreement, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the Authority contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 7(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the Authority and the Bonds contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Authority agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Authority will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the Authority prior to or concurrently with the execution hereof, the Authority has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Authority Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The Authority is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The Authority is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the Authority or successor of the Authority or with respect to an obligation guaranteed by the Authority as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the Authority has knowledge, which might or would cause the information relating to the Authority or the Authority's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the Authority will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City.

(k) If the information relating to the Authority, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) No consent, approval, authorization or other action by a governmental or regulatory authority that has not been obtained is or will be required of the Authority for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(m) The Authority will deliver all opinions, Bonds, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(n) Any certificate of the Authority delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein.

(o) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the Authority does not and will not have outstanding any indebtedness

which is secured by a lien on the Authority Revenues superior to or on a parity with the lien of the Bonds thereon.

(p) Between the date of this Purchase Agreement and the date of Closing, the Authority will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent.

(q) The Authority is not presently and as a result of the execution of the Authority Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the Authority is a party or to which the Authority is bound.

(r) The Authority will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Authority Documents, unless otherwise required by law.

8. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a general law city duly organized under the laws of the State of California, and has all necessary power and authority to enter into and perform its duties under the Installment Sale Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Agreement (collectively, the "**City Documents**") and, when executed and delivered by the respective parties thereto, the City Documents will constitute the legal, valid and binding obligations of the City in accordance with their respective terms.

(b) Neither the execution and delivery of the City Documents, or the approval and execution of the Official Statement, and compliance with the provisions on the City's part contained therein, nor the consummation of any other of the transactions herein and therein contemplated, nor the fulfillment of the terms hereof and thereof, conflicts with or constitutes a breach of or default under nor contravenes any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor does any such execution, delivery, adoption or compliance result in the security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents.

(c) Except as may be required under blue sky or other securities laws of any state, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the City required for the execution and delivery of the Bonds or the consummation by the City of the other transactions contemplated by the Official Statement and this Purchase Agreement.

(d) To the best of the knowledge of the City, there is, and on the Closing there will be, no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the City to restrain or enjoin the delivery of any of the Bonds, or the payments to be made pursuant to the Installment Sale Agreement and

Indenture, or in any way contesting or affecting the validity of the City Documents or of the City to approve or enter into the City Documents, or in any way questioning or challenging the tax status of the Bonds.

(e) As of the date thereof and at all times subsequent thereto up to and including the End Date, the information relating to the City, the Installment Sale Agreement and the Water System contained in the Official Statement will be complete and will not contain any untrue or misleading statement of a material fact or omit to state any material fact (unless an event occurs of the nature described in Section 8(j) below) necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the date hereof, the information relating to the City, the Installment Sale Agreement and the Water System contained in the Official Statement is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The City agrees to cooperate with the Underwriter in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City will not be required to execute a special or general consent to service of process in any jurisdiction in which it is not now so subject or to qualify to do business as a foreign agency in any jurisdiction where it is not so qualified.

(g) By official action of the City prior to or concurrently with the execution hereof, the City has duly approved the distribution of the Official Statement, and has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the City Documents and the consummation by it of all other transactions contemplated by the Official Statement and this Purchase Agreement.

(h) The City is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

(i) The City is not in default, nor has been in default at any time, as to the payment of principal or interest with respect to an obligation issued by the City or successor of the City or with respect to an obligation guaranteed by the City as guarantor or successor of a guarantor.

(j) If between the date of this Purchase Agreement and the End Date an event occurs, of which the City has knowledge, which might or would cause the information relating to the City, the Water System or the City's functions, duties and responsibilities contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate with the Underwriter in the preparation of an amendment or supplement to the Official Statement in a

form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid for by the City.

(k) If the information relating to the Water System, the City, its functions, duties and responsibilities contained in the Official Statement is amended or supplemented pursuant to the immediately preceding subsection, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto up to and including the date of the Closing, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading.

(l) The City covenants that it will comply with all tax covenants relating to it in the City Documents and the Certificate as to Arbitrage and Certificate Regarding Use of Proceeds.

(m) The written information supplied by the City to the Underwriter with respect to the financial information relating to the Water System is true, correct and complete in all material respects for the purposes for which it was supplied.

(n) No consent, approval, authorization or other action by a governmental or regulatory agency that has not been obtained is or will be required of the City for the delivery and sale of the Bonds or the consummation of the other transactions contemplated by this Purchase Agreement and the Official Statement, except for such licenses, certificates, approvals, variances or permits which may be necessary for the construction or operation of the Water System which the City has applied for (or will apply for in the ordinary course of business) and expects to receive, and except as may be required under the state securities or blue sky laws in connection with the sale of the Bonds by the Underwriter.

(o) The City will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Indenture and as described in the Official Statement, unless otherwise required by law.

(p) The City will deliver all opinions, certificates, letters and other instruments and documents reasonably required by the Underwriter and this Purchase Agreement.

(q) Any certificate of the City delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(r) Other than as described in the Official Statement, as of the time of acceptance hereof and as of the Closing, the City does not and will not have outstanding any indebtedness which is secured by a lien on the Net Revenues superior to or on a parity with the lien of the Bonds thereon.

(s) Between the date of this Purchase Agreement and the date of Closing, the City will not, without the prior written consent of the Underwriter, and except as disclosed in the Official Statement, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent payable from the Net Revenues.

(t) The City is not presently and as a result of the execution of the City Documents and the sale of the Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the California Constitution or statutes or any additional debt or similar provision of any bond, note, contract or other evidence of indebtedness to which the City is a party or to which the City is bound.

(u) Based on a review of its previous undertakings and except as disclosed in the Official Statement, the City has not, in the last five years, failed to comply in any material respect with its obligations under any continuing disclosure undertaking entered into pursuant to Rule 15c2-12. The City will undertake, pursuant to the Continuing Disclosure Certificate to provide annual reports and notices of certain events in accordance with the requirements of Rule 15c2-12.

9. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the Authority and the City contained herein, and the opinions of Bond Counsel, Disclosure Counsel, counsel to the Trustee, counsel to the City and counsel to the Authority required hereby. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, this Purchase Agreement, the Indenture, the Installment Sale Agreement, the Escrow Agreement and the Continuing Disclosure Certificate (collectively the "**Legal Documents**"), all as described in the Official Statement, shall be in full force and effect as valid and binding agreements between or among the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) At or prior to the Closing, the Underwriter shall receive the following documents, in each case satisfactory in form and substance to them:

(1) The unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the Authority, the City, the Trustee and the Underwriter (or a reliance letter to the Underwriter and the Trustee), in substantially the form attached as Appendix E to the Official Statement.

(2) A supplemental opinion of Bond Counsel, dated as of the date of Closing and addressed to the Underwriter, in form and substance to the effect that:

(a) The statements contained in the Official Statement on the cover page relating to tax exemption, the description of the Bonds and security for the Bonds, and statements under the captions "INTRODUCTION," "THE 2020 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE 2020 BONDS," "TAX MATTERS" and APPENDICES D and E to the extent they purport to summarize certain provisions of the Legal Documents and the opinion of such counsel, present a fair and accurate summary of such provisions;

(b) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(c) The Purchase Agreement has been duly authorized, executed and delivered by the Authority and the City, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding agreement of the Authority and the City enforceable against each in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, and except no opinion need be expressed as to the enforceability of the indemnification, waiver, choice of law or contributions provisions contained in the Purchase Agreement.

(3) The negative assurance letter of Jones Hall, A Professional Law Corporation, Disclosure Counsel, dated the Closing Date and addressed to the Underwriter, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Official Statement, and having made no independent investigation or verification thereof, no facts have come to their attention that lead them to believe that the Preliminary Official Statement as of its date and as of the date of the Purchase Agreement, and the Official Statement as of its date or as of the Closing Date (except for any CUSIP numbers, financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, the information under the captions "LITIGATION," "RATING" and "UNDERWRITING" and in the appendices thereto (excluding Appendix F - "FORM OF CONTINUING DISCLOSURE CERTIFICATE,"), any information about DTC and its book-entry only system, as to which no opinion or view need be expressed) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) An opinion of counsel to the Authority, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the City, the Trustee and the Underwriter, to the effect that:

(i) the Authority is a joint powers authority duly organized and validly existing under the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the Authority Documents have been duly approved by the Authority;

(iii) the resolution of the Authority approving and authorizing the execution and delivery of the Official Statement and the Authority Documents was duly adopted at a regular meeting of the governing body of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolution has not been amended or modified and is in full force and effect;

(iv) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the Authority, which would adversely impact the Authority's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under the Installment Sale Agreement, or in any way contesting or affecting the validity of the Authority Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Authority Documents;

(v) the execution and delivery of the Authority Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject;

(vi) the Authority Documents and the Official Statement have been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the other parties thereto, the Authority Documents constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the Authority Documents and the approval of the Official Statement; and

(viii) nothing has come to such counsel's attention which would lead such counsel to believe that the information relating to the Authority contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(5) An opinion of counsel to the City, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, addressed to the Authority, the Trustee and the Underwriter, to the effect that:

(i) the City is a general law city duly organized and validly existing in accordance with the laws of the State of California;

(ii) the preparation and distribution of the Official Statement and the City Documents have been duly approved by the City;

(iii) the resolution of the City approving and authorizing the execution and delivery of the Official Statement and the City Documents has been duly adopted at a meeting of the governing body of the City which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and such resolution has not been amended or modified and is in full force and effect;

(iv) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel, threatened against or affecting the City, which would adversely impact the City's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the payments under, or in any way contesting or affecting the validity of the City Documents, or the transactions described and defined in the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the City Documents;

(v) the execution and delivery of the City Documents and the approval of the Official Statement, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject;

(vi) the City Documents and the Official Statement have been duly authorized, executed and delivered by the City, and, assuming due authorization, execution and delivery by the other parties thereto, the City Documents constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against public agencies in the State of California;

(vii) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California is required for the valid authorization, execution and delivery of the City Documents and the approval of the Official Statement;

(viii) the City's charges and fees with respect to the Water System were duly approved and adopted by the City, and are valid and enforceable at the current levels levied by the City; and

(ix) nothing has come to the such counsel's attention which would lead such counsel to believe that the information relating to the City or the

Water System contained in the Official Statement contains an untrue statement or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(6) The opinion of counsel to the Trustee, dated the date of Closing in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the Authority, the City and the Underwriter, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States;

(ii) the Trustee has duly authorized the execution and delivery of the Indenture;

(iii) the Indenture has been duly entered into and delivered by the Trustee and assuming due, valid and binding authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Trustee enforceable against the Trustee in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally, or by general principles of equity;

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture;

(v) acceptance by the Trustee of the duties and obligations under the Indenture and compliance with provisions thereof will not conflict with or constitute a breach of or default under any law or administrative regulation to which the Trustee is subject; and

(vi) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Indenture have been obtained and are in full force and effect.

(7) An opinion, dated the date of the Closing and addressed to the Underwriter, of Kutak Rock LLP, counsel to the Underwriter ("**Underwriter's Counsel**"), in such form as may be acceptable to the Underwriter.

(8) A certificate, dated the date of Closing, signed by a duly authorized official of the Authority satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the Authority contained in this Purchase Agreement; (b) certifying that the Authority has complied with all agreements, covenants and conditions to be complied with by the Authority at or prior to the Closing under the Authority Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the Authority has occurred since the date of the Official Statement which either makes

untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect.

(9) A certificate or certificates, dated the date of Closing, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriter and Bond Counsel, (a) confirming as of such date the representations and warranties of the City contained in this Purchase Agreement; (b) certifying that the City has complied with all agreements, covenants and conditions to be complied with by the City at or prior to the Closing under the City Documents; and (c) certifying that to the best of such official's knowledge, no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing the statements or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect.

(10) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the Authority deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(11) A certificate, dated the date of the Preliminary Official Statement, signed by a duly authorized official of the City deeming the Preliminary Official Statement "final" for purposes of Rule 15c2-12.

(12) An executed or certified copy of each of the Legal Documents.

(13) The opinion of counsel to the Escrow Agent, dated the Closing Date in form and substance satisfactory to the Underwriter and Bond Counsel, and addressed to the City and the Underwriter.

(14) One counterpart original or copy certified by a duly authorized officer of the City of a complete transcript of all proceedings of the City relating to the approval of the City Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the City to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the City Council of the City and that none have been amended, modified or rescinded since adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(15) One counterpart original or copy certified by a duly authorized officer of the Authority of a complete transcript of all proceedings of the Authority relating to the approval of the Authority Documents and the authorization, issuance, sale and delivery of the Bonds, together with a certificate dated as of the date of Closing of a duly authorized officer of the Authority to the effect that each included resolution is a true, correct and complete copy of the one duly adopted by the Board of Directors of the Authority and that none have been amended, modified or rescinded since

adoption (except as reflected in said transcript or as may have been agreed to in writing by the Underwriter) and is in full force and effect as of the date of Closing.

(16) An executed copy of the Official Statement.

(17) A certified copy of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution and delivery of documents such as the Bonds and the Indenture.

(18) A Certificate as to Arbitrage and a Certificate Regarding Use of Proceeds in forms and substance acceptable to Bond Counsel.

(19) A Certificate of the Trustee, dated the Closing Date to the effect that:

(i) the Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) subject to the provisions of the Indenture, the Trustee will apply the proceeds from the Bonds to the purposes specified in the Indenture;

(iii) the Trustee has duly authorized and executed the Indenture; and

(iv) the Trustee has duly authenticated and delivered the Bonds in its capacity as trustee under the Indenture.

(20) A Certificate of the Escrow Agent, dated the Closing Date to the effect that:

(i) the Escrow Agent is duly organized and existing as a national banking association in good standing under the laws of the United States, having the full power and authority to accept and perform its duties under the Indenture;

(ii) subject to the provisions of the Escrow Agreement, the Escrow Agent will apply the proceeds from the Bonds and other available moneys to the purposes specified in the Escrow Agreement; and

(iii) the Escrow Agent has duly authorized and executed the Escrow Agreement.

(21) Evidence that the Bonds have been given the rating set forth in the Official Statement and that such rating continues in effect as of the date of Closing.

(22) Evidence that a federal tax information form 8038-G has been prepared for filing with respect to the Bonds.

(23) A verification report or reports of Causey Demgen & Moore P.C., as verification agent (the "**Verification Agent**") verifying the arithmetical accuracy of certain computations relating to the computation of forecasted receipts of principal of and interest on the securities and cash deposits in the escrow account to pay the principal of and interest on and redemption price of the Refunded Bonds.

(24) A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code.

(25) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel, the Underwriter and Underwriter's Counsel may reasonably request to evidence compliance with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the Trustee and the Authority at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

If the conditions to the Underwriter's obligations contained in this Purchase Agreement are not satisfied or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and none of the Underwriter, the City nor the Authority shall have any further obligation hereunder.

10. The Underwriter may terminate its obligation to purchase the Bonds at any time before the Closing Date if the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall be materially adversely affected in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(i) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to alter, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein; or

(ii) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or

proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Bonds, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(iii) A general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum or maximum prices on any such national securities exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or any material increase of restrictions now in force (including, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter); or

(iv) A general banking moratorium shall have been established by federal, New York or California authorities; or

(v) Establishment of any new restrictions in securities materially affecting the free market for securities of the same nature as the Bonds (including the imposition of any limitations on interest rates) or the charge to the net capital requirements of the Underwriter established by the New York Stock Exchange, the Securities and Exchange Commission, any other Federal or state agency or the Congress of the United States, or by Executive Order; or

(vi) The occurrence of an adverse event in the affairs of the Authority or the City which, in the opinion of the Underwriter, materially impairs the investment quality of the Bonds; or

(vii) Any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Authority or the City, its property, income or securities (or interest thereon), or the ability of the City to execute the Installment Sale Agreement or the Authority to issue the Bonds and pledge the Authority Revenues as contemplated by the Indenture and the Official Statement; or

(viii) There shall have occurred any (1) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (2) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereto; or

(ix) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(x) There shall have occurred any materially adverse change in the affairs or financial position, results of operations or condition, financial or otherwise, of the Authority or the City, other than changes in the ordinary course of business or activity or in the normal operation of the Authority or the City, except as described in the Official Statement; or

(xi) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement, or results in the Preliminary Official Statement or the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(xii) Any fact or event shall exist or have existed that requires or has required an amendment of or supplement to the Official Statement in which the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall have been materially adversely affected in the reasonable judgment of the Underwriter; or

(xiii) An event described in Section 7(j) or 8(j) hereof shall have occurred which, in the reasonable professional judgment of the Underwriter, requires the preparation and publication of a supplement or amendment to the Official Statement; or

(xiv) Any rating of the Bonds or other obligations of the Authority or the City by a national rating agency shall have been withdrawn or downgraded or placed on negative outlook or negative watch.

11. Performance by the Authority and the City of their respective obligations under this Purchase Agreement is conditioned upon (i) performance by the Underwriter of its obligations hereunder, and (ii) receipt by the Underwriter of all opinions and certificates to be delivered at Closing by persons and entities other than the Authority or the City.

12. After the Closing and until the End Date (a) neither the Authority nor the City will adopt any amendment of or supplement to the Official Statement to which the Underwriter shall object in writing, and (b) if any event relating to or affecting the Authority or the City shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to an initial purchaser of the Bonds, and the Authority will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances

existing at the time the Official Statement is delivered to an initial purchaser of the Bonds, not misleading. The costs of preparing any necessary amendment or supplement to the Official Statement to be utilized until the End Date shall be borne by the City. For the purposes of this Section, the Authority and the City will furnish such information with respect to itself as the Underwriter may from time to time request.

13. (a) The Underwriter shall be under no obligation to pay, and the City or Authority shall pay or cause to be paid out of the proceeds of the Bonds, all expenses incident to the performance of the Authority's and City's obligations hereunder, including but not limited to: the cost of photocopying and delivering the Bonds to the Underwriter; the cost of preparing, printing (and/or word processing and reproducing), distributing and delivering the City Documents and the Authority Documents, and the cost of printing, distributing and delivering the Preliminary Official Statement and the Official Statement in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of Bond Counsel, Disclosure Counsel, the Municipal Advisor, any accountants, financial advisors or other engineers or experts or consultants the Authority or the City have retained in connection with the Bonds and expenses (included in the expense component of the Underwriter's spread) incurred on behalf of the Authority or City officers or employees which are incidental to implementing this Purchase Agreement, including, but not limited to, meals, transportation, and lodging of those officers or employees.

(b) Whether or not the Bonds are delivered to the Underwriter as set forth herein, neither the Authority nor the City shall be under any obligation to pay, and the Authority and the City shall not pay, any expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in subsection (a) of this section), including any advertising expenses and the fees of the California Debt and Investment Advisory Commission, CUSIP Services Bureau charges, the cost of preparation of any "blue sky" or legal investment memoranda, and the fees and disbursements of Underwriter's Counsel.

14. Any notice or other communication to be given to the Underwriter may be given by delivering the same to Piper Jaffray & Co., 50 California Street, Suite 3100, San Francisco, California 94111; Attention: Tom Innis, Managing Director. Any notice or other communication to be given to the Authority or the City may be given by delivering the same to addresses initially provided herein, Attention: Executive Director with respect to the Authority and Attention: City Manager with respect to the City. The approval of the Underwriter when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing signed by the Underwriter and delivered to you.

15. This Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriter (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof.

16. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which such counterparts shall together constitute but one and the same instrument.

17. The representations and warranties of the Authority and the City set forth in or made pursuant to this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the

results of such investigations) concerning such representations and warranties of the Authority and the City and regardless of delivery of and payment for the Bonds.

18. The primary role of the Underwriter, as underwriter, is to purchase the Bonds for resale to investors in an arms-length commercial transaction among the City, the Authority and the Underwriter. The Underwriter, as underwriter, has financial and other interests that differ from those of the Authority and the City.

19. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Authority, the City and the Underwriter, and shall be valid and enforceable as of the time of such acceptance.

20. This Purchase Agreement shall be governed by the laws of the State of California. This Purchase Agreement shall not be assigned by either party hereto.

21. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds by the Authority and the City and represents the entire agreement of the parties as to the subject matter herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

22. Any provision of this Purchase Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Purchase Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

PIPER SANDLER & CO.

By:_____
Managing Director

The foregoing is hereby agreed to and accepted as of the date first above written:

LODI PUBLIC FINANCING AUTHORITY

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

Approved as to Form:

JANICE D. MAGDICH
City Attorney

CITY OF LODI

By: _____
Authorized Officer

Time of Execution: _____ p.m. California time

[EXECUTION PAGE OF BOND PURCHASE AGREEMENT – LODI PUBLIC FINANCING AUTHORITY 2020 REFUNDING WATER REVENUE BONDS, SERIES A]

EXHIBIT A

$_____
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

Maturity (June 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
20__ (T)							
20__ (T)							

(T) Term Bond.
(C) Priced to optional call at [par] on June 1, 20__.
* At the time of execution of this Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Purchase Agreement.

EXHIBIT B

$_____
LODI PUBLIC FINANCING AUTHORITY
2020 REFUNDING WATER REVENUE BONDS, SERIES A

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of PIPER SANDLER & CO. ("Piper") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Piper offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Purchase Agreement, Piper has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Piper has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means Lodi Public Financing Authority.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____ ___, 2020.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Piper's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate as to Arbitrage and Certificate Regarding Use of Proceeds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Jones Hall, A Professional Law Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

PIPER SANDLER & CO.

By:_____

Name:_____

Dated: _____ __, 2020

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(*Attached*)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

April ___, 2020

Lodi Public Financing Authority
221 West Pine Street
Lodi, CA 95240

OPINION: $_____ Lodi Public Financing Authority 2020 Refunding Water Revenue Bonds, Series A

Members of the Board of Directors of the Authority:

We have acted as bond counsel to the Lodi Public Financing Authority (the "Authority") in connection with the issuance by the Authority of the captioned bonds dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "Bond Law"), the Indenture of Trust, dated as of April 1, 2020 (the "Indenture"), by and between the Authority and MUFG Union Bank, N.A., as trustee (the "Trustee "), and a resolution (the "Resolution") of the Board of Directors of the Authority adopted _____, 2020. Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, including installment payments made by the City of Lodi (the "City") under an Installment Sale Agreement dated as of April 1, 2020 (the "Installment Sale Agreement") between the Authority and the City.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the City contained in the Installment Sale Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and perform the agreements on its part contained therein, and issue the Bonds.

2. The City is a duly created and validly existing general law city with the power to enter into the Installment Sale Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Installment Sale Agreement has been duly authorized, executed and delivered by the Authority and the City, and constitutes a valid and binding obligation of the Authority and the City, enforceable against the Authority and the City.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under the Indenture.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

8. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

AGENDA ITEM H-03

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Provide Direction to City Manager to Request that the San Joaquin County Board of Supervisors Do Not Opt in to AB 626, and Thus Allow Micro Enterprise Home Kitchen Operations

MEETING DATE: March 4, 2020

PREPARED BY: City Manager

RECOMMENDED ACTION: Provide direction to City Manager to request that the San Joaquin County Board of Supervisors do not opt in to AB 626, and thus allow Micro Enterprise Home Kitchen Operations.

BACKGROUND INFORMATION: Assembly Bill 626 creates an "opt-in" provision for counties to allow Micro Enterprise Home Kitchen Operations (MICO's). If a County opts-in, they do so on behalf of the cities within their jurisdiction. San Joaquin County graciously gave their cities a heads up that they are considering the legislation and requested city input before binding cities with any decision they make.

AB 626's terms are well summarized in the attached letter from Kasey Foley, Interim Director of the Environmental Health Department. However one provision is of significant concern. AB 626 would allow MICO's to operate traffic generating enterprises in residential neighborhoods, and explicitly preempt any local zoning provisions to the contrary. If approved, MICO's could serve up to 30 sit down meals per night, and 60 sit down meals per week, essentially operating as a small residential neighborhood restaurant. Unfortunately neighborhoods were not designed with the infrastructure necessary to run a commercial kitchen: lacking parking, grease traps, solid waste and other infrastructure necessary to accommodate intense use.

Lodi Municipal Code 17.36.060 explicitly prohibits traffic and sewage generating home occupations for this reason:

- Client/customer visits. The home occupation shall involve no on-site clients except for: a. Home occupations in live/work units; b. Tutoring or instruction of children by appointment; and c. Applicants with a demonstrated mobility handicap.

Staff recommends that Council authorize staff to request that the County not opt in to AB 626.

FISCAL IMPACT:

FUNDING AVAILABLE: Not applicable.

_____
Stephen Schwabauer
City Manager

APPROVED: _____
Stephen Schwabauer, City Manager

SAN JOAQUIN COUNTY
Greatness grows here.

Environmental Health Department

Kasey Foley, REHS, Interim Director

PROGRAM COORDINATORS
Robert McClellon, REHS
Jeff Carruesco, REHS, RDI
Willy Ng, REHS
Muniappa Naidu, REHS
Michael Kith, REHS
Melissa Nissim, REHS

February 10, 2020

Steve Schwabauer, City Manager
City of Lodi
Sent Via Email

Dear City Manager Schwabauer,

San Joaquin County Environmental Health Department is reaching out to make you aware of the new law authorizing Microenterprise Home Kitchen Operations (AB 626) as of January 1, 2019, and the subsequent cleanup language (AB 377) in October 2019. A synopsis of the new law is below and any comments, questions, or concerns regarding this law would be appreciated from you. Specifically, the City of Lodi's preference to have San Joaquin County "opt-in" or "opt-out" would be most welcome.

MICROENTERPRISE HOME KITCHEN OPERATIONS

SUMMARY:

Beginning January 1, 2019, and pursuant to AB 626 and AB 377, the California Health and Safety Code (CalCode) was amended to include provisions for the authorization, regulation and operation of a Microenterprise Home Kitchen Operation (MEHKO), which is a new type of retail food facility where a resident operates a restaurant from their home kitchen for onsite or off-site food sales directly to the consumer. MEHKOs are limited in the number of meals served and annual income received from sales. AB 626 places limitations on regulation of MEHKOs by environmental health, planning and building agencies. For example, this amendment restricts routine sanitation inspections to only once per year, regardless if the food being prepared and served is perishable but allows inspections in response to a complaint or if there is a specific public health concern. It also removes occupancy requirements for public access to the property for direct sales and for onsite food consumption. CalCode requires the governing body of a jurisdiction to adopt a resolution or an ordinance to "opt-in" for these provisions to become effective and for MEHKOs to be allowed to operate in a County.

During the state's legislative process prior to enactment of AB 626, the California State Association of Counties (CSAC), Urban Counties of California (UCC), Rural County Representatives of California (RCRC), County Health Executives Association of California (CHEAC), and Health Officers Association of California (HOAC) took an oppose position to AB 626 due to various public health and other concerns. These concerns included those related to foodborne illness, sanitation, parking, water/waste water, fire hazards, ADA accessibility, housing conditions, the potential difficulty and cost to regulate private homes. AB 626 was enacted by the Governor on September 18, 2018 with the new law becoming effective on January 1, 2019. Changes were enacted when AB 377 was signed into law by the Governor clarifying the sole authority to permit MEHKOs is the

enforcement agency responsible for all retail food permitting and inspection, which is the Environmental Health Department in San Joaquin County. Another change was the clarification that once the County "opts-in" all cities within the county are preempted from "opting-out" resulting in an automat "opt-in" for those cities.

DISCUSSION

CalCode pursuant to AB 626 and AB 377 contains specific operational and regulatory requirements for MEHKOs that need to be addressed should the County choose to "opt-in" to the new program. The County is limited to accept the requirements in CalCode and cannot place additional restrictions on their operation or regulation. Below are some of the main operational and regulatory parameters:

Operational Requirements for MEHKOs:

- A city or county designated as the enforcement agency for retail food safety by CalCode has full discretion to authorize operation of MEHKOs in their jurisdiction through a resolution or ordinance but cannot adopt requirements more restrictive than CalCode. Until a county or a city authorizes these types of operations, MEHKOs cannot operate.
    - For San Joaquin County this means that only the County Board may authorize the operation and permitting of MEHKOs and would do so on a countywide basis.
- A resident can prepare and sell up to 30 meals per day but no more than 60 meals per week from their home kitchen up to a maximum of $50,000 gross annual sales.
- MEHKOs can be operated from single or multi-family homes, owned or rented.
- Home prepared meals may contain perishable food items, except for oysters and raw milk, must be made and sold the same day, and must be sold directly to the consumer either sit down onsite or take out, which includes internet sales.
- May have one employee in addition to family members.
- Appropriate food training certification and food handling cards are required for the operator and those involved in food preparation.

Regulation requirements for MEHKOs:

- MEHKOs may have no more than one routine inspection per year, with additional inspections being allowed only to investigate a complaint, by appointment with the food operator, or immediately if health hazard is suspected (for example: knowledge that operator has a communicable, food-borne, illness).
- To accommodate the differences between a home kitchen and a commercial kitchen, MEHKOs are exempted from many commercial kitchen requirements, including those related to sinks for handwashing, dishwashing, and requirements for commercial food grade construction for the facility and equipment, grease traps to prevent fats, oils, and greases from harming sewer

disposal pipelines and fouling wastewater treatment plants. The presence or handling of animals in the kitchen is only restricted during the food preparation time.

- The law also exempts MEHKOs from any additional planning and permitting provisions of other laws as specified such as zoning requirements, noise restrictions, traffic requirements and occupancy, etc. There are differing opinions on the status of ADA requirements.

Status of MEHKOs in California:

While AB 626 originally provided authority to city and county jurisdictions to allow permitting of MEHKOs within their respective jurisdictions, it created confusion because the authority to enforce the provisions of CalCode and issue food facility permits only lies within the Environmental Health agencies. With the exception of a few cities that have their own Environmental Health Departments, the county Environmental Health departments act as the local enforcement agency with jurisdiction for retail food facilities. AB 377, the cleanup bill to clarify the authority to permit MEHKOs was signed into law by the Governor on October 7, 2019. This law provides authority to cities or counties that are authorized as enforcement agencies for CalCode to permit MEHKOs within the entirety of a jurisdiction. Within San Joaquin County, this means that whatever action the County takes regarding the MEHKOs will also apply to all cities with San Joaquin County.

A recent survey of all California Environmental Health agencies throughout the state shows that for those responding, most have not taken action to "opt-in" due to a lack of direction/interest or general concern with issues surrounding MEHKOs from their elected officials.

In terms of other California Counties, the Board of Supervisors for Siskiyou County adopted Resolution 19-09 to formally prohibit MEHKOs and the boards for Yolo County and Butte County decided to provide no direction to staff during informational updates on MEHKOs at their respective board meetings, which has the same effect as not authorizing the operation of MEHKOs. Staff with the City of Berkeley intend to bring the matter to their council and receive direction on MEHKOs. On October 15, 2019, the City of Berkeley adopted an ordinance to authorize the permitting and operation of MEHKOs within its jurisdiction, it is one of the few cities within California that has retail food facility enforcement authority. The County of Riverside adopted an ordinance to authorize the permitting and operation of MEHKOs within its jurisdiction. County of Riverside Ordinance #949 includes provisions as required by CalCode, permit fee requirements (set at $651.00), and enforcement provisions, including administrative and civil penalties.

Thank you for your time and please contact me at (209) 468-3451 or kfoley@sjgov.org with any questions or comments you may have regarding this letter.

Sincerely,

Kasey Foley

Kasey Foley, Interim Director
San Joaquin County Environmental Health Department

AGENDA ITEM H-04

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving the Memorandum of Understanding Between the City of Lodi and Lodi Professional Firefighters for the Period January 1, 2020 through December 31, 2022

MEETING DATE: March 4, 2020

SUBMITTED BY: Human Resources Manager

RECOMMENDED ACTION: Adopt resolution approving the Memorandum of Understanding between the City of Lodi and Lodi Professional Firefighters for the period January 1, 2020 through December 31, 2022.

BACKGROUND INFORMATION: Representatives from the City and Lodi Professional Firefighters (LPF) have reached a tentative agreement on a new Memorandum of Understanding (MOU), subject to the approval of Council.

A redline strikeout version of the MOU is attached for Council review and approval. A summary of the key changes to the MOU are as follows:

- The term of the MOU shall be from January 1, 2020 through December 31, 2022.
- Reinstate Longevity Pay.
- Continuation of the Driver/Operator incentive of three percent (3%) for those who possess Driver/Operator certification.
- Vacation accrual capped at the 15 year accrual rate for employees hired after February 28, 2020, consistent with other bargaining units.
- Three percent (3%) salary adjustment, effective January 13, 2020, three percent (3%) salary adjustment effective the first full pay period in July 2020, three percent (3%) salary adjustment effective the first full pay period in January 2021, three percent (3%) salary adjustment effective the first full pay period in January 2022, and, two percent (2%) salary adjustment the first full pay period in July 2022
- All employees in the unit have agreed to additional employee contributions (cost-sharing) of the employer's normal contribution toward CalPERS, pursuant to Government Code Section 20516. Classic employees will contribute an additional three percent (3%), for a total contribution of fifteen percent (15%). PEPRA members will pay up to fifteen percent (15%) between their normal contribution and additional cost-sharing. Should the employee's normal cost exceed fifteen percent (15%), the PEPRA employees will not have any additional cost-sharing of the employer's normal contribution.

Lodi continues to face funding challenges ahead and must plan for them. LPF employees continue to partner with the City in planning for our fiscal health and sustainability over the next few years as evidenced by this contract that includes additional CalPERS cost sharing and a change to the vacation accrual cap consistent with all other bargaining units.

APPROVED: _____

Stephen Schwabauer, City Manager

Staff recommends that the Council approve the MOU between the City and Lodi Professional Firefighters.

FISCAL IMPACT: The total long term annual cost of the proposed agreement is $998,000. The total cost of the agreement for the three year term is $1,990,000. All costs for the fire department are General Fund (including Measure L) costs.

Calendar Year 2020	$	312,000.00
Calendar Year 2021	$	680,000.00
Calendar Year 2022	$	998,000.00
Total Cost (3 Year)	**$**	**1,990,000.00**

FUNDING AVAILABLE: Budget adjustments for these increases are included within the Fiscal Year 2019/20 Mid Year budget report for Council's consideration on the March 4, 2020 agenda. Vacancy savings are the first source for funding these increases. Substantial projected revenue above initial estimates is also available. These sources more than offset these increases and other General Fund salary increases approved by City Council during this Fiscal Year. In future years it is still likely the City will need to draw upon reserves to fund operations. Staff will first seek to prioritize Pension Stabilization Reserves held at PARS or OPEB stabilization reserves held in separate trust at CalPERS to pay eligible costs in order to preserve local reserves.

_____
Adele Post, Human Resources Manager

_____
Andrew Keys, Deputy City Manager

Attachment

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

LODI PROFESSIONAL FIREFIGHTERS

January 1, 2020~~2018~~ – December 31, 2022~~19~~

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Schedule A – Salary Schedule Effective ~~October 8, 2018~~ January 13, 2020

Chapter 1. Salaries and Other Compensation

ARTICLE I - ABOVE CLASS PAY

1.1 All employees in this bargaining unit who are required to work in a higher class shall be paid an additional 5% of the employee's salary for all hours once 6 consecutive hours have been worked.

1.2 Employee's assigned as the Administrative Training Officer shall receive special assignment pay equal to 8% of the employee's normal base pay. The special assignment pay is intended to compensate the employee for the loss in pay from transferring from a shift to non-shift schedule.

It is mutually agreed that assignments to the Administrative Training Officer are at the sole discretion of the Fire Chief and may be filled by personnel from the rank of Fire Engineer or Fire Captain. The Fire Chief may assign a Fire Captain as the Administrative Training Officer if there are no interested or qualified employees. Assignments may be for a three year term and will be reviewed annually. Extensions beyond the initial three year term may be made by mutual agreement between the Fire Chief and the Administrative Training Officer on a year by year basis.

The work schedule of the Administrative Training Officer will be determined by the Fire Chief based on the operational needs of the Fire Department.

Engineers assigned as the Administrative Training Officer may participate in the promotional examination for Fire Captain, if they are eligible. The Administrative Training Officer assignment will not preclude the Engineer from participating in the promotional examination or from being promoted to Fire Captain.

The Administrative Officer shall remain budgeted for at the rank of Captain.

The Administrative Training Officer will report directly to the Fire Chief and is eligible to work overtime outside of their normal work schedule.

The Administrative Training Officer is eligible for above class pay of 5% if assigned to work in a higher classification, pursuant to Section 1.1 the LPF MOU.

ARTICLE II – DEPARTMENT SANCTIONED TEAMS

2.1 It is the intent of the City to develop specialized teams to address a variety of special hazards and provide specialized services to the department or community. When a team is established, minimum standards for inclusion and retention as a team member shall be developed and ratified by the Fire Chief. Any member of the department, who becomes a member of the recognized specialized team, shall receive a 3.0% salary increase for as long as he/she meets the minimum entry level requirements and maintains a minimum level of participation as outlined in the team membership requirements. Each employee of the department can only receive 3.0% of salary for team membership, regardless of the number of teams the employee belongs to.

2.2 The development of new teams shall require the submittal of minimum entry level and performance criteria for maintenance of membership to the Fire Chief prior to

the development of the team. The Fire Chief shall have the sole discretion as to the appropriate number of members per specialized team. The department shall make every effort to develop a cadre of specialized teams to adequately address the needs of its members.

ARTICLE III - EDUCATION INCENTIVE

3.1 An incentive program shall be established with the major purpose being to encourage and reward members of the LPF to broaden their on-the-job experience with academic training in the fields of science, management and administration.

3.2 Employees who meet the following criteria are eligible for education incentive pay.

A. Employees holding an Associate of Arts shall receive $25.00 per month if the:

1. AA is in Fire Science or related field or;

2. AA is in a non-related field with a Fire Science Certificate from an accredited institution or;

3. The employee possesses an AA degree and is actively pursuing a baccalaureate degree.

B. Employees possessing a BA or BS degree shall receive an additional $100.00 per month. If an employee possesses a BA degree, it is assumed that an AA is also possessed.

C. The following increments shall be added to the Education Incentive Program. It is agreed that the following amounts shall be paid upon verification that the individual has completed the necessary course work and has submitted a completed application to the certifying agency. Verification of course work and submittal of a completed application must be provided to Human Resources along with the request for the incentive. Incentive pay is effective the first day of the full pay period following receipt and verification of required documentation.

◊ Completed course work Fire Officer.....$50.00 per month
◊ Completed course work Chief Officer .....$50.00 per month
◊ Completed course work Fire Investigator or Level 2 Investigator ...$12.50 per month
◊ Completed course work Fire Instructor Level 3 and Mgmt 2.E.....$25.00 per month
◊ Completed course work Fire Prevention Officer Level 3 and Mgmt 2.E or Fire Inspector I .....$25.00 per month
◊ Completed course work Public Education Officer Level 2 or Community Risk Officer .....$12.50 per month
◊ Certified Fire Chief .....$25.00 per month

The maximum amount to be paid under this program is $175.00 per month.

3.3 In addition to the amounts specified in Section 3.2, an additional $25.00 per month shall be paid if the employee possesses a Hazardous Materials Specialist/ Technician certificate.

3.4 Persons possessing the aforementioned requirements shall not receive the incentive pay until such time as evidence of course completion is produced. Incentive pay shall be retroactive up to a maximum of six (6) months from the date Human Resources received and verified the required documentation.

ARTICLE IV – FLEXIBLE SPENDING ACCOUNT

4.1 The City shall include members of the LPF in the City's flexible spending account program, which allows employees to pay for unreimbursed medical costs, insurance premiums, and dependent care costs to be paid with pretax dollars. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 would be forfeited after the final filing date, if left unclaimed.

ARTICLE V - JURY DUTY

5.1 All full-time regular employees are granted jury duty leave with pay. Any employee who is summoned to attend any court during the time regularly required for his employment for the purpose of jury service shall be entitled, while so engaged and actually serving, to his regular compensation in addition to any jury duty compensation.

5.2 No employee shall be granted jury duty leave with pay in which such employee will be testifying in behalf of oneself or as a witness in a court of law.

5.3 An employee serving on jury duty, who is not required to be in attendance at such jury duty for more than one half of the employee's normal working day is expected to return to his regular work assignment for the balance of the day. An employee seated on a jury shall not be scheduled for regular work during the twelve hours preceding the scheduled time for jury duty.

5.4 If an employee covered by this Agreement is required by subpoena to appear in court or to give a deposition as a result of an action taken within the scope of employment with the City, that employee shall receive his full pay while so doing, with no loss of time if he/she is on regular duty. If the employee is not on duty, the City agrees to compensate that employee at one and one-half times his/her regular rate of pay, for the time spent in any appearance as required by this Article. The employee shall demand a witness fee and shall reimburse same to the City. As a prerequisite for payment to off-duty employees, the Fire Chief or his designee must be notified in writing of the off-duty appearance within seventy-two hours after the employee is subpoenaed or otherwise notified of the required court appearance. The employee shall demand a witness fee and shall reimburse the same to the City.

5.5 Voluntary Grand Jury service such as that service in San Joaquin County, is not covered by Jury Duty leave.

ARTICLE VI – MERIT INCREASES

6.1 Merit increases shall not exceed the next step of the salary range for the position's classification.

ARTICLE VII - OVERTIME

7.1 All hours worked in addition to the regularly scheduled shifts shall be paid at the rate of one and one-half times the then regular rate of the employee. Overtime work shall be required of any employee to meet special or unusual needs of service beneficial to the City and community. All overtime work requires the prior approval of a supervisor. No employee on disciplinary or medical leave shall be eligible to work overtime.

7.2 Employees working overtime shall be paid in increments of 15 minutes. Time within any 15 minute increment shall be rounded off, with 0-7 minutes adjusting back to the preceding increment and 8-15 minutes adjusting forward to the next increment. Thereafter, overtime shall be compensated in increments of 15 minutes at a rate of time and one-half.

7.3 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be one and one-half hours for each hour worked.

7.4 No more than ~~one hundred forty-four~~two hundred forty (240~~144~~) hours of compensatory time shall be carried on the books at any time.

7.5 Bargaining unit members shall be allowed to cash out up to a maximum of 240~~144~~ hours of earned compensatory time off twice per year, in April and October.

7.6 Upon separation, the employee shall be paid at the employee's current hourly rate or the average of the last three years whichever is higher, for the remaining compensatory balance.

7.7 Early call in or shift holdovers shall be compensated at the time and one-half rate.

7.8 Employees called to work outside their regular hours shall be paid at the rate of time and one-half the hourly rate for hours actually worked with a minimum guarantee of three (3) hours for each call.

7.9 If an employee requests time off that would result in the need for overtime, the employee must take a minimum of three (3) hours off unless the time off is for emergency reasons or has prior approval of the Fire Chief or his/her designee. Except for the first or last two or less hours of the shift, shift holdover or early relief would apply in these situations.

7.10 If a represented employee is called upon to perform the duties of a position exempt from the Fair Labor Standards Act, all provisions of this Article shall prevail.

7.11 Effective as soon as administratively possible, the Department will implement overtime procedures as follows:

a. First right to vacancy shall be rank for rank. If there are no members currently signed up for the overtime for the rank the vacancy has occurred, the process for filling the vacancy shall revert to the overtime method currently in place. (Current practice is that first choice for overtime goes to the member who has the longest period of time since working overtime. The employee who worked overtime last would have the last opportunity to sign up.)

b. If the vacancy is in a higher rank position, members will not be "bumped up" to create a vacancy in a lower rank.

~~a.~~c. If the Department over staffs and a vacancy is created; the over hire firefighter shall be scheduled to fill firefighter vacancies first.

ARTICLE VIII - SALARY

8.1 The terms and conditions of this MOU shall continue in effect during the term of this MOU. The City of Lodi and LPF agree that the term is January 1, 2020~~18~~ through December 31, 2022~~19~~.

8.2 The parties agree if a salary survey is performed, the fifteen cities to be surveyed are as follows:

Chico	Clovis	Davis
Fairfield	Merced	Manteca
Modesto	Redding	Roseville
Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland

8.3 ~~Effective October 8, 2018, the City shall adjust the salary ranges by three percent (3%) in exchange for a CalPERS cost sharing agreement pursuant to California Government Code §20516; whereby LPF employees agree to pay three percent (3%) of the employer's normal cost of CalPERS. The parties agree that should the parties negotiate the elimination of the three percent (3%) cost-sharing by the employee, the corresponding three percent (3%) salary adjustment is subject to reduction, elimination or change through the negotiation process.~~

The City shall provide cost of living adjustments as follows:

Three percent (3%) effective January 13, 2020,
Three percent (3%) effective the first full pay period in July 2020,
Three percent (3%) effective the first full pay period in January 2021,
Three percent (3%), effective the first full pay period in July 2021,
Three percent (3%), effective the first full pay period in January 2022, and
Two percent (2%), effective the first full pay period in July 2022

ARTICLE IX - TUITION REIMBURSEMENT

9.1 In addition to the City policy, individuals enrolling in courses offered by recognized professional organizations which are not accredited through a college or university shall be eligible for up to a maximum of $300.00 per fiscal year, to be paid upon the satisfactory completion of course work. The total monetary benefit shall not exceed the amount listed in the City Policy Manual.

ARTICLE X – DEFERRED COMPENSATION

10.1 The City shall match contributions by bargaining unit members to a deferred compensation program up to a maximum of 3% of the member's salary.

ARTICLE XI - UNIFORM ALLOWANCE

11.1 The City shall, on a one-time basis, provide each present and future employee with three department approved uniform shirts and three pair of department approved uniform pants of a flame retardant fabric. After this initial issue the maintenance and replacement of the uniform is the employee's responsibility.

11.2 The uniform allowance shall be $950 per year, paid quarterly, as part of the last bi-weekly paycheck in the months of March, June, September, and December.

ARTICLE XII - WORKERS' COMPENSATION

12.1 In the event that a member of the LPF is disabled, whether temporarily or permanently, by injury or illness arising out of and in the course of his duties, he shall become entitled, regardless of his period of service with the City, to leave of absence while so disabled without loss of salary, in lieu of temporary disability payments, if any, which would be payable under this chapter, for the period of such disability but not exceeding one year, or until such earlier date as he is retired on permanent disability pension. (State of California Labor Code, Article 7, Section 4850.)

12.2 The City shall implement Article 4850.3 of the Labor Code which provides for advance disability payments prior to receipt of industrial disability retirement allowance to the member.

ARTICLE XIII- BILINGUAL PAY

13.1 Bilingual pay of $150.00 per month shall be paid to all LPF members for speaking Spanish and/or Punjabi, subject to the eligible employee passing a proficiency exam administered and approved by the City.

ARTICLE XIV- LONGEVITY PAY

14.1 After completing ten years of service with the Lodi Fire Department, employees shall receive an annual longevity pay in the amount of $1,500 in November of the year following completion of ten years of service and each year thereafter until completing twenty years of service with the Lodi Fire Department. Employees who have completed twenty years of service with the Lodi Fire Department will receive longevity pay in the amount of $3,000 in November of the year following completion of twenty full years of service and each year thereafter.

For the purposes of this Article, all employees who as of October 31st meet the service level requirements (either ten full years or twenty full years from the first day of the month in which they started their employment with the City of Lodi Fire Department) shall receive the longevity pay associated with their years of service with the Lodi Fire Department.

~~The incentive in this Article is limited to employees hired prior to April 18, 2012.~~

ARTICLE XV- DRIVER/OPERATOR PAY

15.1 Effective October 8, 2018, LPF members who possess a Lodi Fire Department Driver/Operator certification, as outlined in the Lodi Fire Department Policy Manual Article IV Division 4.15: Section 4.15-1, shall receive a three percent (3%) incentive. ~~The Driver/Operator pay will sunset upon the approval of a successor MOU.~~

Chapter 2. Leaves

ARTICLE XVI- CATASTROPHIC LEAVE

16.1 LPF members shall be covered by and subject to the Citywide Catastrophic Leave Policy set forth in the City's current Administrative Policy Manual.

ARTICLE XVII- HOLIDAYS

17.1 Shift employees in the LPF shall earn 156 hours of holiday leave per year, and non-shift employees shall earn 108 hours. In January of each year, every employee's holiday account shall be credited with the appropriate hours based on the employee's current shift. Employees hired mid-year or terminating mid-year shall have holiday hours credited or deducted at the rate of 6.0 hours per pay period for shift employees and 4.15 hours per pay period for non-shift employees.

17.2 A shift employee may opt to schedule holidays or to be compensated at the straight time rate for all hours of holiday leave. During the course of the year, an employee who opted to use scheduled holidays may at their request and at the sole discretion of the Fire Chief, schedule a day off in lieu of cash payment. Each year, bargaining unit members shall be allowed to cash out holiday time in June, or the pay period in which December 1 falls, employees shall be paid for the unused holidays at the straight-time rate as of December 31 of the year in which the holidays were earned.

17.3 The Fire Department will make every effort to avoid scheduling any non-emergency training or meetings on the following City observed holidays:

◊ New Year's Day	January 1
◊ Martin Luther King Day	3rd Monday in January
◊ President's Day	3rd Monday in February
◊ Memorial Day	4th Monday in May
◊ Independence Day	July 4
◊ Labor Day	1st Monday in September
◊ Thanksgiving Day	4th Thursday in November
◊ Day after Thanksgiving Day	Friday following Thanksgiving Day
◊ Christmas Eve (four hours)	December 24
◊ Christmas Day	December 25

17.4 Nothing in this MOU is construed to change the manner in which holidays or vacations are scheduled.

17.5 It is mutually agreed that two represented employees per shift shall be allowed to schedule vacations or holiday time. Leave for sickness, injury, or leave for school shall not effect this time off.

ARTICLE XVIII - LEAVES OF ABSENCE

18.1 The City and LPF mutually agree that inability to return to work after an employee's sick leave has been exhausted shall be considered an urgent and substantial reason

for the granting of a leave of absence in accordance with the Leave of Absence policy in the City of Lodi Administrative Policy Manual.

18.2 The City interprets this Section as providing that the conditions under which an employee shall be restored to employment on the termination of leave of absence shall be stated as clearly as possible at the time by the City in conjunction with the granting of the leave of absence. The City reaffirms its policy that an employee's status as a permanent employee is not impaired by such leave of absence.

18.3 Employees who are placed in a Leave Without Pay status following the expiration of sick leave, vacation, or compensatory time off, such that the employee is no longer in a pay status shall not receive employer paid employment benefits. However, if the leave is for medical reasons the medical insurance will be carried for three months at the City's expense. Other health benefits may be continued at the employee's expense.

18.4 Medical leave shall be in accordance with the Family Medical Leave Act (FMLA), the California Family Rights Act (CFRA), or Pregnancy Disability Leave (PDL) and/or other applicable state and federal laws.

ARTICLE XIX - SICK LEAVE

19.1 Shift employees shall accumulate sick leave with pay at the rate of 5.54 hours per pay period. Employees working a 40-hour week shall earn 3.70 hours per pay period.

19.2 Sick leave accumulated shall be unlimited.

19.3 One working day is defined as 12 work hours (1 duty day) for all LPF personnel working on a shift schedule.

19.4 Absence to care for a member of an employee's immediate family is authorization to use up to 72 hours of accumulated sick leave. Generally no more than 120 hours of family sick leave shall be approved in one calendar year.

ARTICLE XX - VACATION

Non-Shift (40 hour work week) Employees:

Beginning with:

Date of Hire:	3.08 hours per pay period
6th year	4.62 hours per pay period
12th year	5.23 hours per pay period
15th year	6.16 hours per pay period
21st year	6.47 hours per pay period
22nd year	6.78 hours per pay period
23rd year	7.09 hours per pay period
24th year	7.40 hours per pay period
25th year	7.71 hours per pay period

Non-Shift (40 hour work week) Employees hired after February 28, 2020 shall accrue vacation as follows:

Beginning with:

Date of Hire:	3.08 hours per pay period
6th year	4.62 hours per pay period
12th year	5.23 hours per pay period
15th year	6.16 hours per pay period

Shift (56 hour work week) Employees:

Beginning with:

Date of Hire:	5.54 hours per pay period
6th year	8.31 hours per pay period
15th year	11.08 hours per pay period
21st year	11.65 hours per pay period
22nd year	12.20 hours per pay period
23rd year	12.76 hours per pay period
24th year	13.32 hours per pay period
25th year/above	13.88 hours per pay period

Shift (56 hour work week) Employees hired after February 28, 2020 shall accrue vacation as follows:

Beginning with:

Date of Hire:	5.54 hours per pay period
6th year	8.31 hours per pay period
15th year	11.08 hours per pay period

Members of LPF will have the option of cashing out any vacation time in excess of two tours (96 hours) of duty. Members must utilize at least two tours of their vacation time each year. Members ~~shall~~may request a cash out of vacation time at any time. ~~between November 1 and November 15 of each year and will receive t~~The payout of vacation time shall be at straight time pay on the first regularly scheduled pay check ~~in December.~~following the request. All requests shall be made in writing to the Finance Division.

The maximum amount of unused vacation hours an employee may accrue, at any given time is twice the employee's annual vacation rate. Whenever an employee's unused, accrued vacation time has reached this maximum accrual amount, the employee shall stop accruing any additional vacation time. Accrual will automatically resume once the employee uses some vacation time and the accrual balance falls below the maximum accrual amount.

Chapter 3. Insurance and Retirement

ARTICLE XXI – CHIROPRACTIC INSURANCE

21.1 Chiropractic services may be received by employees and dependents through a chiropractic insurance plan.

21.2 The City shall pay the full costs of premiums for the employee and dependent(s) during the life of this agreement.

ARTICLE XXII - DENTAL INSURANCE

22.1 The City shall provide Stanislaus Foundation dental plan or an equivalent level of benefits for the term of this agreement.

22.2 The City shall pay the increased cost of such premiums for the life of the agreement.

ARTICLE XXIII - MEDICAL INSURANCE

23.1 All employees shall be offered medical insurance for themselves and dependents through CalPERS medical plans. The City shall pay 100% of the premium for the employees' family category (Single, Employee + 1, Family) for the lowest cost HMO available in Lodi's geographical area (excluding PORAC) as of January 1, 2014.

Effective January 1, 2018, the City's contributions to the premiums for medical insurance coverage will be capped at the following rates and employees shall be responsible for premium costs in excess of this amount:

$690.20	per month for Employee only
$1,380.39	per month for Employee +1
$1,794.51	per month for Family

23.2 If an employee is otherwise covered by a medical plan and waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account:

$305.22	per month for Employee only
$532.92	per month for Employee +1
$692.81	per month for Family

In order to qualify, proof of group insurance must be provided to the city.

~~23.3 Notwithstanding any other provisions of this MOU, the parties agree to re-open Article XXII entitled: "Medical Insurance" for negotiation, solely limited to determining the amount the City of Lodi will contribute towards employee health plan premiums during calendar year 2016 and 2017, only in the event that the premium for the lowest cost HMO in the Lodi geographical area increases 10% or more in 2016 or 2017.~~

ARTICLE XXIV - RETIREMENT PLAN

24.1 The City provides retirement benefits through the California Public Employees Retirement System (CalPERS). Employees shall receive the following retirement benefits. The following plan is available to employees hired prior to December 22, 2012 and deemed to be "classic" employees by CalPERS:

- Public Safety 3% @ 50 plan
- 1959 Survivor benefits - 3rd Level
- Single Highest Year
- Credit for Unused Sick Leave
- Military Service Credit
- 2% Annual Cost of Living (COLA) Increase
- Employee shall pay the full employee share of retirement costs to a maximum of 9% of salary

24.2 For employees hired after December 22, 2012 and deemed to be "classic" employees by CalPERS, the following retirement plan will apply:

- Public Safety 3% @ 55 plan
- 1959 Survivors Benefit – Third Level
- Average of three highest consecutive years
- Credit for Unused Sick Leave
- Military Service Credit
- 2% Annual Cost of Living (COLA) Increase
- Employee shall pay the full employee share of retirement costs to a maximum of 9% of salary

24.3 For employees hired after December 31, 2012 and deemed "PEPRA" employees, the following retirement plan will apply:

- Public Safety 2.7% @ 57 plan
- 1959 Survivors Benefit – Third Level
- Average of three highest consecutive years
- Credit for Unused Sick Leave
- Military Service Credit
- 2% Annual Cost of Living (COLA) Increase
- Employee shall pay the full employee share of retirement costs as calculated by PERS in its annual actuarial valuation

24.4 To the extent permitted by CalPERS law, the parties agree the following items are considered pensionable compensation:

- Salary
- Department sanctioned teams
- Education/certification incentives
- Uniform allowance
- Longevity pay

- Bilingual pay
- Holiday pay
- FLSA pay

24.5 Effective~~ as soon as administratively possible, but no earlier than April 1, 2019~~ November 4, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in this unit shall pay three percent (3%) towards the employer's share of CalPERS normal pension cost (cost-sharing). ~~In exchange, the City shall provide a three percent (3%) salary adjustment. The parties agree that should the parties negotiate the elimination of the three percent cost-sharing by the employee, the corresponding salary adjustment is subject to reduction, elimination or change through the negotiation process.~~

24.6 All members in LPF agree to pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing) effective in each of the first full pay periods in July 2020, January 2021 and January 2022. PEPRA employees will pay a maximum of fifteen percent (15%) combined between the employee's share of PEPRA and any cost-sharing of the employer's normal pension cost, unless and until the employee's normal PEPRA costs exceed fifteen percent (15%).

24.6 The City agrees to work with the Lodi Professional Firefighters to establish a retirement healthcare savings program through International City Managers Association (ICMA-RC) VantageCare Retirement Health Savings (RHS) Plan. The parameters of the program shall be established by the working group. Contributions will be made by the employee on a pre-tax basis.

ARTICLE XXV - SICK LEAVE CONVERSION

25.1 For all unused sick leave, a represented employee with ten years of employment with the City shall be eligible to receive medical, dental and vision insurance coverage upon retirement (but not upon resignation, transfer or termination) on the following basis:

After 10 years of employment by the City, the number of hours of unused sick leave shall be reduced by 16 2/3%. The remaining balance shall be converted into an equivalent number of days. (**NOTE:** A day is equivalent to 12 hours for employees on a 56-hour week schedule and 8 hours for an employee on a 40-hour week schedule). The number of days shall be multiplied by the then current monthly premium being paid by the City for the employee and if applicable his dependents, subject to the cap shown in Article XXII. 50% of that dollar value shall be placed into a "bank" to be used for medical, dental and vision insurance premiums for the employee and dependent. For each year that an employee has been employed in excess of 10 years, 2 1/2% shall be added to the 50% before valuing the unused sick leave, not to exceed 100% of that dollar value.

For example:

Robert Smith retires with 20 years of service and 1800 hours of unused sick leave. City paid monthly medical insurance premiums are $344.45 for him and his wife.

1800-(1800 x 16 2/3) = 1500 hours
1500÷12 = 125 days x 75% = 93.75
93.75 x $344.45= $ 32,292.19

This amount shall be reduced each month by the current premium(s) for the employee and dependent until the balance is gone. In the event the retiree dies the remaining bank shall be reduced by 50% and the survivor may use the bank until the balance is gone.

25.2 In the event an active employee dies before retirement and that employee is vested in the sick leave conversion program, the surviving dependents shall have an interest in one-half the value of the bank as calculated in Section 24.1.

25.3 Represented employees who retire on a service retirement and are eligible to convert accrued, unused sick leave into City paid insurance upon retirement shall be given the option of purchasing, at the retiree's cost, additional insurance for a period of time equal to the period of time for which they received City paid insurance upon retirement.

Employee's option shall be exercised upon expiration of the City paid coverage.

25.4 In accordance with the sick leave conversion provision outlined in this MOU, a surviving spouse of either an active or retired member may be continued on the medical insurance plan and/or dependent coverage at the appropriate premium for the same period as if the employee had not died.

25.5 Out of area retirees may receive reimbursement for insurance premiums up to the City's liability as specified in Section 25.1.

25.6 The City shall modify its contract with PERS to add credit for unused sick leave per Government Code Section 20862.8. This benefit is available to all employees regardless of the date hired; however, it is the only sick leave conversion benefit available to employees hired after December 6, 1995. Reporting of unused sick leave shall be pursuant to PERS regulations on said issue. If an eligible employee opts to utilize the provisions of Section 25.1 the City shall report to PERS they have zero (0) hours of unused sick leave.

ARTICLE XXVI- VISION CARE

26.1 The City shall provide and pay for a vision care plan underwritten by VSP or comparable vision care plan. Such comparable vision care plan shall be the same as the plan offered to mid and executive management employees in the City. The plan shall have a $25 deductible, shall provide annual examinations and lenses. Frames are available every two years.

ARTICLE XXVII – SURVIVOR BENEFITS

27.1 The City shall continue providing health benefits for the surviving spouse and minor dependent children, under the same terms and conditions provided prior to the death, of any member of the LPF who is killed or dies during the performance of their

duties. Minor dependents shall continue to receive benefits under the coverage provided the surviving spouse or, if there is no surviving spouse, until the age of 21 years. Premiums will be paid at the current rate in effect at the time of the member's death. Premiums will continue to be paid by the City until such time as the surviving spouse is covered by other insurance or remarries, and for dependent children of the member killed in the line of duty until such time as either:

1. The dependent children are over the eligible age limit, or
2. The dependent children are covered under other alternative medical coverage provided by and through the surviving spouse or person who he/she marries.

Chapter 4. Safety

ARTICLE XXVIII - SAFETY COMMITTEE

28.1 A six-member Joint Safety Committee shall be formed to include three members of the LPF. This committee shall be charged with reviewing and making proposed solutions to items relating to safety standards, equipment, procedures, clothing and other safety related matters.

Chapter 5. Work Hours, Schedules, Meals

ARTICLE XXIX- 56-HOUR WORK WEEK

29.1 The work schedule will be a schedule of "56-hours per week" with two on-duty shifts in six 24-hour periods. For purposes of the FLSA, it is mutually understood the City has declared a 24 day work cycle.

For purposes of overtime calculations under the FLSA, sick leave, vacation leave, compensatory time, and holiday leave will be considered time worked.

29.2 If an employee assigned to a 56-hour work week schedule terminates his/her employment in the middle of a two week payroll cycle, the employee's pay for that cycle shall be computed by multiplying the number of days between the first day of the payroll cycle and the last shift worked by eight (8) hours or the number of actually worked in that payroll cycle, whichever is greater.

29. 3 It is agreed that the work schedule of the ~~Fire Inspector and the~~ Administrative Captain is a 40-hour week and that all holiday, vacation, and sick leave benefits are based on a 40-hour week rather than a 56-hour week.

29. 4 Effective May 25, 2015, the following formulas will be used in order to convert all accrued leave hours for employees that move from a 40-hour work week to a 56-hour work week or from a 56-hour work week to a 40-hour work week:

For conversion from 40 to 56 hours	Multiply by 1.4
For conversion from 56 to 40 hours	Multiply by 0.7143

Thereafter, accruals shall be earned based on the assigned work schedule.

ARTICLE XXX - SHIFT TRADES

30.1 It is mutually agreed that each employee may trade shifts.

A firefighter while on initial probation may initiate shift trades for a hardship, in writing, with approval from their Captain and Battalion Chief. Shift trades for probationary firefighters are acceptable for attendance at approved training classes or seminars only.

30.2 It is expressly understood that shift trades are requested by employees on a voluntary basis and are granted exclusively for employee convenience.

30.3 A shift trade commitment shall be considered the equivalent of the employee's regularly assigned work day. Any member of the bargaining unit who agrees to a shift trade, but fails to report to work the agreed shift without a valid excuse may be subject to disciplinary action. An employee who agrees to exchange time with another employee and who then fails to report to work the agreed time because of illness, or who reports, but leaves early due to illness, may be required to provide a doctor's note to verify the illness.

30.4 In the event that the person who had agreed to work is unable to do so, he/she shall make the necessary arrangements to fulfill the obligation. This can be accomplished by: trading with another employee meeting the shift trade requirements; forfeiting sick, holiday, compensatory time, or vacation time, whichever is appropriate based on department policy; or injury leave if appropriate.

Chapter 6. Association/City Issues

ARTICLE XXXI - ALCOHOL, SMOKING AND DRUGS

31.1 Employees of the LPF are strictly prohibited from using tobacco of any kind while on duty or representing the City of Lodi in any capacity. Employees are also prohibited from regular or excessive use of tobacco on their personal time. Occasional personal use of tobacco is permitted.

31.2 The LPF shall be covered under the *Drug-Free Workplace* policy and procedure. In addition, the LPF shall be covered under the *Drug and Alcohol Testing* policy and procedure with the exception of random testing. (Section 34520(e) of the California Vehicle Code exempts fire employees from the provisions of the Omnibus Transportation Employee Testing Act of 1991.)

31.3 In the event an employee is involved in an accident while operating a City vehicle the employee shall not leave the scene of the accident until a determination for drug and/or alcohol testing has been made by the appropriate supervisor.

31.4 In the event an employee is being referred to drug and/or alcohol testing, the employee shall have the right to representation or a witness. The witness may include an on-duty employee, as long as there is no interference with business necessity.

31.5 Supervisors directing an employee to drug and/or alcohol testing shall document at the time of direction the reason(s) for such determination of the *Reasonable Suspicion Test* form, and present that form to the employee.

31.6 The reporting of prescription medication being taken by an employee to his/her supervisor shall be kept in confidence.

31.7 In the event an employee's locker or storage area is to be searched, the employee shall have the right to representation or a witness. The witness may include an on-duty employee, as long as there is no interference with business necessity.

31.8 If a member of the Fire Department has a drug, tobacco or alcohol problem or dependence, the City shall pay the difference between the employee's insurance and the cost of an appropriate rehabilitation program.

31.9 All supervisory employees, including those in the rank of Fire Captain, shall attend training on making a reasonable suspicion determination of being under the influence of drugs and/or alcohol, and the appropriate referral process. Such training shall be provided by the City of Lodi. Non-supervisory employees may attend the training provided that there is adequate attendance capacity, and that the cost of the training shall be borne by the employee.

ARTICLE XXXII - CITY RIGHTS

32.1 It is further understood and agreed between the parties that nothing contained in this MOU shall be construed to waive or reduce any rights of the City, which include, but are not limited to, the exclusive rights:

- ◊ to determine the mission of its constituent departments, commissions and boards;
- ◊ to set standards of service;
- ◊ to determine the procedures and standards of selection for employment;
- ◊ to direct its employees; to maintain the efficiency of governmental operations;
- ◊ to determine the methods, means and personnel by which government operations are to be conducted;
- ◊ to take all necessary actions to carry out its mission in emergencies; and
- ◊ to exercise complete control and discretion and the technology of performing its work.

32.2 City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine the content of job classifications; provided, however, that the exercise by the City of the rights in this paragraph does not preclude employees or their recognized employee organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

32.3 Per Side Letter dated September 14, 2011: The Lodi Professional Firefighters (LPF) recognizes and accepts the City's right to determine the procedures and standards of selection for promotion. This recognition does not preclude the LPF from discussing with the City the LPF's point of view as it relates to the timeliness and necessity of promotions. The merits of each promotion should be discussed by both parties with the intent of reaching an understanding. It is the LPF's contention that economics is one component and should not be the sole deciding factor when determining whether to promote or not. It is through joint discussions that the City and the LPF believe resolution can be found.

ARTICLE XXXIII – COMPLETE AGREEMENT

33.1 The parties acknowledge that during the negotiations which resulted in this MOU, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the scope of negotiations, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in the MOU. Any other prior existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

33.2 Per the Side Letter signed on May 20, 2004: Except as required by operational/or business necessity impacting City employees as a whole, there shall be no changes to the Rules for Personnel Administration during the term of this MOU. This does not prevent the parties from mutually agreeing to meet and confer over proposed changes to the Rules during the term of this MOU.

ARTICLE XXXIV - CONCERTED ACTIVITIES

34.1 Represented employees agree that they shall not strike, withhold services, engage in "slowdowns" or "sick ins" or participate in any other form of concerted activity

which is intended to or which does adversely affect job performance or rendering of City services.

ARTICLE XXXV - EMPLOYEE REPRESENTATION

35.1 This Memorandum of Understanding (hereinafter referred to as "MOU") is entered into between representatives of the City of Lodi (hereinafter referred to as "City") and representatives of the Lodi Professional Firefighters (hereinafter referred to as "LPF").

The parties to this MOU acknowledge and agree that this MOU constitutes the result of meeting and conferring in good faith as contemplated by Section 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reached agreement are set forth in this MOU.

The terms and conditions of this MOU are applicable to those employees in those positions represented by the LPF of the City of Lodi, i.e., Firefighter I, Firefighter II, Fire Engineer, and Fire Captain~~, and Fire Inspector~~. It is mutually agreed that wages, hours, and other terms and conditions of employment of such employees shall be as hereinafter set forth. Except as specifically stated in this Memorandum, all existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU shall continue in effect during the term of this MOU.

35.2 The City and the LPF mutually agree that the City shall grant dues deduction to City employees who are members of the LPF in accordance with the terms and conditions set forth in Section 4, Rule 2 of City of Lodi Resolution No. 3344 entitled "Adopting Rules and Regulations to Implement Provisions of the Employee-Employer Relations Resolution." The LPF shall indemnify, defend and hold the City of Lodi harmless against any claims made and against any suit instituted against the City of Lodi on account of check-off of said employee organization's dues. In addition, the LPF shall refund to the City of Lodi any amounts paid to it in error upon presentation of supporting evidence.

Changes in the LPF membership dues rate shall be certified to the City, in writing, over the signature of the LPF President. The change shall be implemented as soon as practicable, but in no event later than thirty (30) days after the notification.

35.3 LPF shall maintain exclusive representation rights during the term of this MOU. Every employee covered by this MOU who is a member of LPF twenty (20) days after the signing of this MOU shall~~, as a condition of employment,~~ maintain his or her membership in good standing in accordance with the Constitution and Bylaws of the LPF during the term of this MOU~~agreement~~.

35.4 No employee covered by this Memorandum of Understanding shall be discriminated against by the City or by the Union with respect to any job benefits or other conditions of employment accruing from this agreement because of union

membership, non-membership in the union, race, color, sex, creed, national origin, marital status, disability or political affiliation. It is understood that violations of this section are not subject to arbitration.

35.5 The City shall make available a period of one hour to the LPF in each recruit class with an end toward education of each employee of the rights and benefits under the collective bargaining agreement, as well as other association benefits, and the responsibilities of the employee and the association.

35.6 The City and LPF agree and understand that if any section of this MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity shall be resolved in favor of the MOU language. If the MOU is silent on an issue, the current applicable document (i.e. policy manual) is controlling.

35.7 Beginning January 1, 2014, and each January 1 thereafter, the Lodi Professional Firefighters Association will notify the City of the hours to be deducted from each member's last pay check in February (not to exceed 10 hours annually) for the Union Leave Bank. The hours will be deducted from the employee's holiday leave bank. Requests to use another leave bank must be submitted to payroll two (2) weeks prior to the deduction date. If at any other point in the year a member chooses to donate additional hours to the Union Leave Bank, beyond the 10 hours, they will be allowed to do so on written notice to LPF and the Finance Division. Union Leave Bank hours may not exceed more than 600 hours on a yearly basis. The President of the Lodi Professional Firefighters shall designate members that can use the hours. Hours may be donated from member's vacation leave, holiday leave or compensatory time off. The Union Leave Bank shall be charged an equivalent amount of time required to cover the absence of the member utilizing the LPF bank, including any overtime required to cover the shift.

ARTICLE XXXVI - GRIEVANCE PROCEDURE

36.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, and formal interpretations and clarifications executed by the LPF and the City.

The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

The term "day" means a working day i.e. Monday through Friday excluding fixed City Hall closures.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and the LPF involving the interpretation, application, or enforcement of the express terms of this MOU and other express written terms and conditions of employment or clear past practices.

As used in this procedure, the term "party" means an employee, the LPF, the City or the authorized representatives of any party. The employee is entitled to representation through all the steps in this procedure.

Matters of discipline are to be handled exclusively in accordance with the provisions of section 34.4.

36.2 INFORMAL PROCEDURE

The informal procedure must be used as an initial step in all grievances. An employee or their representative having a grievance arising from employment in the municipal service shall seek adjustment of the grievance initially through verbal contact with their immediate supervisor within twenty (20) working days of the date of the action being grieved, or the date the grieving party became aware of the incident which is the basis of the grievance. The employee or his/her representative shall state the nature of the grievance and any pertinent information required for the supervisor to sufficiently investigate the incident and resolve the grievance. Should the immediate supervisor be unable to make a satisfactory adjustment, the employee or their representative may seek adjustment through verbal contact to the next higher level of supervision up to and including the Fire Chief. The time allowed between steps in this process is ten (10) working days. All verbal contacts shall be documented as to the date, time and place of the contact.

In matters involving disputes between two employees (including personality conflicts between and employee and his/her supervisor), the two employees should meet in an attempt to resolve their differences. If they cannot resolve the issues between themselves, the complaint procedure outlined in the Lodi Fire Department Policy Manual shall be used as the Informal Grievance Procedure.

Should the employee progress through the above steps and find that the Fire Chief is unable to make a satisfactory adjustment within the time frame given, or is a party to the grievance, the employee or his representative may seek adjustment through the Formal Grievance Procedure.

36.3 FORMAL PROCEDURE

An employee who has not received satisfactory adjustment through the use of the Informal Grievance Procedure may, within ten (10) working days of the last time deadline of the Informal Procedure, file a Formal Grievance. Initiation of the formal grievance procedure requires that the grievance be submitted in writing. The steps of the Formal Grievance Procedure are as follows:

Step A. Class Action Grievances or a Lodi Fire Department Grievance Form is filed with the Fire Chief. If satisfactory adjustment is not attained the employee or his/her representative may proceed to Step B within ten (10) working days.

Step B. Class Action Grievances or A Lodi Fire Department Grievance Form is filed with the City Manager. The City Manager or designee shall investigate the grievance and shall respond in writing within ten (10) working days. If

satisfactory adjustment is not attained the employee or his representative may proceed to Step C within ten (10) working days.

Step C If the grievance is not resolved by the City Manager or designee, arbitration shall be the final level of appeal for grievances and discipline. It is agreed by both parties that the decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified by the grievant or his/her representative within fifteen (15) working days following the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five (5) arbitrators from which the City and the LPF shall alternately strike names until one (1) name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five (5) arbitrators, the same request shall be made of the American Arbitration Association.

To insure that the arbitration process is as brief and economical as possible, the following guidelines shall be adhered to:

1. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

2. Both parties and the arbitrator may tape record the hearing.

3. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

4. The parties may agree to prepare a joint letter submitting the issue(s) in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

5. The strict rules of evidence are not applicable but shall be of a type or kind relied upon by prudent people in the conduct of serious business and the hearing shall be informal.

6. The parties have the right to present and cross examine witnesses issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.
7. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

8. The arbitrator may exclude witnesses and observers from the hearing at his or her discretion.

9. The arbitration hearing shall be held on the employer's premises.

10. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

    The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing, unless otherwise agreed to by the parties. The decision shall be in writing and shall contain the crucial reasons supporting the decision and award.

    The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law.

    The arbitrator has no power to add to a disciplinary action.

    The arbitrator's decision shall be final, binding, and precedential and the arbitrator's decision shall possess the authority to make an employee whole to the extent such remedy is not limited by law, including the authority to award back pay, reinstatement, and to issue an order to expunge the record of all references to a disciplinary action if appropriate.

    If the City believes that the matter is not arbitrable and/or not grievable, the matter shall be bifurcated. The parties shall select an arbitrator to hear the issue of arbitrability only. In the event that the arbitrator determines the matter to be arbitrable, the parties shall select a second arbitrator to hear the merits of the case.

    By filing a grievance and processing it beyond the City Manager the grievant expressly waives any right to statutory remedies for the same contract remedies that were available through arbitration or to the exercise of any legal process other than is provided by the

grievance/arbitration procedure for those contractual remedies under this contract. The process in a grievance beyond the City Manager shall constitute an express election on the part of the grievant that the arbitration procedure is the chosen forum for resolving the issues contained in the grievance, and that the grievant shall not resort to any other forum or procedure for resolution or review of the issues. The parties do not intend by the provisions of these paragraphs to preclude the enforcement of any arbitration award in any court of competent jurisdiction.

Allegedly discriminatory acts by the city may be addressed through the judicial system, DFEH, EEOC, and/or the City's internal complaint procedure system as provided by law. Allegedly discriminatory acts are not subject to this procedure.

36.4 GRIEVANCE INVOLVING A DISCIPLINARY ACTION

This section sets forth the exclusive means for grieving disciplinary actions in the form of a written reprimand, demotion, suspension or dismissal. In the event the employee wishes to challenge the City Manager's final decision on such discipline, the employee shall appeal the decision to binding arbitration, commencing with Step C of Article 34.3 of this MOU. All other, lesser forms of discipline shall be reviewable by the Fire Chief without a further right of appeal.

ARTICLE XXXVII - LAYOFF PROCEDURE

37.1 It is mutually agreed by both parties that the layoff procedure, incorporated in the Policy and Procedure manual, dated May 1, 1995 is included in this MOU by reference and it is further agreed that both parties interpret it to mean that time served in a higher level shall be counted at a lower level for purposes of determining order of layoff.

ARTICLE XXXVIII - PHYSICAL FITNESS

38.1 It is agreed that the physical fitness program shall be continued and shall meet the following goals:

1. Provide a complete physical examination on an annual basis. These examinations to be performed by professional medical staff contracted for by the City.

2. Provide a fitness assessment which will evaluate each individual employee's fitness as compared to the YMCA normative scores which are defined as:

   "a percentage based on fitness evaluations performed by the YMCA and are categorized according to age group and sex."

   The fitness assessments shall be performed by professional assessors contracted for by the City.

3. Provide an individual program of exercise based on age, sex and present physical condition.

4. Provide attainable goals for each individual which would be measurable through the fitness assessment provided.

5. Provide for in-house exercise activities.

6. Provide an exercise program which shall improve cardiovascular conditioning, body fat composition, flexibility, grip strength, abdominal strength, low back strength, chest (arm) strength, back strength, quadriceps and hamstring strength.

It is further agreed that:

1. The program shall be mandatory for all employees in the bargaining unit.

2. The program shall be scheduled as a high priority item and work out times shall normally be available between 0800 and 1700 hours excluding lunch period and breaks. The City shall provide adequate equipment to carry out the intent of the program.

3. The equipment used for this program is not to be used by anyone other than City of Lodi Fire personnel.

4. Confidentiality of records shall be maintained for the protection of the employees.

ARTICLE XXXIX - PROBATION

39.1 During probationary period, twelve (12) months, the new hire or promotional employee shall be entitled to sick leave benefits. Upon completion of probation, employees are eligible for merit increases.

39.2 Employees on initial probation may not utilize vacation accruals.

39.3 Probationary releases are appealable only to the extent required by law.

ARTICLE XL - SEVERABILITY

40.1 In the event that any provision of this MOU is found by a court of competent jurisdiction to be invalid, all other provisions shall be severable and shall continue in full force and effect.

ARTICLE XLI – MISCELLANEOUS

41.1 LPF and the City of Lodi will meet and confer on entry level minimum qualifications.

ARTICLE XLII – EMPLOYEE PERSONNEL FILES

42.1 Employees shall be provided a copy of all performance related memoranda (including performance evaluations) placed in their official personnel file which is retained in the Human Resources Department. Personnel files shall be kept in a

secured location. Items that are to be removed shall be returned to the employee for disposition.

Affected employees shall be provided a copy of adverse comments placed in their personnel and/or administrative file. No employee shall have any adverse comments placed in his/her file without first reading and signing indicating awareness of such adverse comments and placement in their personnel and/or administrative file. Should an employee refuse to sign, the adverse comments will nevertheless be placed in his/her file. An employee shall have thirty (30) days within which to file a written response to any adverse comments entered into his/her official personnel file. Such written response shall be attached to and shall accompany the adverse comments. Upon written request of the employee, adverse comments in the personnel file shall be removed in accordance with the timelines prescribed below.

An employee shall be permitted at any time during regular office hours of the Human Resources Department to inspect his/her personnel file, provided notice is given to the Department which is sufficient to allow it up to three (3) of its working days to make the files available. He/she may also authorize, in writing, the Union representative to also inspect his/her personnel file provided the same advance notice is given. Such reviews shall be made in the Human Resources Department subject to the presence of a member of the Human Resources Department.

Any matters not in the official personnel file or referred to in the official personnel file shall not be used as the basis of discipline. Material in personnel files shall be regarded as confidential and disclosed only in accordance with provisions of this MOU and applicable law. Material contained in the employee's administrative file and personnel file shall be removed and destroyed at the employee's request no earlier than five (5) years after the date of discipline, unless litigation relating to such materials is pending. In the case of pending litigation, the potentially relevant material shall be retained in the files until the matter has been fully and finally adjudicated or until at least five (5) years have passed since the materials was placed in the file, whichever occurs later.

All documented disciplinary actions shall be removed from the employee's official personnel file and the Fire Department's administrative file at the employees request in accordance with the table below.

This Article shall always be in compliance with the Firefighters Procedural Bill of Rights Act (FBOR), as set forth in Government Code Sections 3255-3256, inclusive, and all other applicable provisions of California law. Any conflict between this Article and FBOR, will be resolved in favor of the provisions of FBOR, as it may from time to time be amended. Civilian employees shall not be granted any additional rights under the Firefighters Procedural Bill of Right Act beyond those stated in this Article.

42.2 Document Retention

The following table reflects the time period each documented level of discipline shall be retained in the employee's personnel file:

Level of Discipline	Considered for Promotion and Utilized in Progressive Discipline
Letter of Discussion	2 Years from Date of Discipline
Oral Counseling	2 Years from Date of Discipline
Written Reprimand	2 Years from Date of Discipline
Pay Step Reduction	3 Years from Date of Discipline
Suspension Without Pay	3 Years from Date of Discipline
Demotion	5 Years from Date of Discipline

The City shall not maintain any file that the employee does not have access to, nor shall any file be kept beyond the above timeframes except in instances where the material is subject to pending litigation as set forth in Section 42.1.

42.3 Should the City request to meet and confer over changes to this section, the LPF agrees to engage in discussions.

SCHEDULE A

LPF Monthly Salary Schedule

Effective ~~October 8, 2018~~January 13, 2020

Job Title	Job Code	Step 0	Step 1	Step 2	Step 3	Step 4
Firefighter I - 112	6000	$ 4,836.75	$ -	$ -	$ -	$ -
Firefighter I - 80	6001	$ 4,836.75	$ -	$ -	$ -	$ -
Firefighter II - 112	6002	$ 5,332.48	$ 5,599.10	$ 5,879.04	$ 6,173.01	$ 6,481.64
Firefighter II - 80	6003	$ 5,332.48	$ 5,599.10	$ 5,879.04	$ 6,173.01	$ 6,481.64
Fire Engineer - 80	6020	$ 6,173.06	$ 6,481.71	$ 6,805.80	$ 7,146.09	$ 7,503.39
Fire Engineer - 112	6021	$ 6,173.06	$ 6,481.71	$ 6,805.80	$ 7,146.09	$ 7,503.39
Fire Captain - 112	6040	$ 7,146.09	$ 7,503.39	$ 7,878.55	$ 8,272.47	$ 8,686.11
Fire Captain - 80	6041	$ 7,146.09	$ 7,503.39	$ 7,878.55	$ 8,272.47	$ 8,686.11
Fire Captain - Acting	6042	$ 6,937.95	$ 7,284.85	$ 7,649.08	$ 8,031.53	$ 8,433.11

LODI PROFESSIONAL FIREFIGHTERS

_____
Michael Gold
Fire Captain

Date:_____

_____
William Broderick
Fire Captain

Date: _____

_____
Ryan Wentz
Fire Captain

Date:_____

CITY OF LODI
A MUNICIPAL CORPORATION

_____
Stephen Schwabauer
City Manager

Date:_____

_____
Andrew Keys
Deputy City Manager

Date:_____

_____
Adele Post
Human Resources Manager

Date:_____

APPROVED AS TO FORM:

_____
Janice D. Magdich, City Attorney

ATTEST:

_____
Pamela M. Farris, Assistant City Clerk

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE MEMORANDUM OF UNDERSTANDING WITH THE LODI PROFESSIONAL FIREFIGHTERS EFFECTIVE JANUARY 1, 2020 THROUGH DECEMBER 31, 2022

==========

WHEREAS, representatives from the City and the Lodi Professional Firefighters (LPF) have bargained in good faith and reached a tentative agreement on a successor MOU; and

WHEREAS, it is recommended that Council approve revisions to the Memorandum of Understanding with LPF to include the following:

- Term: January 1, 2020 to December 31, 2022;
- Reinstatement of Longevity Pay
- Continuation of the Driver/Operator incentive of three percent (3%) for those who possess Driver/Operator certification.
- 3% salary adjustment, effective January 13, 2020; and
- 3% salary adjustment effective the first full pay period in July 2020; and
- 3% salary adjustment effective the first full pay period in January 2021; and
- 3% salary adjustment effective the first full pay period in January 202; and
- 2% salary adjustment the first full pay period in July 2022.
- PERS cost sharing agreement totaling an additional three percent (3%), for a total contribution of fifteen percent (15%). PEPRA members will pay up to fifteen (15%) between their normal contribution and additional cost-sharing.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the attached Memorandum of Understanding (Exhibit A) between the City of Lodi and LPF, effective January 1, 2020 through December 31, 2022.

Date: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the Lodi City Council in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

Exhibit A

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

LODI PROFESSIONAL FIREFIGHTERS

January 1, 2020 – December 31, 2022

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Schedule A – Salary Schedule Effective January 13, 2020

Chapter 1. Salaries and Other Compensation

ARTICLE I - ABOVE CLASS PAY

1.1 All employees in this bargaining unit who are required to work in a higher class shall be paid an additional 5% of the employee's salary for all hours once 6 consecutive hours have been worked.

1.2 Employee's assigned as the Administrative Training Officer shall receive special assignment pay equal to 8% of the employee's normal base pay. The special assignment pay is intended to compensate the employee for the loss in pay from transferring from a shift to non-shift schedule.

It is mutually agreed that assignments to the Administrative Training Officer are at the sole discretion of the Fire Chief and may be filled by personnel from the rank of Fire Engineer or Fire Captain. The Fire Chief may assign a Fire Captain as the Administrative Training Officer if there are no interested or qualified employees. Assignments may be for a three year term and will be reviewed annually. Extensions beyond the initial three year term may be made by mutual agreement between the Fire Chief and the Administrative Training Officer on a year by year basis.

The work schedule of the Administrative Training Officer will be determined by the Fire Chief based on the operational needs of the Fire Department.

Engineers assigned as the Administrative Training Officer may participate in the promotional examination for Fire Captain, if they are eligible. The Administrative Training Officer assignment will not preclude the Engineer from participating in the promotional examination or from being promoted to Fire Captain.

The Administrative Officer shall remain budgeted for at the rank of Captain.

The Administrative Training Officer will report directly to the Fire Chief and is eligible to work overtime outside of their normal work schedule.

The Administrative Training Officer is eligible for above class pay of 5% if assigned to work in a higher classification, pursuant to Section 1.1 the LPF MOU.

ARTICLE II – DEPARTMENT SANCTIONED TEAMS

2.1 It is the intent of the City to develop specialized teams to address a variety of special hazards and provide specialized services to the department or community. When a team is established, minimum standards for inclusion and retention as a team member shall be developed and ratified by the Fire Chief. Any member of the department, who becomes a member of the recognized specialized team, shall receive a 3.0% salary increase for as long as he/she meets the minimum entry level requirements and maintains a minimum level of participation as outlined in the team membership requirements. Each employee of the department can only receive 3.0% of salary for team membership, regardless of the number of teams the employee belongs to.

2.2 The development of new teams shall require the submittal of minimum entry level and performance criteria for maintenance of membership to the Fire Chief prior to

the development of the team. The Fire Chief shall have the sole discretion as to the appropriate number of members per specialized team. The department shall make every effort to develop a cadre of specialized teams to adequately address the needs of its members.

ARTICLE III - EDUCATION INCENTIVE

3.1 An incentive program shall be established with the major purpose being to encourage and reward members of the LPF to broaden their on-the-job experience with academic training in the fields of science, management and administration.

3.2 Employees who meet the following criteria are eligible for education incentive pay.

A. Employees holding an Associate of Arts shall receive $25.00 per month if the:

1. AA is in Fire Science or related field or;

2. AA is in a non-related field with a Fire Science Certificate from an accredited institution or;

3. The employee possesses an AA degree and is actively pursuing a baccalaureate degree.

B. Employees possessing a BA or BS degree shall receive an additional $100.00 per month. If an employee possesses a BA degree, it is assumed that an AA is also possessed.

C. The following increments shall be added to the Education Incentive Program. It is agreed that the following amounts shall be paid upon verification that the individual has completed the necessary course work and has submitted a completed application to the certifying agency. Verification of course work and submittal of a completed application must be provided to Human Resources along with the request for the incentive. Incentive pay is effective the first day of the full pay period following receipt and verification of required documentation.

◊ Completed course work Fire Officer.....$50.00 per month
◊ Completed course work Chief Officer .....$50.00 per month
◊ Completed course work Fire Investigator or Level 2 Investigator ...$12.50 per month
◊ Completed course work Fire Instructor Level 3 and Mgmt 2.E.....$25.00 per month
◊ Completed course work Fire Prevention Officer Level 3 and Mgmt 2.E or Fire Inspector I .....$25.00 per month
◊ Completed course work Public Education Officer Level 2 or Community Risk Officer .....$12.50 per month
◊ Certified Fire Chief .....$25.00 per month

The maximum amount to be paid under this program is $175.00 per month.

3.3 In addition to the amounts specified in Section 3.2, an additional $25.00 per month shall be paid if the employee possesses a Hazardous Materials Specialist/ Technician certificate.

3.4 Persons possessing the aforementioned requirements shall not receive the incentive pay until such time as evidence of course completion is produced. Incentive pay shall be retroactive up to a maximum of six (6) months from the date Human Resources received and verified the required documentation.

ARTICLE IV – FLEXIBLE SPENDING ACCOUNT

4.1 The City shall include members of the LPF in the City's flexible spending account program, which allows employees to pay for unreimbursed medical costs, insurance premiums, and dependent care costs to be paid with pretax dollars. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 would be forfeited after the final filing date, if left unclaimed.

ARTICLE V - JURY DUTY

5.1 All full-time regular employees are granted jury duty leave with pay. Any employee who is summoned to attend any court during the time regularly required for his employment for the purpose of jury service shall be entitled, while so engaged and actually serving, to his regular compensation in addition to any jury duty compensation.

5.2 No employee shall be granted jury duty leave with pay in which such employee will be testifying in behalf of oneself or as a witness in a court of law.

5.3 An employee serving on jury duty, who is not required to be in attendance at such jury duty for more than one half of the employee's normal working day is expected to return to his regular work assignment for the balance of the day. An employee seated on a jury shall not be scheduled for regular work during the twelve hours preceding the scheduled time for jury duty.

5.4 If an employee covered by this Agreement is required by subpoena to appear in court or to give a deposition as a result of an action taken within the scope of employment with the City, that employee shall receive his full pay while so doing, with no loss of time if he/she is on regular duty. If the employee is not on duty, the City agrees to compensate that employee at one and one-half times his/her regular rate of pay, for the time spent in any appearance as required by this Article. The employee shall demand a witness fee and shall reimburse same to the City. As a prerequisite for payment to off-duty employees, the Fire Chief or his designee must be notified in writing of the off-duty appearance within seventy-two hours after the employee is subpoenaed or otherwise notified of the required court appearance. The employee shall demand a witness fee and shall reimburse the same to the City.

5.5 Voluntary Grand Jury service such as that service in San Joaquin County, is not covered by Jury Duty leave.

ARTICLE VI – MERIT INCREASES

6.1 Merit increases shall not exceed the next step of the salary range for the position's classification.

ARTICLE VII - OVERTIME

7.1 All hours worked in addition to the regularly scheduled shifts shall be paid at the rate of one and one-half times the then regular rate of the employee. Overtime work shall be required of any employee to meet special or unusual needs of service beneficial to the City and community. All overtime work requires the prior approval of a supervisor. No employee on disciplinary or medical leave shall be eligible to work overtime.

7.2 Employees working overtime shall be paid in increments of 15 minutes. Time within any 15 minute increment shall be rounded off, with 0-7 minutes adjusting back to the preceding increment and 8-15 minutes adjusting forward to the next increment. Thereafter, overtime shall be compensated in increments of 15 minutes at a rate of time and one-half.

7.3 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be one and one-half hours for each hour worked.

7.4 No more than two hundred forty (240) hours of compensatory time shall be carried on the books at any time.

7.5 Bargaining unit members shall be allowed to cash out up to a maximum of 240 hours of earned compensatory time off twice per year, in April and October.

7.6 Upon separation, the employee shall be paid at the employee's current hourly rate or the average of the last three years whichever is higher, for the remaining compensatory balance.

7.7 Early call in or shift holdovers shall be compensated at the time and one-half rate.

7.8 Employees called to work outside their regular hours shall be paid at the rate of time and one-half the hourly rate for hours actually worked with a minimum guarantee of three (3) hours for each call.

7.9 If an employee requests time off that would result in the need for overtime, the employee must take a minimum of three (3) hours off unless the time off is for emergency reasons or has prior approval of the Fire Chief or his/her designee. Except for the first or last two or less hours of the shift, shift holdover or early relief would apply in these situations.

7.10 If a represented employee is called upon to perform the duties of a position exempt from the Fair Labor Standards Act, all provisions of this Article shall prevail.

7.11 Effective as soon as administratively possible, the Department will implement overtime procedures as follows:

a. First right to vacancy shall be rank for rank. If there are no members currently signed up for the overtime for the rank the vacancy has occurred, the process for filling the vacancy shall revert to the overtime method currently in place. (Current practice is that first choice for overtime goes to the member who has the longest period of time since working overtime. The employee who worked overtime last would have the last opportunity to sign up.)
b. If the vacancy is in a higher rank position, members will not be "bumped up" to create a vacancy in a lower rank.
c. If the Department over staffs and a vacancy is created; the over hire firefighter shall be scheduled to fill firefighter vacancies first.

ARTICLE VIII - SALARY

8.1 The terms and conditions of this MOU shall continue in effect during the term of this MOU. The City of Lodi and LPF agree that the term is January 1, 2020 through December 31, 2022.

8.2 The parties agree if a salary survey is performed, the fifteen cities to be surveyed are as follows:

Chico	Clovis	Davis
Fairfield	Merced	Manteca
Modesto	Redding	Roseville
Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland

8.3

The City shall provide cost of living adjustments as follows:

Three percent (3%) effective January 13, 2020,
Three percent (3%) effective the first full pay period in July 2020,
Three percent (3%) effective the first full pay period in January 2021,
Three percent (3%), effective the first full pay period in July 2021,
Three percent (3%), effective the first full pay period in January 2022, and
Two percent (2%), effective the first full pay period in July 2022

ARTICLE IX - TUITION REIMBURSEMENT

9.1 In addition to the City policy, individuals enrolling in courses offered by recognized professional organizations which are not accredited through a college or university shall be eligible for up to a maximum of $300.00 per fiscal year, to be paid upon the satisfactory completion of course work. The total monetary benefit shall not exceed the amount listed in the City Policy Manual.

ARTICLE X – DEFERRED COMPENSATION

10.1 The City shall match contributions by bargaining unit members to a deferred compensation program up to a maximum of 3% of the member's salary.

ARTICLE XI - UNIFORM ALLOWANCE

11.1 The City shall, on a one-time basis, provide each present and future employee with three department approved uniform shirts and three pair of department approved uniform pants of a flame retardant fabric. After this initial issue the maintenance and replacement of the uniform is the employee's responsibility.

11.2 The uniform allowance shall be $950 per year, paid quarterly, as part of the last bi-weekly paycheck in the months of March, June, September, and December.

ARTICLE XII - WORKERS' COMPENSATION

12.1 In the event that a member of the LPF is disabled, whether temporarily or permanently, by injury or illness arising out of and in the course of his duties, he shall become entitled, regardless of his period of service with the City, to leave of absence while so disabled without loss of salary, in lieu of temporary disability payments, if any, which would be payable under this chapter, for the period of such disability but not exceeding one year, or until such earlier date as he is retired on permanent disability pension. (State of California Labor Code, Article 7, Section 4850.)

12.2 The City shall implement Article 4850.3 of the Labor Code which provides for advance disability payments prior to receipt of industrial disability retirement allowance to the member.

ARTICLE XIII- BILINGUAL PAY

13.1 Bilingual pay of $150.00 per month shall be paid to all LPF members for speaking Spanish and/or Punjabi, subject to the eligible employee passing a proficiency exam administered and approved by the City.

ARTICLE XIV- LONGEVITY PAY

14.1 After completing ten years of service with the Lodi Fire Department, employees shall receive an annual longevity pay in the amount of $1,500 in November of the year following completion of ten years of service and each year thereafter until completing twenty years of service with the Lodi Fire Department. Employees who have completed twenty years of service with the Lodi Fire Department will receive longevity pay in the amount of $3,000 in November of the year following completion of twenty full years of service and each year thereafter.

For the purposes of this Article, all employees who as of October 31st meet the service level requirements (either ten full years or twenty full years from the first day of the month in which they started their employment with the City of Lodi Fire Department) shall receive the longevity pay associated with their years of service with the Lodi Fire Department.

ARTICLE XV- DRIVER/OPERATOR PAY

15.1 Effective October 8, 2018, LPF members who possess a Lodi Fire Department Driver/Operator certification, as outlined in the Lodi Fire Department Policy Manual Article IV Division 4.15: Section 4.15-1, shall receive a three percent (3%) incentive.

Chapter 2. Leaves

ARTICLE XVI- CATASTROPHIC LEAVE

16.1 LPF members shall be covered by and subject to the Citywide Catastrophic Leave Policy set forth in the City's current Administrative Policy Manual.

ARTICLE XVII- HOLIDAYS

17.1 Shift employees in the LPF shall earn 156 hours of holiday leave per year, and non-shift employees shall earn 108 hours. In January of each year, every employee's holiday account shall be credited with the appropriate hours based on the employee's current shift. Employees hired mid-year or terminating mid-year shall have holiday hours credited or deducted at the rate of 6.0 hours per pay period for shift employees and 4.15 hours per pay period for non-shift employees.

17.2 A shift employee may opt to schedule holidays or to be compensated at the straight time rate for all hours of holiday leave. During the course of the year, an employee who opted to use scheduled holidays may at their request and at the sole discretion of the Fire Chief, schedule a day off in lieu of cash payment. Each year, bargaining unit members shall be allowed to cash out holiday time in June, or the pay period in which December 1 falls, employees shall be paid for the unused holidays at the straight-time rate as of December 31 of the year in which the holidays were earned.

17.3 The Fire Department will make every effort to avoid scheduling any non-emergency training or meetings on the following City observed holidays:

◊ New Year's Day	January 1
◊ Martin Luther King Day	3rd Monday in January
◊ President's Day	3rd Monday in February
◊ Memorial Day	4th Monday in May
◊ Independence Day	July 4
◊ Labor Day	1st Monday in September
◊ Thanksgiving Day	4th Thursday in November
◊ Day after Thanksgiving Day	Friday following Thanksgiving Day
◊ Christmas Eve (four hours)	December 24
◊ Christmas Day	December 25

17.4 Nothing in this MOU is construed to change the manner in which holidays or vacations are scheduled.

17.5 It is mutually agreed that two represented employees per shift shall be allowed to schedule vacations or holiday time. Leave for sickness, injury, or leave for school shall not effect this time off.

ARTICLE XVIII - LEAVES OF ABSENCE

18.1 The City and LPF mutually agree that inability to return to work after an employee's sick leave has been exhausted shall be considered an urgent and substantial reason

for the granting of a leave of absence in accordance with the Leave of Absence policy in the City of Lodi Administrative Policy Manual.

18.2 The City interprets this Section as providing that the conditions under which an employee shall be restored to employment on the termination of leave of absence shall be stated as clearly as possible at the time by the City in conjunction with the granting of the leave of absence. The City reaffirms its policy that an employee's status as a permanent employee is not impaired by such leave of absence.

18.3 Employees who are placed in a Leave Without Pay status following the expiration of sick leave, vacation, or compensatory time off, such that the employee is no longer in a pay status shall not receive employer paid employment benefits. However, if the leave is for medical reasons the medical insurance will be carried for three months at the City's expense. Other health benefits may be continued at the employee's expense.

18.4 Medical leave shall be in accordance with the Family Medical Leave Act (FMLA), the California Family Rights Act (CFRA), or Pregnancy Disability Leave (PDL) and/or other applicable state and federal laws.

ARTICLE XIX - SICK LEAVE

19.1 Shift employees shall accumulate sick leave with pay at the rate of 5.54 hours per pay period. Employees working a 40-hour week shall earn 3.70 hours per pay period.

19.2 Sick leave accumulated shall be unlimited.

19.3 One working day is defined as 12 work hours (1 duty day) for all LPF personnel working on a shift schedule.

19.4 Absence to care for a member of an employee's immediate family is authorization to use up to 72 hours of accumulated sick leave. Generally no more than 120 hours of family sick leave shall be approved in one calendar year.

ARTICLE XX - VACATION

Non-Shift (40 hour work week) Employees:

Beginning with:	
Date of Hire:	3.08 hours per pay period
6th year	4.62 hours per pay period
12th year	5.23 hours per pay period
15th year	6.16 hours per pay period
21st year	6.47 hours per pay period
22nd year	6.78 hours per pay period
23rd year	7.09 hours per pay period
24th year	7.40 hours per pay period
25th year	7.71 hours per pay period

Non-Shift (40 hour work week) Employees hired after February 28, 2020 shall accrue vacation as follows:

Beginning with:	
Date of Hire:	3.08 hours per pay period
6th year	4.62 hours per pay period
12th year	5.23 hours per pay period
15th year	6.16 hours per pay period

Shift (56 hour work week) Employees:

Beginning with:	
Date of Hire:	5.54 hours per pay period
6th year	8.31 hours per pay period
15th year	11.08 hours per pay period
21st year	11.65 hours per pay period
22nd year	12.20 hours per pay period
23rd year	12.76 hours per pay period
24th year	13.32 hours per pay period
25th year/above	13.88 hours per pay period

Shift (56 hour work week) Employees hired after February 28, 2020 shall accrue vacation as follows:

Beginning with:	
Date of Hire:	5.54 hours per pay period
6th year	8.31 hours per pay period
15th year	11.08 hours per pay period

Members of LPF will have the option of cashing out any vacation time in excess of two tours (96 hours) of duty. Members must utilize at least two tours of their vacation time each year. Members may request a cash out of vacation time at any time. The payout of vacation time shall be at straight time pay on the first regularly scheduled pay check following the request. All requests shall be made in writing to the Finance Division.

The maximum amount of unused vacation hours an employee may accrue, at any given time is twice the employee's annual vacation rate. Whenever an employee's unused, accrued vacation time has reached this maximum accrual amount, the employee shall stop accruing any additional vacation time. Accrual will automatically resume once the employee uses some vacation time and the accrual balance falls below the maximum accrual amount.

Chapter 3. Insurance and Retirement

ARTICLE XXI – CHIROPRACTIC INSURANCE

21.1 Chiropractic services may be received by employees and dependents through a chiropractic insurance plan.

21.2 The City shall pay the full costs of premiums for the employee and dependent(s) during the life of this agreement.

ARTICLE XXII - DENTAL INSURANCE

22.1 The City shall provide Stanislaus Foundation dental plan or an equivalent level of benefits for the term of this agreement.

22.2 The City shall pay the increased cost of such premiums for the life of the agreement.

ARTICLE XXIII - MEDICAL INSURANCE

23.1 All employees shall be offered medical insurance for themselves and dependents through CalPERS medical plans. The City shall pay 100% of the premium for the employees' family category (Single, Employee + 1, Family) for the lowest cost HMO available in Lodi's geographical area (excluding PORAC) as of January 1, 2014.

Effective January 1, 2018, the City's contributions to the premiums for medical insurance coverage will be capped at the following rates and employees shall be responsible for premium costs in excess of this amount:

$690.20	per month for Employee only
$1,380.39	per month for Employee +1
$1,794.51	per month for Family

23.2 If an employee is otherwise covered by a medical plan and waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account:

$305.22	per month for Employee only
$532.92	per month for Employee +1
$692.81	per month for Family

In order to qualify, proof of group insurance must be provided to the city.

ARTICLE XXIV - RETIREMENT PLAN

24.1 The City provides retirement benefits through the California Public Employees Retirement System (CalPERS). Employees shall receive the following retirement benefits. The following plan is available to employees hired prior to December 22, 2012 and deemed to be "classic" employees by CalPERS:

- Public Safety 3% @ 50 plan
- 1959 Survivor benefits - 3rd Level

- Single Highest Year
- Credit for Unused Sick Leave
- Military Service Credit
- 2% Annual Cost of Living (COLA) Increase
- Employee shall pay the full employee share of retirement costs to a maximum of 9% of salary

24.2 For employees hired after December 22, 2012 and deemed to be "classic" employees by CalPERS, the following retirement plan will apply:

- Public Safety 3% @ 55 plan
- 1959 Survivors Benefit – Third Level
- Average of three highest consecutive years
- Credit for Unused Sick Leave
- Military Service Credit
- 2% Annual Cost of Living (COLA) Increase
- Employee shall pay the full employee share of retirement costs to a maximum of 9% of salary

24.3 For employees hired after December 31, 2012 and deemed "PEPRA" employees, the following retirement plan will apply:

- Public Safety 2.7% @ 57 plan
- 1959 Survivors Benefit – Third Level
- Average of three highest consecutive years
- Credit for Unused Sick Leave
- Military Service Credit
- 2% Annual Cost of Living (COLA) Increase
- Employee shall pay the full employee share of retirement costs as calculated by PERS in its annual actuarial valuation

24.4 To the extent permitted by CalPERS law, the parties agree the following items are considered pensionable compensation:

- Salary
- Department sanctioned teams
- Education/certification incentives
- Uniform allowance
- Longevity pay
- Bilingual pay
- Holiday pay
- FLSA pay

24.5 Effective November 4, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in this unit shall pay three percent (3%) towards the employer's share of CalPERS normal pension cost (cost-sharing).

24.6 All members in LPF agree to pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing) effective in each of the first full pay periods in July 2020, January 2021 and January 2022. PEPRA employees will pay a maximum of fifteen percent (15%) combined between the employee's share of PEPRA and any cost-sharing of the employer's normal pension cost, unless and until the employee's normal PEPRA costs exceed fifteen percent (15%).

24.6 The City agrees to work with the Lodi Professional Firefighters to establish a retirement healthcare savings program through International City Managers Association (ICMA-RC) VantageCare Retirement Health Savings (RHS) Plan. The parameters of the program shall be established by the working group. Contributions will be made by the employee on a pre-tax basis.

ARTICLE XXV - SICK LEAVE CONVERSION

25.1 For all unused sick leave, a represented employee with ten years of employment with the City shall be eligible to receive medical, dental and vision insurance coverage upon retirement (but not upon resignation, transfer or termination) on the following basis:

After 10 years of employment by the City, the number of hours of unused sick leave shall be reduced by 16 2/3%. The remaining balance shall be converted into an equivalent number of days. (**NOTE:** A day is equivalent to 12 hours for employees on a 56-hour week schedule and 8 hours for an employee on a 40-hour week schedule). The number of days shall be multiplied by the then current monthly premium being paid by the City for the employee and if applicable his dependents, subject to the cap shown in Article XXII. 50% of that dollar value shall be placed into a "bank" to be used for medical, dental and vision insurance premiums for the employee and dependent. For each year that an employee has been employed in excess of 10 years, 2 1/2% shall be added to the 50% before valuing the unused sick leave, not to exceed 100% of that dollar value.

For example:

Robert Smith retires with 20 years of service and 1800 hours of unused sick leave. City paid monthly medical insurance premiums are $344.45 for him and his wife.

1800-(1800 x 16 2/3) = 1500 hours
1500÷12 = 125 days x 75% = 93.75
93.75 x $344.45= $ 32,292.19

This amount shall be reduced each month by the current premium(s) for the employee and dependent until the balance is gone. In the event the retiree dies the remaining bank shall be reduced by 50% and the survivor may use the bank until the balance is gone.

25.2 In the event an active employee dies before retirement and that employee is vested in the sick leave conversion program, the surviving dependents shall have an interest in one-half the value of the bank as calculated in Section 24.1.

25.3 Represented employees who retire on a service retirement and are eligible to convert accrued, unused sick leave into City paid insurance upon retirement shall be given the option of purchasing, at the retiree's cost, additional insurance for a period of time equal to the period of time for which they received City paid insurance upon retirement.

Employee's option shall be exercised upon expiration of the City paid coverage.

25.4 In accordance with the sick leave conversion provision outlined in this MOU, a surviving spouse of either an active or retired member may be continued on the medical insurance plan and/or dependent coverage at the appropriate premium for the same period as if the employee had not died.

25.5 Out of area retirees may receive reimbursement for insurance premiums up to the City's liability as specified in Section 25.1.

25.6 The City shall modify its contract with PERS to add credit for unused sick leave per Government Code Section 20862.8. This benefit is available to all employees regardless of the date hired; however, it is the only sick leave conversion benefit available to employees hired after December 6, 1995. Reporting of unused sick leave shall be pursuant to PERS regulations on said issue. If an eligible employee opts to utilize the provisions of Section 25.1 the City shall report to PERS they have zero (0) hours of unused sick leave.

ARTICLE XXVI- VISION CARE

26.1 The City shall provide and pay for a vision care plan underwritten by VSP or comparable vision care plan. Such comparable vision care plan shall be the same as the plan offered to mid and executive management employees in the City. The plan shall have a $25 deductible, shall provide annual examinations and lenses. Frames are available every two years.

ARTICLE XXVII – SURVIVOR BENEFITS

27.1 The City shall continue providing health benefits for the surviving spouse and minor dependent children, under the same terms and conditions provided prior to the death, of any member of the LPF who is killed or dies during the performance of their duties. Minor dependents shall continue to receive benefits under the coverage provided the surviving spouse or, if there is no surviving spouse, until the age of 21 years. Premiums will be paid at the current rate in effect at the time of the member's death. Premiums will continue to be paid by the City until such time as the surviving spouse is covered by other insurance or remarries, and for dependent children of the member killed in the line of duty until such time as either:

1. The dependent children are over the eligible age limit, or

2. The dependent children are covered under other alternative medical coverage provided by and through the surviving spouse or person who he/she marries.

Chapter 4. Safety

ARTICLE XXVIII - SAFETY COMMITTEE

28.1 A six-member Joint Safety Committee shall be formed to include three members of the LPF. This committee shall be charged with reviewing and making proposed solutions to items relating to safety standards, equipment, procedures, clothing and other safety related matters.

Chapter 5. Work Hours, Schedules, Meals

ARTICLE XXIX- 56-HOUR WORK WEEK

29.1 The work schedule will be a schedule of "56-hours per week" with two on-duty shifts in six 24-hour periods. For purposes of the FLSA, it is mutually understood the City has declared a 24 day work cycle.

For purposes of overtime calculations under the FLSA, sick leave, vacation leave, compensatory time, and holiday leave will be considered time worked.

29.2 If an employee assigned to a 56-hour work week schedule terminates his/her employment in the middle of a two week payroll cycle, the employee's pay for that cycle shall be computed by multiplying the number of days between the first day of the payroll cycle and the last shift worked by eight (8) hours or the number of actually worked in that payroll cycle, whichever is greater.

29. 3 It is agreed that the work schedule of the Administrative Captain is a 40-hour week and that all holiday, vacation, and sick leave benefits are based on a 40-hour week rather than a 56-hour week.

29. 4 Effective May 25, 2015, the following formulas will be used in order to convert all accrued leave hours for employees that move from a 40-hour work week to a 56-hour work week or from a 56-hour work week to a 40-hour work week:

For conversion from 40 to 56 hours	Multiply by 1.4
For conversion from 56 to 40 hours	Multiply by 0.7143

Thereafter, accruals shall be earned based on the assigned work schedule.

ARTICLE XXX - SHIFT TRADES

30.1 It is mutually agreed that each employee may trade shifts.

A firefighter while on initial probation may initiate shift trades for a hardship, in writing, with approval from their Captain and Battalion Chief. Shift trades for probationary firefighters are acceptable for attendance at approved training classes or seminars only.

30.2 It is expressly understood that shift trades are requested by employees on a voluntary basis and are granted exclusively for employee convenience.

30.3 A shift trade commitment shall be considered the equivalent of the employee's regularly assigned work day. Any member of the bargaining unit who agrees to a shift trade, but fails to report to work the agreed shift without a valid excuse may be subject to disciplinary action. An employee who agrees to exchange time with another employee and who then fails to report to work the agreed time because of illness, or who reports, but leaves early due to illness, may be required to provide a doctor's note to verify the illness.

30.4 In the event that the person who had agreed to work is unable to do so, he/she shall make the necessary arrangements to fulfill the obligation. This can be accomplished by: trading with another employee meeting the shift trade requirements; forfeiting sick, holiday, compensatory time, or vacation time, whichever is appropriate based on department policy; or injury leave if appropriate.

Chapter 6. Association/City Issues

ARTICLE XXXI - ALCOHOL, SMOKING AND DRUGS

31.1 Employees of the LPF are strictly prohibited from using tobacco of any kind while on duty or representing the City of Lodi in any capacity. Employees are also prohibited from regular or excessive use of tobacco on their personal time. Occasional personal use of tobacco is permitted.

31.2 The LPF shall be covered under the *Drug-Free Workplace* policy and procedure. In addition, the LPF shall be covered under the *Drug and Alcohol Testing* policy and procedure with the exception of random testing. (Section 34520(e) of the California Vehicle Code exempts fire employees from the provisions of the Omnibus Transportation Employee Testing Act of 1991.)

31.3 In the event an employee is involved in an accident while operating a City vehicle the employee shall not leave the scene of the accident until a determination for drug and/or alcohol testing has been made by the appropriate supervisor.

31.4 In the event an employee is being referred to drug and/or alcohol testing, the employee shall have the right to representation or a witness. The witness may include an on-duty employee, as long as there is no interference with business necessity.

31.5 Supervisors directing an employee to drug and/or alcohol testing shall document at the time of direction the reason(s) for such determination of the *Reasonable Suspicion Test* form, and present that form to the employee.

31.6 The reporting of prescription medication being taken by an employee to his/her supervisor shall be kept in confidence.

31.7 In the event an employee's locker or storage area is to be searched, the employee shall have the right to representation or a witness. The witness may include an on-duty employee, as long as there is no interference with business necessity.

31.8 If a member of the Fire Department has a drug, tobacco or alcohol problem or dependence, the City shall pay the difference between the employee's insurance and the cost of an appropriate rehabilitation program.

31.9 All supervisory employees, including those in the rank of Fire Captain, shall attend training on making a reasonable suspicion determination of being under the influence of drugs and/or alcohol, and the appropriate referral process. Such training shall be provided by the City of Lodi. Non-supervisory employees may attend the training provided that there is adequate attendance capacity, and that the cost of the training shall be borne by the employee.

ARTICLE XXXII - CITY RIGHTS

32.1 It is further understood and agreed between the parties that nothing contained in this MOU shall be construed to waive or reduce any rights of the City, which include, but are not limited to, the exclusive rights:

- ◊ to determine the mission of its constituent departments, commissions and boards;
- ◊ to set standards of service;
- ◊ to determine the procedures and standards of selection for employment;
- ◊ to direct its employees; to maintain the efficiency of governmental operations;
- ◊ to determine the methods, means and personnel by which government operations are to be conducted;
- ◊ to take all necessary actions to carry out its mission in emergencies; and
- ◊ to exercise complete control and discretion and the technology of performing its work.

32.2 City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine the content of job classifications; provided, however, that the exercise by the City of the rights in this paragraph does not preclude employees or their recognized employee organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

32.3 Per Side Letter dated September 14, 2011: The Lodi Professional Firefighters (LPF) recognizes and accepts the City's right to determine the procedures and standards of selection for promotion. This recognition does not preclude the LPF from discussing with the City the LPF's point of view as it relates to the timeliness and necessity of promotions. The merits of each promotion should be discussed by both parties with the intent of reaching an understanding. It is the LPF's contention that economics is one component and should not be the sole deciding factor when determining whether to promote or not. It is through joint discussions that the City and the LPF believe resolution can be found.

ARTICLE XXXIII – COMPLETE AGREEMENT

33.1 The parties acknowledge that during the negotiations which resulted in this MOU, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the scope of negotiations, and that the understandings and agreements arrived at by the parties after the exercise of that right and opportunity are set forth in the MOU. Any other prior existing understanding or agreements by the parties, whether formal or informal, regarding any such matters are hereby superseded or terminated in their entirety.

33.2 Per the Side Letter signed on May 20, 2004: Except as required by operational/or business necessity impacting City employees as a whole, there shall be no changes to the Rules for Personnel Administration during the term of this MOU. This does not prevent the parties from mutually agreeing to meet and confer over proposed changes to the Rules during the term of this MOU.

ARTICLE XXXIV - CONCERTED ACTIVITIES

34.1 Represented employees agree that they shall not strike, withhold services, engage in "slowdowns" or "sick ins" or participate in any other form of concerted activity

which is intended to or which does adversely affect job performance or rendering of City services.

ARTICLE XXXV - EMPLOYEE REPRESENTATION

35.1 This Memorandum of Understanding (hereinafter referred to as "MOU") is entered into between representatives of the City of Lodi (hereinafter referred to as "City") and representatives of the Lodi Professional Firefighters (hereinafter referred to as "LPF").

The parties to this MOU acknowledge and agree that this MOU constitutes the result of meeting and conferring in good faith as contemplated by Section 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reached agreement are set forth in this MOU.

The terms and conditions of this MOU are applicable to those employees in those positions represented by the LPF of the City of Lodi, i.e., Firefighter I, Firefighter II, Fire Engineer, and Fire Captain. It is mutually agreed that wages, hours, and other terms and conditions of employment of such employees shall be as hereinafter set forth. Except as specifically stated in this Memorandum, all existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU shall continue in effect during the term of this MOU.

35.2 The City and the LPF mutually agree that the City shall grant dues deduction to City employees who are members of the LPF in accordance with the terms and conditions set forth in Section 4, Rule 2 of City of Lodi Resolution No. 3344 entitled "Adopting Rules and Regulations to Implement Provisions of the Employee-Employer Relations Resolution." The LPF shall indemnify, defend and hold the City of Lodi harmless against any claims made and against any suit instituted against the City of Lodi on account of check-off of said employee organization's dues. In addition, the LPF shall refund to the City of Lodi any amounts paid to it in error upon presentation of supporting evidence.

Changes in the LPF membership dues rate shall be certified to the City, in writing, over the signature of the LPF President. The change shall be implemented as soon as practicable, but in no event later than thirty (30) days after the notification.

35.3 LPF shall maintain exclusive representation rights during the term of this MOU. Every employee covered by this MOU who is a member of LPF twenty (20) days after the signing of this MOU shall maintain his or her membership in good standing in accordance with the Constitution and Bylaws of the LPF during the term of this MOU.

35.4 No employee covered by this Memorandum of Understanding shall be discriminated against by the City or by the Union with respect to any job benefits or other conditions of employment accruing from this agreement because of union

membership, non-membership in the union, race, color, sex, creed, national origin, marital status, disability or political affiliation. It is understood that violations of this section are not subject to arbitration.

35.5 The City shall make available a period of one hour to the LPF in each recruit class with an end toward education of each employee of the rights and benefits under the collective bargaining agreement, as well as other association benefits, and the responsibilities of the employee and the association.

35.6 The City and LPF agree and understand that if any section of this MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity shall be resolved in favor of the MOU language. If the MOU is silent on an issue, the current applicable document (i.e. policy manual) is controlling.

35.7 Beginning January 1, 2014, and each January 1 thereafter, the Lodi Professional Firefighters Association will notify the City of the hours to be deducted from each member's last pay check in February (not to exceed 10 hours annually) for the Union Leave Bank. The hours will be deducted from the employee's holiday leave bank. Requests to use another leave bank must be submitted to payroll two (2) weeks prior to the deduction date. If at any other point in the year a member chooses to donate additional hours to the Union Leave Bank, beyond the 10 hours, they will be allowed to do so on written notice to LPF and the Finance Division. Union Leave Bank hours may not exceed more than 600 hours on a yearly basis. The President of the Lodi Professional Firefighters shall designate members that can use the hours. Hours may be donated from member's vacation leave, holiday leave or compensatory time off. The Union Leave Bank shall be charged an equivalent amount of time required to cover the absence of the member utilizing the LPF bank, including any overtime required to cover the shift.

ARTICLE XXXVI - GRIEVANCE PROCEDURE

36.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, and formal interpretations and clarifications executed by the LPF and the City.

The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

The term "day" means a working day i.e. Monday through Friday excluding fixed City Hall closures.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and the LPF involving the interpretation, application, or enforcement of the express terms of this MOU and other express written terms and conditions of employment or clear past practices.

As used in this procedure, the term "party" means an employee, the LPF, the City or the authorized representatives of any party. The employee is entitled to representation through all the steps in this procedure.

Matters of discipline are to be handled exclusively in accordance with the provisions of section 34.4.

36.2 INFORMAL PROCEDURE

The informal procedure must be used as an initial step in all grievances. An employee or their representative having a grievance arising from employment in the municipal service shall seek adjustment of the grievance initially through verbal contact with their immediate supervisor within twenty (20) working days of the date of the action being grieved, or the date the grieving party became aware of the incident which is the basis of the grievance. The employee or his/her representative shall state the nature of the grievance and any pertinent information required for the supervisor to sufficiently investigate the incident and resolve the grievance. Should the immediate supervisor be unable to make a satisfactory adjustment, the employee or their representative may seek adjustment through verbal contact to the next higher level of supervision up to and including the Fire Chief. The time allowed between steps in this process is ten (10) working days. All verbal contacts shall be documented as to the date, time and place of the contact.

In matters involving disputes between two employees (including personality conflicts between and employee and his/her supervisor), the two employees should meet in an attempt to resolve their differences. If they cannot resolve the issues between themselves, the complaint procedure outlined in the Lodi Fire Department Policy Manual shall be used as the Informal Grievance Procedure.

Should the employee progress through the above steps and find that the Fire Chief is unable to make a satisfactory adjustment within the time frame given, or is a party to the grievance, the employee or his representative may seek adjustment through the Formal Grievance Procedure.

36.3 FORMAL PROCEDURE

An employee who has not received satisfactory adjustment through the use of the Informal Grievance Procedure may, within ten (10) working days of the last time deadline of the Informal Procedure, file a Formal Grievance. Initiation of the formal grievance procedure requires that the grievance be submitted in writing. The steps of the Formal Grievance Procedure are as follows:

Step A. Class Action Grievances or a Lodi Fire Department Grievance Form is filed with the Fire Chief. If satisfactory adjustment is not attained the employee or his/her representative may proceed to Step B within ten (10) working days.

Step B. Class Action Grievances or A Lodi Fire Department Grievance Form is filed with the City Manager. The City Manager or designee shall investigate the grievance and shall respond in writing within ten (10) working days. If

satisfactory adjustment is not attained the employee or his representative may proceed to Step C within ten (10) working days.

Step C If the grievance is not resolved by the City Manager or designee, arbitration shall be the final level of appeal for grievances and discipline. It is agreed by both parties that the decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified by the grievant or his/her representative within fifteen (15) working days following the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five (5) arbitrators from which the City and the LPF shall alternately strike names until one (1) name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five (5) arbitrators, the same request shall be made of the American Arbitration Association.

To insure that the arbitration process is as brief and economical as possible, the following guidelines shall be adhered to:

1. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

2. Both parties and the arbitrator may tape record the hearing.

3. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

4. The parties may agree to prepare a joint letter submitting the issue(s) in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

5. The strict rules of evidence are not applicable but shall be of a type or kind relied upon by prudent people in the conduct of serious business and the hearing shall be informal.

6. The parties have the right to present and cross examine witnesses issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.
7. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

8. The arbitrator may exclude witnesses and observers from the hearing at his or her discretion.

9. The arbitration hearing shall be held on the employer's premises.

10. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

    The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing, unless otherwise agreed to by the parties. The decision shall be in writing and shall contain the crucial reasons supporting the decision and award.

    The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law.

    The arbitrator has no power to add to a disciplinary action.

    The arbitrator's decision shall be final, binding, and precedential and the arbitrator's decision shall possess the authority to make an employee whole to the extent such remedy is not limited by law, including the authority to award back pay, reinstatement, and to issue an order to expunge the record of all references to a disciplinary action if appropriate.

    If the City believes that the matter is not arbitrable and/or not grievable, the matter shall be bifurcated. The parties shall select an arbitrator to hear the issue of arbitrability only. In the event that the arbitrator determines the matter to be arbitrable, the parties shall select a second arbitrator to hear the merits of the case.

    By filing a grievance and processing it beyond the City Manager the grievant expressly waives any right to statutory remedies for the same contract remedies that were available through arbitration or to the exercise of any legal process other than is provided by the

grievance/arbitration procedure for those contractual remedies under this contract. The process in a grievance beyond the City Manager shall constitute an express election on the part of the grievant that the arbitration procedure is the chosen forum for resolving the issues contained in the grievance, and that the grievant shall not resort to any other forum or procedure for resolution or review of the issues. The parties do not intend by the provisions of these paragraphs to preclude the enforcement of any arbitration award in any court of competent jurisdiction.

Allegedly discriminatory acts by the city may be addressed through the judicial system, DFEH, EEOC, and/or the City's internal complaint procedure system as provided by law. Allegedly discriminatory acts are not subject to this procedure.

36.4 GRIEVANCE INVOLVING A DISCIPLINARY ACTION

This section sets forth the exclusive means for grieving disciplinary actions in the form of a written reprimand, demotion, suspension or dismissal. In the event the employee wishes to challenge the City Manager's final decision on such discipline, the employee shall appeal the decision to binding arbitration, commencing with Step C of Article 34.3 of this MOU. All other, lesser forms of discipline shall be reviewable by the Fire Chief without a further right of appeal.

ARTICLE XXXVII - LAYOFF PROCEDURE

37.1 It is mutually agreed by both parties that the layoff procedure, incorporated in the Policy and Procedure manual, dated May 1, 1995 is included in this MOU by reference and it is further agreed that both parties interpret it to mean that time served in a higher level shall be counted at a lower level for purposes of determining order of layoff.

ARTICLE XXXVIII - PHYSICAL FITNESS

38.1 It is agreed that the physical fitness program shall be continued and shall meet the following goals:

1. Provide a complete physical examination on an annual basis. These examinations to be performed by professional medical staff contracted for by the City.

2. Provide a fitness assessment which will evaluate each individual employee's fitness as compared to the YMCA normative scores which are defined as:

   "a percentage based on fitness evaluations performed by the YMCA and are categorized according to age group and sex."

   The fitness assessments shall be performed by professional assessors contracted for by the City.

3. Provide an individual program of exercise based on age, sex and present physical condition.

4. Provide attainable goals for each individual which would be measurable through the fitness assessment provided.

5. Provide for in-house exercise activities.

6. Provide an exercise program which shall improve cardiovascular conditioning, body fat composition, flexibility, grip strength, abdominal strength, low back strength, chest (arm) strength, back strength, quadriceps and hamstring strength.

It is further agreed that:

1. The program shall be mandatory for all employees in the bargaining unit.

2. The program shall be scheduled as a high priority item and work out times shall normally be available between 0800 and 1700 hours excluding lunch period and breaks. The City shall provide adequate equipment to carry out the intent of the program.

3. The equipment used for this program is not to be used by anyone other than City of Lodi Fire personnel.

4. Confidentiality of records shall be maintained for the protection of the employees.

ARTICLE XXXIX - PROBATION

39.1 During probationary period, twelve (12) months, the new hire or promotional employee shall be entitled to sick leave benefits. Upon completion of probation, employees are eligible for merit increases.

39.2 Employees on initial probation may not utilize vacation accruals.

39.3 Probationary releases are appealable only to the extent required by law.

ARTICLE XL - SEVERABILITY

40.1 In the event that any provision of this MOU is found by a court of competent jurisdiction to be invalid, all other provisions shall be severable and shall continue in full force and effect.

ARTICLE XLI – MISCELLANEOUS

41.1 LPF and the City of Lodi will meet and confer on entry level minimum qualifications.

ARTICLE XLII – EMPLOYEE PERSONNEL FILES

42.1 Employees shall be provided a copy of all performance related memoranda (including performance evaluations) placed in their official personnel file which is retained in the Human Resources Department. Personnel files shall be kept in a

secured location. Items that are to be removed shall be returned to the employee for disposition.

Affected employees shall be provided a copy of adverse comments placed in their personnel and/or administrative file. No employee shall have any adverse comments placed in his/her file without first reading and signing indicating awareness of such adverse comments and placement in their personnel and/or administrative file. Should an employee refuse to sign, the adverse comments will nevertheless be placed in his/her file. An employee shall have thirty (30) days within which to file a written response to any adverse comments entered into his/her official personnel file. Such written response shall be attached to and shall accompany the adverse comments. Upon written request of the employee, adverse comments in the personnel file shall be removed in accordance with the timelines prescribed below.

An employee shall be permitted at any time during regular office hours of the Human Resources Department to inspect his/her personnel file, provided notice is given to the Department which is sufficient to allow it up to three (3) of its working days to make the files available. He/she may also authorize, in writing, the Union representative to also inspect his/her personnel file provided the same advance notice is given. Such reviews shall be made in the Human Resources Department subject to the presence of a member of the Human Resources Department.

Any matters not in the official personnel file or referred to in the official personnel file shall not be used as the basis of discipline. Material in personnel files shall be regarded as confidential and disclosed only in accordance with provisions of this MOU and applicable law. Material contained in the employee's administrative file and personnel file shall be removed and destroyed at the employee's request no earlier than five (5) years after the date of discipline, unless litigation relating to such materials is pending. In the case of pending litigation, the potentially relevant material shall be retained in the files until the matter has been fully and finally adjudicated or until at least five (5) years have passed since the materials was placed in the file, whichever occurs later.

All documented disciplinary actions shall be removed from the employee's official personnel file and the Fire Department's administrative file at the employees request in accordance with the table below.

This Article shall always be in compliance with the Firefighters Procedural Bill of Rights Act (FBOR), as set forth in Government Code Sections 3255-3256, inclusive, and all other applicable provisions of California law. Any conflict between this Article and FBOR, will be resolved in favor of the provisions of FBOR, as it may from time to time be amended. Civilian employees shall not be granted any additional rights under the Firefighters Procedural Bill of Right Act beyond those stated in this Article.

42.2 Document Retention

The following table reflects the time period each documented level of discipline shall be retained in the employee's personnel file:

Level of Discipline	Considered for Promotion and Utilized in Progressive Discipline
Letter of Discussion	2 Years from Date of Discipline
Oral Counseling	2 Years from Date of Discipline
Written Reprimand	2 Years from Date of Discipline
Pay Step Reduction	3 Years from Date of Discipline
Suspension Without Pay	3 Years from Date of Discipline
Demotion	5 Years from Date of Discipline

The City shall not maintain any file that the employee does not have access to, nor shall any file be kept beyond the above timeframes except in instances where the material is subject to pending litigation as set forth in Section 42.1.

42.3 Should the City request to meet and confer over changes to this section, the LPF agrees to engage in discussions.

SCHEDULE A

LPF Monthly Salary Schedule

Effective January 13, 2020

Job Title	Job Code	Step 0	Step 1	Step 2	Step 3	Step 4
Firefighter I - 112	6000	$ 4,836.75	$ -	$ -	$ -	$ -
Firefighter I - 80	6001	$ 4,836.75	$ -	$ -	$ -	$ -
Firefighter II - 112	6002	$ 5,332.48	$ 5,599.10	$ 5,879.04	$ 6,173.01	$ 6,481.64
Firefighter II - 80	6003	$ 5,332.48	$ 5,599.10	$ 5,879.04	$ 6,173.01	$ 6,481.64
Fire Engineer - 80	6020	$ 6,173.06	$ 6,481.71	$ 6,805.80	$ 7,146.09	$ 7,503.39
Fire Engineer - 112	6021	$ 6,173.06	$ 6,481.71	$ 6,805.80	$ 7,146.09	$ 7,503.39
Fire Captain - 112	6040	$ 7,146.09	$ 7,503.39	$ 7,878.55	$ 8,272.47	$ 8,686.11
Fire Captain - 80	6041	$ 7,146.09	$ 7,503.39	$ 7,878.55	$ 8,272.47	$ 8,686.11
Fire Captain - Acting	6042	$ 6,937.95	$ 7,284.85	$ 7,649.08	$ 8,031.53	$ 8,433.11

LODI PROFESSIONAL FIREFIGHTERS

Robert Gold
Fire Captain

Date:_____

William Broderick
Fire Captain

Date: _____

Ryan Wentz
Fire Captain

Date:_____

CITY OF LODI
A MUNICIPAL CORPORATION

Stephen Schwabauer
City Manager

Date:_____

Andrew Keys
Deputy City Manager

Date:_____

Adele Post
Human Resources Manager

Date:_____

APPROVED AS TO FORM:

Janice D. Magdich, City Attorney

ATTEST:

Pamela M. Farris, Assistant City Clerk

AGENDA ITEM H-05

CITY OF LODI
COUNCIL COMMUNICATION
TM

AGENDA TITLE: Adopt Resolutions Approving the Memorandums of Understanding between the City of Lodi and AFSCME (General Services and Maintenance & Operators Units) for the Period January 1, 2020 through December 31, 2022

MEETING DATE: March 4, 2020

SUBMITTED BY: Human Resources Manager

RECOMMENDED ACTION: Adopt resolutions approving the Memorandums of Understanding between the City of Lodi and AFSCME (General Services and Maintenance & Operators Units) for the Period January 1, 2020 through December 31, 2022.

BACKGROUND INFORMATION: Representatives from the City and AFSCME have reached tentative agreements on new Memorandums of Understanding (MOU), subject to the approval of Council.

A redline strikeout version of each MOU is attached for Council review and approval. These redline versions also reflect language clean-up and edits desired by both the City and AFSCME. A summary of the key changes to the MOUs are as follows:

GENERAL SERVICES

- Term: January 1, 2020 to December 31, 2022;
- Additional certification incentives for Public Works Inspectors;
- Increase to reimbursement for prescription safety glasses up to $500;
- Five percent (5%) salary adjustment, effective February 10, 2020; a five percent (5%) salary adjustment effective the first full pay period in January 2021; and, a five percent (5%) salary adjustment effective the first full pay period in January 2021;
- Medical premiums will be increased by the lower of three percent (3%) or the actual cost increase for employees whose annual base salary is $47,000;
- Each employee in the bargaining unit agree to additional cost-sharing of the employer's normal contribution toward CalPERS, pursuant to Government Code Section 20516 as follows:
    - One percent (1%), effective the first full pay period in July 2020,
    - One percent (1%), effective the first full pay period in January 2021, and
    - One percent (1%), effective the first full pay period in January 2022

MAINTENANCE & OPERATORS

- Additional Accidental Death and Dismemberment insurance of $10,000;
- Increase to Standby Pay hourly compensation; changes to compensation for off-duty communications to include text messaging and email correspondence for emergency call outs as is provided for telephone calls;
- Increase to reimbursement for prescription safety glasses up to $500;

APPROVED: _____
Stephen Schwabauer, City Manager

- Five percent (5%) salary adjustment, effective February 10, 2020; a five percent (5%) salary adjustment effective the first full pay period in January 2021; and, a five percent (5%) salary adjustment effective the first full pay period in January 2021;
- Medical premiums will be increased by the lower of three percent (3%) or the actual cost increase for employees whose annual base salary is $47,000;
- Incorporation of side-letter agreement listing all job classifications eligible for Bio-Hazard incentive and side letter agreement to eliminate the cash-out provision under Sick Leave Conversion;
- Each employee in the bargaining unit agree to additional cost-sharing of the employer's normal contribution toward CalPERS, pursuant to Government Code Section 20516 as follows:
    - One percent (1%), effective July 13, 2020,
    - One percent (1%), effective January 11, 2021, and
    - One percent (1%), effective January 10, 2022

Lodi continues to face funding challenges and we need to plan for them. It also faces continued fiscal stress to a work force that contributed significantly to addressing the fiscal impact of the Great Recession. This agreement strikes a balance by offering employees modest increases, additional benefits, recognizing their dedication to addressing the critical needs of the City, but at the same time requiring them to contribute more towards the City's largest financial obligation (CalPERS).

Staff recommends that the Council approve the MOUs between the City and AFSCME.

FISCAL IMPACT: The total long term annual cost of the proposed agreement for General Services is $650,000, of which $323,000 will be borne by the General Fund. The total cost of the agreement for the three year term is $1,276,000, of which $635,000 will be borne by the General Fund.

General Services Cost Estimate		
Calendar Year	**City Wide Cost**	**General Fund Cost**
2020	205,000	101,000
2021	421,000	210,000
2022	650,000	324,000
TOTAL (3 YEARS)	**1,276,000**	**635,000**

The total long term annual cost of the proposed agreement for Maintenance & Operators is $747,000. The total cost of the agreement for the three year term is $1,459,000. No costs from the Maintenance & Operators are borne by the General Fund.

Maintenance & Operators Cost Estimate	
Calendar Year	**City Wide Cost**
2020	231,000
2021	481,000
2022	747,000
TOTAL (3 YEARS)	**1,459,000**

FUNDING AVAILABLE: Budget adjustments for these increases are included within the Fiscal Year 2019/20 Mid-Year budget report for Council's consideration on the March 4, 2020 agenda. Vacancy savings are the first source for funding these increases. Substantial projected revenue above initial estimates is also available. These sources more than offset these and other General Fund salary increases approved by City Council during this Fiscal Year. In future years it is still likely the City will need to draw upon reserves to fund operations. Staff will first seek to prioritize Pension Stabilization Reserves held at PARS or OPEB stabilization reserves held in separate trust at CalPERS to pay eligible costs in order to preserve local reserves.

_____
Adele Post, Human Resources Manager

_____
Andrew Keys, Deputy City Manager

Attachments

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

MAINTENANCE & OPERATORS UNIT

~~January 1, 2018 – December 31, 2019~~
January 1, 2020 – December 31, 2022

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Exhibit A – Salary Schedule effective ~~November 19, 2018~~February 10, 2020
Exhibit B – Certification Requirements and Incentive Chart

Chapter 1 – Salaries and Other Compensation

ARTICLE I – SALARY

1.1 ~~Effective November 19, 2018, the City shall increase the salary ranges by three percent (3%) in exchange for a PERS cost sharing agreement pursuant to California Government Code §20516; whereby Maintenance and Operators employees agree to pay three percent (3%) of the employer's normal cost of PERS. The parties agree that should the parties negotiate the elimination of the three percent (3%) cost-sharing by the employee, the corresponding three percent (3%) salary adjustment by the City shall also cease and become null and void.~~ Effective February 10, 2020, the City shall increase the salary ranges by five percent (5%). Effective with the first full pay period in January 2021 and January 2022, the City shall increase the salary ranges by five percent (5%).

~~1.2~~ ~~Effective January 1, 2018, each member of this bargaining unit will receive 45 hours of personal leave with a cash-out option. Effective January 1, 2019, each member of this bargaining unit will receive 45 hours of personal leave with a cash-out option. Leave must be used or cashed-out prior to December 31, 2019. A request to cash-out leave must be in writing and submitted to the Finance Division. The provisions in this paragraph sunset on December 31, 2019. Leave will be pro-rated for employees hired mid-year.~~

1.2~~3~~ For comparison purposes, the recognized survey cites are as follows:

Chico	Clovis	Davis	Fairfield	Merced	Manteca
Modesto	Redding	Roseville	Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland			

ARTICLE II – HOURS

2.1 Except as provided in subsequent sections, the normal hours of work for all represented personnel shall be eight (8) hours per day and forty (40) hours per week. Alternate work hours may be nine (9) hours a day in the 9/80 schedule for eighty (80) hours in a two week period, or ten (10) hours per day in the 4/10 schedule. The lunch period shall normally commence between the third and fifth work hour at the discretion of the supervisor.

a. Wastewater/Water Plant Operators shall work shifts on a jointly agreed to rotating schedule with varying days off. This schedule shall be posted two weeks before the change of shift.

b. Employees assigned to work "Relief Operator" duties shall receive compensation at a rate of 10% above their current base pay. The "Relief Operator" is one who works a normal day shift but is on call to assume a shift operators shift(s) for the duration of a vacancy, then return to regular hours.

c. Street Sweeper Operators shall work a schedule which begins at 4:00 a.m.

d. Alternate work schedules may be developed by mutual agreement between the employee and the appropriate supervisor.

2.2 Work schedules presently in effect shall remain in effect. Any proposed change in the work days or work hours shall be a meet and confer item.

ARTICLE III – COMPENSATORY TIME

3.1 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be at the appropriate rate of overtime worked.

3.2 The decision to elect compensatory time or overtime pay may be made each time overtime is worked. An employee's decision to elect compensatory time instead of overtime pay is irrevocable.

3.3 No more than two hundred (200) hours of compensatory time may be carried on the books at any time. Employee's may cash out any amount of the compensatory time at the employee's straight time hourly rate of pay each April, June, and October. A request to cash out leave must be in writing and submitted to the Finance Division.

3.4 Upon separation, the employee will be paid at the employee's current hourly rate of pay or the average of the last three years, whichever is higher, for the remaining compensatory balance.

ARTICLE IV – OVERTIME

4.1 Overtime work, paid at the time and one-half rate (1½), is work performed by an employee outside his or her regular work hours, and includes:

a. Time worked outside of regular hours of work on a work day unless notification has been made in accordance with Sections 2.1 and 2.2; and

b. Time worked on a non-work day.

Overtime work paid at the double time rate is work performed in excess of 12 hours between 12:00 a.m. and 12:00 a.m. on any given day, any work performed between the hours of 12:00 a.m. and 6:00 a.m., and any work performed on holidays.

Hours worked on a holiday, as part of any employee's regular work schedule, shall be compensated at the appropriate overtime rate as provided plus the employee shall receive his or her regular straight time pay. Holiday, for overtime purposes, is defined within the Holiday section of this MOU

4.2 Employees who are required to report for prearranged work on their non-work days or holidays shall be compensated at the overtime rate for actual hours worked, but in no event shall they be paid for less than three (3) hours.

4.3 If an employee has worked for six (6) hours or more at the overtime rate during the sixteen (16) hour period immediately preceding the beginning of his or her regular work hours on a work day he or she shall be given a rest period of six (6) consecutive hours at the completion of the overtime work. Compensation for the six (6) hour rest period shall be allowed at the straight time rate for those hours within the rest period which overlap the normal working hours.

4.4 When, at the request of the Supervisor in charge, an employee reports for prearranged overtime:

a. On work day outside of his or her regular work hours, he or she shall be paid overtime compensation for actual worked time in connection therewith, provided however, that if any such employee continues to work into or beyond his or her regular work hours, he or she shall be paid overtime compensation only for actual work time up to his or her regular work hours.

b. On non work days or on holidays, he or she shall be paid overtime compensation for actual work time in connection therewith. For the purpose of this Section, prearranged overtime work is deemed to be work for which advance notice has been given by the end of his or her preceding work period on a work day.

ARTICLE V - MEALS

5.1 The City and AFSCME mutually agree to engage in further discussion to incorporate clarifying language for Article V – Meals.

5.2 If the City requires an employee to perform work for one and one-half (1 ½) hours immediately following quitting time, or if any employee is called in more than two (2) hours immediately before regular starting time, the City shall provide such employee with a $25 meal allowance, payable through payroll. If an employee works beyond the regular quitting time, the City shall continue to provide meals at four (4) hour intervals until the employee is dismissed from work. The cost of such meals and the time taken to consume them shall be at the City's expense.

5.3~~2~~ When the City requires employees to work on non-work days, the City shall provide a meal allowance at intervals of four (4) hours. The first meal shall be four (4) hours after employees report to work, providing time is allowed for an employee to eat before reporting. If such time is not allowed, the first meal break shall be two (2) hours after reporting for work and at the four (4) hour intervals thereafter.

5.4~~3~~ When an employee is required to perform prearranged work on non-work days during regular work hours, he or she shall observe the lunch arrangement which

prevails on his or her work days. If such work continues after regular work hours, the City shall provide the employee with a meal allowance in accordance with other provisions of this MOU.

5.5 If the City requires an employee to perform prearranged work starting two (2) hours or more before regular work hours on work days or non-work days, and such employee continues to work into regular hours, the employee shall provide for one meal allowance on the job and the City shall provide other meal allowances as required by the duration of the work period. The meal allowances provided for in this Section shall be eaten at approximately the usual times and the usual practice relating to lunch periods on work days shall prevail. The usual times therefore shall be 7:00 a.m. – 12:00 p.m. and noon – 6:30 p.m.

ARTICLE VI – TEMPORARY UPGRADE

6.1 Any employee who is assigned by the Department Head or designee to a higher classification in the absence of the incumbent, for four (4) hours, shall receive a 10% wage increase while in this status. However, in no event shall the upgrade pay per hour exceed the top step of the classification to which the employee is temporarily upgraded.

ARTICLE VII – SHIFT DIFFERENTIAL

7.1 An Operations Premium of 3% will be applied to Wastewater Treatment Plant Operators for all hours worked during swing shifts. Swing shifts are those daily work periods regularly scheduled to begin from 12:00 p.m. to 10:00 p.m. Shift assignments shall be made by the City at its sole discretion consistent with this MOU.

ARTICLE VIII – STANDBY PAY – CALL-OUT PAY

8.1 STANDBY: All employees in the Maintenance and Operators Bargaining Unit shall be eligible for standby pay as noted below:

A. Standby Pay: All employees in the Maintenance and Operators Bargaining Unit, except Waste Water Plant Operators and Water Plant Operators, shall receive compensation at straight time pay when said employees are in standby status as shown below.~~of three (3) hours of straight pay when said employees are in standby status.~~

On work days	3 hours
On non-work days	4 hours
On observed holidays	8 hours

B. Standby Pay: All Wastewater Plant Operators and Water Plant Operators shall receive compensation at straight time pay when said employees are in standby status, as shown below.

On work days	3 hours

On non-work days	4 hours
On observed holidays	8 hours

8.2 CALL-OUT: All employees in the Maintenance and Operators Bargaining Unit shall be paid call-out pay as follows:

A. In addition to the "Standby Duty Pay" (above) the employees on standby shall be paid at the rate of one and one half times the straight time rate of pay for time worked on emergency calls before 12:00 a.m. Time worked between 12:00 a.m. and 6:00 a.m., or in excess of twelve (12) consecutive hours between 12:00 a.m. and 12:00 a.m. on any given day, shall be paid at double time.

B. The first call-out will be paid at three (3) hours minimum at the appropriate overtime rate as defined in Article 8.2 (A) of this Agreement. Subsequent calls on the same calendar day will be paid for actual time worked at the appropriate overtime rate as defined in Article 8.2(A) of this Agreement.

C. All subsequent hours worked on a call-out shall be paid at the appropriate overtime rate per Article 8.2(A) of this Agreement.

8.3 Compensation paid to employees called out in emergency situations outside their regular work hours shall be a minimum of three (3) hours pay at the overtime rate. Additional call outs during that day shall be compensated at the overtime rate for actual hours worked with a one (1) hour minimum. Only one call out between the hours of 12:00 a.m. and 12:00 a.m. shall be compensated at the minimum three (3) hour period. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do ~~and does~~ not require substantive work would be paid one (1) hour at the appropriate overtime rate. Calls more than ten (10) minutes, text messages and/or emails that require substantive work would receive the standard three (3) hour callback at the appropriate overtime rate.

ARTICLE IX – TOOLS AND UNIFORM ALLOWANCE

9.1 Uniforms provided by the City shall include a jacket, pants and shirts. Jackets shall be replaced as needed. Uniform service, including rental and cleaning of one uniform (shirts & pants) per work day, will be provided to the following Maintenance and Operators classifications:

Environmental Compliance Insp.	Parts Clerk
Facilities Maintenance Worker	Plant & Equipment Mechanic
Facilities Supervisor	Street Maintenance Worker I/II/III
Fleet Services Supervisor	Street Supervisor
Heavy Equipment Mechanic	Sr. Facilities Maintenance Worker
Maintenance Worker I & II	Sr. Storekeeper
Park Maintenance Worker I /II/III	W/WWMaintenanceWorker I/II/III
Park Supervisor	W/WW Supervisor
Chief Wastewater Plant Operator	W/WW Plant Operator I/II/III

	Water Plant Operator I/II/III
	Welder-Mechanic
Service Writer	Building Services Supervisor

9.2 Coveralls, but no more than 3, are provided per year to the following Maintenance and Operators classifications:

Chief Wastewater Plant Operator	Plant and Equipment Mechanic
Wastewater Plant Operator I, II, III	Environmental Compliance Inspector
Sr. Plant and Equipment Mechanic	Water Plant Operators I/II/III

Maintenance Workers I/II assigned to White Slough

9.3 Smocks, but no more than 3, are provided per year to Laboratory Technician I/II classifications.

9.4 The City agrees to provide prescription safety glasses up to a maximum cost of ~~$251~~ $500 per pair as required. A maximum of two pair of prescription safety glasses will be provided by the City during employment except as indicated in 9.6 and 9.7 below.

9.5 ~~All prescription safety glasses shall be purchased or serviced within the City of Lodi. Employees shall have their choice of any local optometrist.~~ The employee shall pay directly to the optometrist any fees for prescription examination or related charges if needed. The employee shall submit receipts for the prescription safety frames and lenses to the City for reimbursement.

9.6 Prior to issuance of a replacement pair of prescription safety glasses for payment by the City, the employee shall discuss with and receive approval from the immediate supervisor and department head. The criteria for issuance of a replacement pair of safety glasses are as follows:

1. If safety glasses are damaged due to an accident on the job, the safety glasses will be replaced and paid for by the City.

2. If safety glasses are lost or damaged off the job, the employee will pay the total amount for replacement.

3. If an employee requires a change of prescription for safety glasses, the employee must submit a written statement from the eye doctor stating that the prescription change is necessary.

4. If safety glasses are unsafe due to normal wear and tear, the City shall approve a replacement pair as specified above.

9.7 The following conditions on the part of any applicable employee shall be grounds for the cost of the employee's issued safety glasses to be deducted from the employee's payroll check after a determination of cost has been made by the City.

1. Where the city would be required to replace issued safety glasses due to abuse by the employee.

2. Failure on the part of an applicable employee to wear or utilize safety glasses unless agreed to in writing.

3. Failure on the part of an applicable employee to return issued safety glasses, regardless of condition, upon separation from City service.

9.8 Uniforms and safety equipment damaged in the line of duty shall be replaced or repaired by the City.

9.9 Employees who are not required to wear a uniform, whose personal clothing is damaged in the line of duty, may request to have the item replaced or repaired at the City's expense.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. The City shall have the sole discretion to approve or deny the request and its denial shall not be grievable.

c. Repair costs shall not exceed ordinary costs and shall be limited to the repair identified in the employee's claim.

d. Items replaced shall be of similar, or the same quality as the item being replaced. The City may require the employee to forfeit the damaged item for inspection.

e. All requests for reimbursement shall be accompanied by receipts.

9.10 Employees whose prescription glasses are damaged in the line of duty shall be entitled to reimbursement for the cost of replacing or repairing the glasses.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. Glasses replaced shall be of an equal or similar quality to the glasses that were damaged.

c. Any insurance benefit paid to the employee or paid by the insurance provider toward the replacement/repair costs shall result in a reduction to the amount reimbursed to the employee by the amount paid by the insurance provider.

Example:

Cost of Eyewear/Repair	$150
Insurance Pays	$100
Reimbursed to employee	$ 50

ARTICLE X – SAFETY/SAFETY BOOT PROVISIONS

10.1 The City retains the right to set and maintain safety standards in the work place. Failure to adhere to safe work practices will be grounds for the City to take appropriate steps to ensure compliance.

10.2 The City agrees to provide an annual boot allowance of $250, paid semi-annually as part of the last biweekly payroll in the months of April and October of each year, for all classifications in this unit.

10.3 Safety boots are defined as leather work boots with a minimum of 4" ankle support. Employees have the option of purchasing these boots with or without steel toes.

10.4 The City reserves the right to determine if a boot is appropriate to the job class, work hazards, and work conditions.

10.5 Laboratory Technicians shall be eligible to receive the safety shoe/boot allowance to purchase water resistant shoes.

ARTICLE XI - CLASS A LICENSE

11.1 Those employees required to have a Class "A" commercial driver's license as part of their employment will be given $600 per year, to be paid in October of each year.

ARTICLE XII – EDUCATION INCENTIVES

12.1 The City shall make available incentive pay as shown in Exhibit C. A $~~4~~0.00 per month incentive shall be paid for each grade at or above the minimum grades shown. An employee can earn education incentive pay to a combined maximum of $250 per month. (The certificate pays on Exhibit C chart are not included in this cap)

12.2 The City agrees to pay all fees charged in obtaining any license, mandatory or voluntary certification, or recertification required in the course of his or her employment upon successfully passing the test procedures.

12.3 The City agrees to pay $20 per month to two (2) Wastewater Plant Operators, two (2) Surface Water Plant Operators, and two (2) Plant and Equipment Mechanics for the possession of a Qualified Applicators Certificate. In the event of the separation of one of the two Wastewater or Surface Water Plant Operators or Plant and Equipment Mechanics, the remaining employee in each classification shall receive $40 per month.

12.4 Equipment Maintenance personnel shall be eligible for an incentive pay plan as outlined in Exhibit C.

12.5 Equipment Mechanics are eligible to receive incentive pay of either $25 or $50 per month for possession of Automotive Service Excellence Technician Certificates on the following basis:

a. Only courses listed in Exhibit C will qualify towards this incentive.

b. Employees will not be paid for both certificates in cases where one is a prerequisite of the other. For example, ASE certifications A-6, A-8 and L-1 are required by BAR in order to obtain a smog certificate. An employee having a BAR smog certificate will receive $50 for the smog certificate and the three ASE certificates will not be counted toward the ASE certification incentives.

c. Employees will receive a total of $25 per month for possession of a minimum of three (3) certificates.

d. Employees will receive a total of $50 per month for possession of a minimum of eight (8) certificates.

ARTICLE XIII – BIO HAZARDOUS/WASTE INCENTIVE (incorporating side-letter agreement, no additional classifications added)

13.1 Employees in the following classifications who are assigned to clean up bio hazardous materials will receive $100 per month, paid bi-weekly:

Building Services Supervisor
Facilities Maintenance Worker
Senior Facilities Maintenance Worker
Facilities ~~Maintenance~~ Supervisor
Plant and Equipment Mechanic
Parks Maintenance Worker I/II/III
Parks Supervisor
Maintenance Worker II
Street Maintenance Worker I/II/III
Street Supervisor

13.2 All bargaining unit members who receive this incentive shall complete appropriate Bio Hazard training offered by the City.

ARTICLE XIV – BILINGUAL PAY

14.1 Employees designated by the Department Head and approved by the City Manager who have passed a bilingual proficiency examination administered by the City shall receive a monthly bilingual supplement of $150, paid bi-weekly. The City Manager has the discretion in determining the languages that will be recognized.

ARTICLE XV – TUITION REIMBURSEMENT

15.1 Tuition Reimbursement will be provided as stated in the City's current Tuition Reimbursement Policy. The City will not reduce the maximum reimbursement amount of $3,000 or eliminate this policy during the term of this MOU.

ARTICLE XVI – COURT APPEARANCES

16.1 Employees summoned by a court for jury duty shall be granted jury duty leave with pay and may keep any jury duty compensation received. Voluntary grand jury service such as that service in San Joaquin County is not covered by jury duty leave.

16.2 If jury duty attendance is less than one-half (1/2) of a normal working day, the employee is expected to return to work.

16.3 If an employee has had jury duty of six (6) hours or more during a 16-hour period immediately preceding the beginning of or following the end of his or her regular work hours on a work day, he/she shall be given a rest period of six (6) consecutive hours.

16.4 If an employee covered by this agreement is required by subpoena issued by an authority granted subpoena powers, to appear before it or to give a deposition as a result of an action taken within the scope of employment with the City that employee will receive his full pay while so doing with no loss of time if he/she is on regular duty. If the employee is not on duty the City agrees to compensate that employee at one and one half (1½) times his regular pay for the time spent in any appearance as required by this Article. As a prerequisite for payment to off-duty employee, the Department Head must be notified in writing of the off duty appearance within seventy-two (72) hours after the employee is subpoenaed or otherwise notified of the required court appearance.

ARTICLE XVII – MILEAGE COMPENSATON

17.1 Employees using their personal automobile for City business, with their department head's approval, shall receive mileage compensation equal to that allowed by the Internal Revenue Service. City business does not include transportation to and from work or call backs due to emergencies, except that employees whose regular work station is at the White Slough Water Pollution Control Facility shall receive mileage compensation, not to exceed 20 miles (each direction) if called back to the plant in an emergency situation.

Allowance changes shall be effective the first day of the month following the determination of a change by the IRS.

Chapter 2 - Leaves

ARTICLE XVIII – CATASTROPHIC LEAVE

18.1 Catastrophic Leave will be provided as stated in the City's current Policy. The City will not eliminate this policy during the term of this MOU. Catastrophic Leave may be utilized for care of an employee's qualified family members (as identified in the City's Catastrophic Leave Policy) even if the employee participates in Short Term Disability.

18.2 Catastrophic Leave may be utilized (according to Policy) upon expiration of any use of Short Term Disability

ARTICLE XIX – BEREAVEMENT LEAVE

19.1 Regular employees shall be granted 3 days of bereavement leave per incident to attend the funeral of a member of their immediate family, including the time the deceased may lie in state, the day of the funeral, and the time necessary to travel to and from the location of the funeral.

The immediate family shall be limited to an employee's:

Spouse/domestic partner	Parent/step-parent/foster parent	Grandparent
grandparent-in-law	parent-in-law	Child/step-child
grandchild	son-in-law	daughter-in-law
Sister/step-sister/half-sister	Brother/step-brother/half-brother	

or a more distant relative who was a member of the employee's immediate household at the time of death.

19.2 A regular employee may use sick leave, vacation leave, or compensatory time off to attend the funeral of a person the employee may be reasonably deemed to owe respect. Use of sick leave may not exceed three (3) days.

ARTICLE XX – HOLIDAYS

20.1 Members of this Unit shall observe the following nationally observed holidays:

New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday following Thanksgiving Day
Christmas Eve (4 hours)	December 24
Christmas Day	December 25

Employees receive holiday pay if/when they work on the above City-recognized national holiday

In addition, each employee shall be granted thirty-six (36) hours of holiday leave to be taken off at a time mutually agreed upon between the employee and the

department head. Holiday leave cannot be carried over into the following calendar year.

Employees hired after the first pay period of the year are credited with fixed holidays plus a prorated share of floating holidays for the remainder of the calendar year. Employees separating from employment shall be debited the fixed holidays and the prorated share of floating holidays for the remainder of the calendar year

Holidays which fall on the first regularly scheduled day off shall be observed on the preceding work day. Holidays which fall on any other regularly scheduled day off shall be observed on the next regularly scheduled work day, with the exception that if the next regularly scheduled work day is also a holiday, the first holiday shall be observed on the preceding work day.

20.2 Holiday time may be taken in quarter hour increments.

ARTICLE XXI – LEAVES OF ABSENCE

21.1 Leave of Absence will be provided as stated in the City's Leave of Absence Policy. The City will not eliminate this policy during the term of this MOU

ARTICLE XXII – SICK LEAVE

22.1 Effective July 19, 2004, full time employees shall accumulate sick leave at the rate of 3.70 hours per pay period.

22.2 Sick leave may be accumulated up to an unlimited amount.

22.3 Family Sick Leave will be provided in accordance with the City's current Sick Leave Policy as revised in September 2010.

ARTICLE XXIII – VACATION LEAVE

23.1 Employees shall receive the following vacation benefits:
Beginning with:

Date of Hire:	3.08 hrs per pay period
6th year:	4.62 hrs per pay period
12th year:	5.24 hrs per pay period
15th year:	6.16 hrs per pay period
21st year:	6.47 hrs per pay period
22nd year:	6.78 hrs per pay period
23rd year:	7.09 hrs per pay period
24th year:	7.40 hrs per pay period
25th year & over:	7.71 hrs per pay period

23.2 If conflict arises in the scheduling of vacation of employees in the same classification, the conflict shall be resolved in favor of the employee with the greatest City seniority. The senior employee shall receive first choice in any scheduling period.

23.3 The maximum amount of unused vacation hours that an employee may accrue, at any given time is twice the employee's annual vacation entitlement. Whenever an employee's unused, accrued vacation has reached this maximum accrual amount, the employee shall stop accruing any additional vacation. Accrual will automatically resume once the employee uses some vacation and the accrual balance falls below the maximum accrual amount.

Under extenuating circumstances, requests to accrue vacation leave over the maximum may be authorized by the City Manager. For all other issues regarding Vacation Leave refer to the City's Policy on Vacation Leave.

23.4 For all persons hired after September 1, 1995 the maximum vacation accrual rate will be 6.16 hours per pay period.

Chapter 3 - Insurance and Retirement

ARTICLE XXIV – MEDICAL INSURANCE

24.1 All employees are offered medical insurance for themselves and dependents through CalPERS-Medical Plans. Effective January 1, 2018, the City will contribute the following amounts toward the medical premium:

$1,794.51	per month for family
$1,380.39	per month for employee +1 dependent
$690.20	per month for employee only

The employee will pay one hundred percent (100%) of the difference between the City's contribution and the monthly premium for the plan elected.

24.2 If an employee waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account (Cash in lieu):

$692.81 per month for family
$532.92 per month for employee + 1 dependent
$305.22 per month for employee only

In order to qualify for this provision, proof of group insurance must be provided to the City.

24.3 Effective January 1, ~~2019~~2020 and through December 31, 2022, the maximum amount the City will pay towards medical premiums will be increased by the lower of three percent (3%) or the actual cost increase (for the employee's applicable cap) for employees whose annual base salary is less than ~~$43,000~~$47,000.

Percentage increases shall be based upon the amounts paid by City ($690.20 for Employee only, $1,380.39 for Employee + 1 and $1,794.51 for Family).

23.4 Employees shall be eligible for medical insurance from the first day of the month following the date the employee becomes a full-time regular employee of the City of Lodi.

24.5 The City shall pay 100% of the premiums or up to the maximum City payment noted above for health and dental benefits for the unmarried surviving spouse and any minor children of any members of this unit who is killed or dies during the performance of official duties. This benefit terminates if the surviving spouse remarries, the children reach the age of 26, or other medical insurance becomes available.

ARTICLE XXV – DENTAL INSURANCE

25.1 Employees are provided fully paid family dental insurance.

25.2 Maximum benefits are $1000 for each family member enrolled in the dental plan per calendar year. There is a $25 deductible plus co-insurance features.

ARTICLE XXVI – VISION INSURANCE

26.1 The City agrees to provide a vision care plan equivalent to the VSP Signature Plan with a $25 deductible for the employee and dependents. The entire premium shall be paid by the City.

ARTICLE XXVII – CHIROPRACTIC INSURANCE

27.1 The City agrees to pay all costs of premiums for employees and dependents for a chiropractic plan equivalent to the Landmark chiropractic plan.

ARTICLE XXVIII – LIFE INSURANCE

28.1 The City agrees to provide a life insurance program providing $25,000 term life insurance which includes $25,000 of Accidental Death and Dismemberment coverage for the employee. Said amount of insurance to reduce to $6,500 at age 70, and to decrease to $5,000 at age 75~~to 10% at age 95~~. In addition, a spouse, unmarried dependent children between the ages of 6 months and 21 years, unmarried student dependent children to 23rd birthday~~aged 21 or 22~~, and dependent handicapped children shall be covered for $1,500 insurance. Children ~~between the age of 14 days and~~under 6 months shall be provided with $150 life insurance.

28.2 The City will provide an additional $10,000 of Accidental Death and Dismemberment insurance for each member in the Maintenance & Operators Unit.

ARTICLE XXIX – LONG TERM DISABILITY

29.1 A long term disability program which, coordinated with other disability benefits, shall provide a benefit of 66-2/3% to a maximum of $10,000 per month of the employee's basic monthly earnings in the event of disability. This program commences 60 days from the date of disability. Please refer to the City's Policy on Long Term Disability.

29.2 The maximum length of coverage is three years from date of disability.

ARTICLE XXX – WORKER'S COMPENSATION

30.1 The City and AFSCME mutually agree that when an employee is compelled to be absent from work due to injuries or illness arising out of and in the course of his or her employment, the City shall pay full compensation to any represented employee who becomes eligible for benefits under Worker's Compensation laws for the period of the time between the injury and the first day of eligibility for benefits. With the determination that the injury or illness is compensable in accordance with Workers' Compensation benefit criteria, the employee, upon receiving said benefits paid by Workers' Compensation shall also receive compensation from the City in such an amount that when added to the Workers' Compensation payment shall equal his or her regular salary. The amount paid by the City shall, after the period from the date of injury and date of eligibility, be charged to the employee's sick leave account. The employee's regular deductions shall be made from the amount paid by the City.

ARTICLE XXXI – FLEXIBLE SPENDING ACCOUNT

31.1 The City will maintain a pre-tax "flexible spending account" to conform to IRS regulations to be used for premium contributions, dependent care and/or un-reimbursable medical payments for unit members. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 would be forfeited after the final filing date, if left unclaimed.

ARTICLE XXXII – DEFERRED COMPENSATION PLAN

32.1 The City and AFSCME agree to the implementation of the following program effective July 1, 1977.

32.2 The City shall match contributions by Maintenance and Operators employees to a deferred compensation program up to a maximum 3.0% of the employee's gross salary.

ARTICLE XXXIII – PERS

33.1 The City agrees to provide the following PERS retirement program and to pay the employers cost for employees deemed to be "classic" employees by PERS:

a. PERS "2% at 55" full formula retirement benefits plus the following additional options:

b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit (Section 21298)

c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement. (Section 21382.4).

d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement. (Section 21263 and Section 21263.1 and Section 21263.3)

e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement. (Section 20862.8).

f. Military Service Credit as Public Service (Section 21024).

g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.

h. 50% survivor continuation in the event of death after retirement.

i. Employee shall pay employee share of retirement at 7% effective December 31, 2013.

33.2 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "new" employees by PERS under the Public Employee Pension Reform Act of 2013 (PEPRA):

a. PERS "2% at 62" full formula retirement benefits plus the following additional options:

b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit.

c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement.

d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement.

e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement.

f. Military Service Credit as Public Service.

g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.

h. 50% survivor continuation in the event of death after retirement.

i. Employee shall pay employee share of retirement as calculated by PERS in its annual actuarial valuation.

33.3 Effective~~ as soon as administratively possible~~ May 20, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in the unit shall pay three percent (3%) towards the employer's share of CalPERS normal pension cost (cost-sharing). ~~In exchange, the City shall provide a three percent (3%) salary adjustment. The parties agree that should the parties negotiate the elimination of the three percent (3%) cost-sharing by the employee, the corresponding three percent (3%) salary adjustment by the City shall also cease and become null and void.~~ Effective July 13, 2020, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 11, 2021, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 10, 2022, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing).

ARTICLE XXXIV – SICK LEAVE CONVERSION

34.1 For all unused sick leave balance, a represented employee with ten years of employment with the City will receive medical coverage upon retirement (but not upon resignation or termination) using one of the following options:

Option #1 – CONVERSION

After ten years of employment with the City, 50% of the represented employee's unused sick leave shall be converted to months of medical insurance as adjusted herein. For each year that an employee has been employed by the City in excess of ten years, the employee shall be entitled to add 2 ½% to the 50% before converting the unused sick leave to months of insurance.

EXAMPLE:
ROBERT SMITH RETIRES WITH 20 YEARS OF SERVICE AND 1800 HOURS OF UNUSED SICK LEAVE.

1800 ÷ 8 X 75% ÷ 12 = 14.06 YEARS OF COVERAGE

The amount of the premium paid shall be the same as the premium paid by the City at the time of retirement subject to the cap shown in Article XXIV. Any differences created by an increase in premiums must be paid for by the employee.

In the event the retiree dies the surviving dependent(s) may purchase medical insurance for the same period as if the employee had not died.

Option #2 – BANK

50% of the dollar value of sick leave will be placed into a bank to be used for medical insurance premiums for the employee and dependent(s). For each year that an employee has been employed in excess of 10 years, 2 ½ % will be added to the

50% before valuing the size of the bank. Each hour of sick leave is valued at $20.00.

EXAMPLE:
ROBERT SMITH RETIRES WITH 20 YEARS OF SERVICE AND 1800 HOURS OF UNUSED SICK LEAVE (MULTIPLICATION FACTOR - $20.00).

1800 x 75% x $20.00 = $27,000.00

This amount will be reduced each month by the current premium for the employee and dependent(s) until the balance is gone.

In the event the retiree dies the remaining bank will be reduced by 50% and the surviving dependent(s) may use the bank until the balance is gone.

~~**Option #3 – CASH OUT**~~

~~A retired employee may choose to receive a cash settlement for unused sick leave at the rate of $.30 on the dollar. Under this provision, employee's sick leave balance at the time of retirement shall be converted to dollars at the employee's current rate of pay.~~

~~34.2 In the event an active employee dies before retirement and that employee is vested in the sick leave conversion program, the surviving spouse will have an interest in one-half the value of the Bank option as calculated in section 34.1.~~

~~34.3 Employees selecting option #1 or #2, who retire on a service retirement, shall have the option of purchasing, at the employee's cost, additional medical insurance sufficient to reach age 65.~~

~~34.4 Out of area retirees may receive reimbursement for medical insurance premiums up to the City liability as specified in Section 34.1 of this Article.~~

Option ~~#3~~ ~~#4~~ – PERS CREDIT

34.2~~5~~ Per California Government Code, employees may receive credit for unused sick leave. It is agreed that eight (8) hours equals one (1) day for purposes of determining days creditable.

34.3~~6~~ Employees hired after July 1, 1995 will not have the option of converting sick leave time into medical insurance premiums or cash as referenced in options 1 and 2~~ 3~~. The only option available to these employees is Option #3~~#4~~, PERS credit.

34.5~~7~~ Option #3~~#4~~ is available to all represented employees meeting PERS eligibility requirements.

34.6~~8~~ If an employee opts to utilize the provisions of Option #1, or Option #2~~, or Option #3~~, the City will report to PERS they have zero hours of unused sick leave.

Chapter 4. Union/City Issues

ARTICLE XXXV – UNION LEAVE

35.1 Whenever any employee is absent from work as a result of a formal request by the AFSCME to send an employee to be involved in union business, the City shall pay for all regular time lost and shall be reimbursed therefore by the AFSCME at the rate of one hundred and fifty percent (150%) of the employee's regular wage rate.

35.2 The City agrees to provide storage space to AFSCME for union materials.

ARTICLE XXXVI – DEMOTION AND LAYOFF

36.1 The classification of Maintenance Worker in the Parks, Recreation and Cultural Services or Public Works Department will be "Y" rated if an employee is involuntarily transferred or demoted between departments as a result of a reduction in workforce.

36.2 Bargaining unit has the ability to appeal a layoff decision made by Human Resources to the City Manager.

ARTICLE XXXVII – CHANGES IN MEMORANDUM

37.1 The parties agree to reopen this Memorandum and to renew meeting and conferring on the subjects set forth herein during the term of this Memorandum only in the event that any provision of this MOU is modified by statue, applicable regulation or by order of Court in such a way as to affect either the employees or the City. In such event, all remaining provisions of the MOU shall continue in full force and effect unless and until they are also modified by statue, applicable regulation, order of Court, or agreement of the parties.

ARTICLE XXXVIII – CITY RIGHTS

38.1 It is further understood and agreed between the parties that nothing contained in this MOU shall be construed to waive or reduce any rights of the City, which include but are not limited to the exclusive rights to:

- Determine the mission of its constituent departments, commissions, and boards; to set standards of service.
- Determine the procedure and standards of selection for employment; to direct its employees.
- Maintain the efficiency of governmental operations.
- Determine the methods, means and personnel by which government operations are to be conducted.
- Take all necessary actions to carry out its mission in emergencies.
- Exercise complete control and discretion in the technology of performing its work.
- City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine

the content of job classifications; provided, however, that the exercise by the City of the rights in this section does not preclude employees or their recognized employee organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

ARTICLE XXXIX – EMPLOYEE REPRESENTATION

39.1 This Memorandum of Understanding (hereinafter referred to as "MOU") is entered into between representatives of the City of Lodi (hereinafter referred to as "City") and representatives of the Lodi Chapter of the American Federation of State, County and Municipal Employees (hereinafter referred to as "AFSCME"), for the Maintenance and Operators Unit.

The parties to this MOU acknowledge and agree that this MOU constitutes the results of meeting and conferring in good faith as contemplated by Sections 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reach agreement are set forth in this MOU. Except as specifically modified by this MOU, all existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU are applicable to all regular and probationary employees represented by AFSCME in Exhibit A.

39.2 The City shall grant dues deduction to City employees who are members of AFSCME in accordance with the terms and conditions set forth in City of Lodi Resolution 2011-51.

39.3 UNION SECURITY, MEMBERSHIP AND DUES CHECK OFF

a. Union Membership – All employees covered by this Agreement shall have the opportunity to be a member of AFSCME. ~~, as a condition of employment, become and remain members of the UNION within 30 days of employment in a covered job classification.~~ The CITY will inform all new hires and employees promoting into the bargaining unit of the existence of this Collective Bargaining Agreement. ~~and the requirement to become and maintain membership in the UNION.~~ A UNION Officer, or designee, will be notified within 10 business days and afforded time to meet with any employee entering the bargaining unit in order to conduct a UNION Orientation Meeting.

~~b. In the event an employee covered by this Agreement fails to apply for, or maintain their membership in the UNION, or reinstate themselves into membership in good standing, the UNION may give the CITY written notice of the fact and request that the employee be suspended or terminated from employment. In such event, the CITY shall suspend or terminate the~~

~~employment of said employee, as requested, within 15 business days of receipt of the notice.~~

~~c. Fair Share Donation – Any employee who is a member of a bona fide religion, body, or sect who has historically held conscientious objections to joining or financially supporting public employee organizations shall not be required to join or financially support the UNION. Such employee shall, in lieu of Agency Shop Fees, pay sums equal to said amount to a non-religious, non-labor United Way charitable organization exempt from taxation under Section 501-c (3) of the Internal Revenue Code, which has been selected by the UNION from the local United Way. Payments shall be made by payroll deduction as a condition of continued exceptions from the requirements of financial support to the UNION and as a condition of continued employment. Disputes regarding the application for this provision, by employees, shall be subject to arbitration.~~

~~d.~~b. Membership status shall remain in effect per the terms set forth in the AFSCME Membership Application. Only AFSCME members are afforded exclusive UNION membership rights. ~~for the duration of this Agreement except that an employee may change his or her status from UNION member not more than **90** days or less than **60** days prior to the expiration of this Agreement. An employee changing his or her membership status shall submit the appropriate form to the UNION. Thereafter, the UNION will notify the CITY of the change and the appropriate notation shall be made to the employee's record and/or payroll deduction.~~

~~e.~~c. The CITY shall provide the UNION, on a monthly basis, the name, home address and department, division or work unit of employees entering or leaving a job classification covered by this Agreement. Employees leaving or reentering employment from Military Leave will be noted.

~~f.~~d. Dues Check Off – On a bi-weekly basis the CITY agrees to deduct from the pay of each member of the UNION covered by this Agreement, who authorized such deductions in writing, all dues or fees levied by the UNION. The CITY shall provide the UNION 5 business days prior to the end of the pay period an alphabetical list of employees belonging to the UNION. The list shall contain the amount of payroll deduction for each employee listed. The CITY agrees to remit to the UNION on a bi-weekly basis the aggregate amount of deductions shown on the list furnished by the UNION. A copy of the Check Off Authorization Form signed by each employee shall be submitted by the UNION to the CITY.

~~g.~~e. Payroll deductions shall be limited to the following choices:

- Union Membership Dues
- ~~Agency Shop Fees~~
- AFSCME Voluntary Political Action Check Off (PEOPLE)
- ~~Fair Share donations to the United Way Campaign~~

- ~~Fair Share donations are limited to employees with religious objections.~~

~~h.~~f. The Union will comply with its legal obligation regarding the administration of this section.

Hold Harmless – The UNION agrees to hold harmless and to indemnify the CITY for any and all costs or legal action, which may be caused, or result from the CITY'S compliance with this Article.

39.4 The City shall allow AFSCME access to city meeting facilities at no cost to AFSCME subject to the operating needs of the City. Requests for such use shall be made in advance to the appropriate department head managing the facility or designee and shall include the date, location, time and general purpose of such meeting. The City may establish reasonable regulations governing the use of such facilities.

39.5 No City employee or applicant for employment shall be discriminated against in any aspect of employment because of race, national origin, ancestry, color, religious or political opinions or affiliations, union affiliation, age, sex or disability.

39.6 The City and AFSCME agree and understand that if any section of the MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as the personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity will be resolved in favor of the MOU language. If the MOU is silent on any issue, the applicable document is controlling.

ARTICLE XL – GRIEVANCE PROCEDURE

40.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretations and clarification executed by AFSCME and the City.
The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and AFSCME involving the interpretation, application, or enforcement of the express terms of the MOU and other terms and conditions of employment and matters of discipline which includes demotion, suspension or discharge.

As used in this procedure, the term "party" means an employee, AFSCME, the City or the authorized representative of any party. The employee is entitled to representation through all steps in the grievance procedure.

40.2 Disputes involving the following subjects shall be determined by the Grievance Procedures established herein:

a. Interpretation or application of any of the terms of this agreement, including Exhibits thereto, Letters of Agreement, and/or formal interpretations and clarifications executed by AFSCME and the City.

b. Discharge, demotion, suspension or discipline of an individual employee. Employees shall have the right to grieve letters of reprimand through the chain of command up to the Department Director or designee. The decision of the Department Director or designee is final and binding and not subject to further grievance.

c. Disputes as to whether a matter is proper subject for the Grievance Procedure.

d. Disputes which may be of a "class action" nature filed on behalf of AFSCME or the City. Class action grievances shall be in writing from AFSCME to the City Manager or vice versa.

40.3 STEP ONE: Discussion between the employee and/or the employee's representative, and the division head or designated supervisor directly involved, who shall answer within fifteen (15) work days. This step shall be taken within thirty (30) work days of the date of the action complained of, or the date the grievant became aware of the incident which is the basis of the Grievance.

40.4 STEP TWO: If a grievance has not been resolved in initial step, a written statement signed by the Grievant shall be presented to the department head which shall include the action being grieved and the desired remedy. A discussion shall then take place between the employee, his or her representative, and the department head, who shall answer in writing within fifteen (15) work days. This Step shall be taken within fifteen (15) work days from the date of the answer in Step One.

40.5 STEP THREE: If a grievance is not resolved in Step Two, Step Three shall be the presentation of the Grievance, in writing, by the employee or his/her representative to the City Manager, who shall answer in writing within fifteen (15) work days of receipt of the Grievance. This Step shall be initiated within fifteen (15) work days of the date of the answer in Step Two.

40.6 STEP FOUR: If a grievance is not resolved by the City Manager, arbitration shall be the final level of appeal for the grievances and discipline. It is agreed by both parties that the decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified within fifteen (15) work days of the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an

impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five (5) arbitrators from which the City and AFSCME shall alternately strike names until one (1) name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five (5) arbitrators, the same request shall be made of the American Arbitration Association.

To ensure that the arbitration process is as brief and economical as possible, the following guidelines shall be adhered to:

a. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

b. Both parties and the arbitrator may tape record the hearing.

c. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

d. The parties may agree to prepare a joint letter submitting the issue in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

e. The strict rules of evidence are not applicable and the hearing shall be informal.

f. The parties have the right to present and cross examine witnesses, issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.

g. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

h. Attendance at a hearing shall be limited to those determined by the arbitrator to have a direct connection with the appeal. Witnesses normally would be present at the hearing only while testifying and should be permitted to testify only in the presence of the employee or his/her representative and the employer's representative.

i. The arbitration hearing will be held on the employer's premises.

j. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing. The decision will be in writing and shall contain the crucial reasons supporting the decision and award.

The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law.

The arbitrator has no power to add to a disciplinary action.

40.7 Failure by either party to meet any of the aforementioned time limits as set forth in Section 36.3, 36.4, 36.5, or 36.6 shall result in forfeiture by the failing party. Except, however, that the aforementioned time limits may be extended by mutual agreement. Grievances settled by forfeiture shall not bind either party to an interpretation of this MOU, nor shall such settlements be cited by either party as evidence in the settlement of subsequent grievances.

40.8 Employees may have documents (other than performance reports) relating to absenteeism and disciplinary actions removed from their personnel files if the incident prompting the action took place twenty-four (24) months or more previous and no incident of a similar nature has occurred in the interim.

40.9 An employee may represent himself/herself at any step of the Grievance Procedure up to Step 3.

40.10 Only AFSCME may appeal a grievance to arbitration.

ARTICLE XLI – MUTUAL CONSENT CONTINGENCY

41.1 This MOU may be amended any time during its life upon the mutual consent of the City and AFSCME. Such amendment must be in writing and attached to all executed copies of this MOU.

ARTICLE XLII – NO STRIKES

42.1 The represented employees agree that they shall not strike, withhold services, engage in “slow downs” or “sick-ins”, or participate in any other concerted activity which adversely affects job performance or City services during the term of this MOU.

ARTICLE XLIII – PROBATIONARY PERIOD

43.1 All appointments to positions in the classified service shall be subject to a probationary period of 12 continuous months of service. The probationary period shall be regarded as an integral part of the examination process and shall be used to closely observe the employee's work for securing the most effective adjustment of an employee to his or her new duties, assignments and responsibilities in his or her new position and for rejecting any probationary employee whose performance does not meet required work standards. If the service of the employee is deemed to be unsatisfactory, the employee shall be notified that he or she has not satisfactorily completed probation.

43.2 During the probationary period, all new hires shall have all the rights and privileges afforded to other employees, except:

a. Vacation Leave – See Article XXIII for vacation schedule.

b. The use of the Grievance Procedure to grieve termination.

c. The City and the employee may mutually agree to extend the probationary period in increments up to ~~for not more than~~ 6 months. The total extended probationary period shall not exceed twelve (12) months. ~~The~~ AFSCME must ~~shall~~ be notified of all extensions by Human Resources.

43.3 In the event an employee is promoted and is rejected by the appropriate department head, he or she shall be reinstated to the position which he or she was promoted. The seniority and status of a rejected candidate shall continue as before.

ARTICLE XLIV – PROMOTION

44.1 The City and AFSCME mutually agree it is good personnel practice to make every effort to promote from within, consistent with the best interest of the City.

ARTICLE XLV – SENIORITY

45.1 Seniority is defined as the total length of continuous service with the City. Continuity of service shall not be broken and seniority shall accrue when an employee is:

a. inducted, enlists, or is called to active duty in the Armed Forces of the United States or service in the Merchant Marine under any Act of Congress which provides that the employee is entitled to re-employment rights,

b. on duty with the National Guard,

c. is absent due to industrial injury,

d. on leave of absence, or

e. absent due to layoff for a period of less than twelve (12) consecutive months.

ARTICLE XLVI – SHOP STEWARDS

46.1 The AFSCME agrees to notify the City in writing as to the appointment of all shop stewards. Shop stewards shall be required to work full time in their respective classifications and shall not interrupt the work of other employees. A steward may, with reasonable notice and the approval of his or her supervisor, leave the job during working hours for reasonable period to investigate pending grievances and to take part in the Grievance Procedure. However, no steward shall leave the job while his or her presence is necessary in the judgment of his or her supervisor for the safe conduct and efficiency of the operations in which he or she is engaged.

ARTICLE XLVII – STATUS

47.1 Employees shall be designated as regular~~,~~ or probationary~~, or temporary, depending upon the purpose for which they are hired and their length of continuous service with the City~~.

a. A regular employee is defined as an employee who has twelve (12) months or more service with the City in full time employment, except as provided for in the Rules for Personnel Administration Article X (Probationary Period).

b. A probationary employee is defined as an employee hired for a full time position that has been regularly established as an authorized position and is of indeterminate duration. A probationary employee shall receive not less than the minimum rate for the job and shall be eligible for sick leave pay, vacation pay, holiday pay, retirement plan participation, insurance coverage and items of a similar nature, as he or she becomes eligible, but shall not be given preferential consideration for promotion or transfer or be eligible for a leave of absence. Upon completion of twelve months of continuous full time service with the City, and satisfactory performance, a probationary employee shall be given the status of a regular employee.

~~c. A temporary employee is an employee hired on a full time basis to temporarily fill a full time position (at least 32 hours per week). Temporary employees shall attain regular status after being employed for twelve (12) continuous months.~~

ARTICLE XLVIII – TERM

48.1 The terms and conditions of this MOU shall continue in effect until such time as they are superseded by a signed agreement/MOU between the City of Lodi and AFSCME. The term of this MOU shall cover the period from January 1, 2020~~2018~~ to December 31, 2022~~2019~~.

CLASSIFICATION PLAN EXHIBIT A

Maintenance & Operators

Effective February 10, 2020 ~~November 19, 2018~~

		Annual Salary				
Job Title	Job Code	Step 0	Step 1	Step 2	Step 3	Step 4
BUILDING SERVICES SUPERVISOR	4701	$ 56,215.58	$ 59,026.26	$ 61,977.54	$ 65,076.52	$ 68,330.45
CHIEF WASTEWATER PLANT OPERATOR	4150	$ 69,668.48	$ 73,151.84	$ 76,809.48	$ 80,649.88	$ 84,682.46
ENVIRONMENTAL COMPLIANCE INSPECTOR	4160	$ 57,690.59	$ 60,575.13	$ 63,603.87	$ 66,784.07	$ 70,123.24
ENVIRONMENTAL COMPLIANCE INSPECTOR - A	4161	$ 58,148.29	$ 61,055.63	$ 64,108.43	$ 67,313.80	$ 70,679.54
EQUIPMENT SERVICE WORKER - A	4001	$ 42,842.80	$ 44,984.96	$ 47,234.20	$ 49,595.94	$ 52,075.77
EQUIPMENT SERVICE WORKER	4000	$ 42,270.78	$ 44,384.30	$ 46,603.49	$ 48,933.66	$ 51,380.40
FACILITIES MAINTENANCE WORKER	4055	$ 46,459.20	$ 48,782.13	$ 51,221.28	$ 53,782.35	$ 56,471.44
FACILITIES SUPERVISOR	4050	$ 58,774.82	$ 61,713.58	$ 64,799.21	$ 68,039.22	$ 71,441.10
FLEET SERVICES SUPERVISOR	4040	$ 64,169.07	$ 67,377.50	$ 70,746.43	$ 74,283.77	$ 77,997.87
HEAVY EQUIPMENT MECHANIC	4020	$ 50,730.24	$ 53,266.79	$ 55,930.06	$ 58,726.56	$ 61,662.95
HEAVY EQUIPMENT MECHANIC A	4021	$ 53,018.54	$ 55,669.57	$ 58,453.01	$ 61,375.63	$ 64,444.43
LAB SUPERVISOR	4075	$ 69,668.48	$ 73,151.90	$ 76,809.48	$ 80,649.95	$ 84,682.46
LABORATORY TECHNICIAN I	4070	$ 45,951.64	$ 48,249.30	$ 50,661.81	$ 53,194.91	$ 55,854.54
LABORATORY TECHNICIAN II	4071	$ 50,542.89	$ 53,070.01	$ 55,723.53	$ 58,509.76	$ 61,435.15
LEAD EQUIPMENT MECHANIC - A	4011	$ 58,091.54	$ 60,996.11	$ 64,045.99	$ 67,248.31	$ 70,610.70
LEAD EQUIPMENT MECHANIC	4010	$ 55,803.24	$ 58,593.45	$ 61,523.06	$ 64,599.22	$ 67,829.22
MAINTENANCE WORKER I	4080	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
MAINTENANCE WORKER II	4081	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
PLANT & EQUIPMENT MECHANIC	4130	$ 52,445.02	$ 55,066.27	$ 57,818.12	$ 60,708.08	$ 63,743.65
PLANT & EQUIPMENT MECHANIC A	4131	$ 56,942.52	$ 59,789.65	$ 62,779.16	$ 65,918.07	$ 69,213.97
PARK MAINTENANCE WORKER I	4710	$ 38,322.07	$ 40,238.23	$ 42,250.07	$ 44,362.59	$ 46,580.69
PARK MAINTENANCE WORKER II	4711	$ 42,150.35	$ 44,257.74	$ 46,470.67	$ 48,794.17	$ 51,233.95
PARK MAINTENANCE WORKER III	4712	$ 46,366.67	$ 48,710.18	$ 51,119.22	$ 53,675.24	$ 56,358.97
PARK SUPERVISOR	4740	$ 58,774.82	$ 61,713.58	$ 64,799.21	$ 68,039.22	$ 71,441.10
PARTS CLERK	4030	$ 40,262.97	$ 42,276.09	$ 44,389.86	$ 46,609.47	$ 48,939.93
SENIOR STOREKEEPER	4140	$ 47,647.52	$ 50,029.85	$ 52,531.37	$ 55,157.93	$ 57,915.89
SERVICE WRITER	4035	$ 40,262.97	$ 42,276.09	$ 44,389.86	$ 46,609.47	$ 48,939.93
SR FACILITIES MAINTENANCE WORKER	4060	$ 51,105.04	$ 53,660.23	$ 56,343.26	$ 59,160.47	$ 62,118.56
STREE MAINTENANCE WORKER II	4092	$ 45,281.61	$ 47,545.58	$ 49,922.90	$ 52,418.99	$ 55,039.99
STREET MAINTENANCE WORKER I	4082	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
STREET MAINTENANCE WORKER I - A	4090	$ 41,267.22	$ 43,330.53	$ 45,497.16	$ 47,771.99	$ 50,160.58
STREET MAINTENANCE WORKER II	4083	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
STREET MAINTENANCE WORKER III	4100	$ 48,682.37	$ 51,116.44	$ 53,672.20	$ 56,355.90	$ 59,173.67
STREET MAINTENANCE WORKER III - A	4101	$ 50,169.76	$ 52,678.23	$ 55,312.15	$ 58,077.77	$ 60,981.63
STREET SUPERVISOR	4110	$ 61,706.21	$ 64,791.56	$ 68,031.15	$ 71,432.62	$ 75,004.31
STREET SUPERVISOR A	4111	$ 63,651.30	$ 66,833.85	$ 70,175.53	$ 73,684.36	$ 77,368.58
TRAFFIC SIGN WORKER	4120	$ 42,150.35	$ 44,257.74	$ 46,470.67	$ 48,794.17	$ 51,233.95
WASTEWATER PLANT OPERATOR I	4170	$ 50,046.27	$ 52,548.63	$ 55,176.00	$ 57,934.81	$ 60,831.58
WASTEWATER PLANT OPERATOR II	4172	$ 55,052.36	$ 57,805.05	$ 60,695.28	$ 63,730.01	$ 66,916.47
WASTEWATER PLANT OPERATOR III	4173	$ 60,557.75	$ 63,585.52	$ 66,764.74	$ 70,103.07	$ 73,608.16
WATER PLANT OPERATOR II	4200	$ 55,052.36	$ 57,805.05	$ 60,695.28	$ 63,730.01	$ 66,916.47
WATER PLANT OPERATOR III	4201	$ 60,557.75	$ 63,585.52	$ 66,764.74	$ 70,103.07	$ 73,608.16
WATER/WASTEWATER MAINTENACE WORKER I - A	4210	$ 41,614.36	$ 43,695.05	$ 45,879.89	$ 48,173.77	$ 50,582.53
WATER/WASTEWATER MAINTENACE WORKER II	4211	$ 46,166.54	$ 48,474.88	$ 50,898.65	$ 53,443.56	$ 56,115.73
WATER/WASTEWATER MAINTENACE WORKER III	4212	$ 48,682.37	$ 51,116.30	$ 53,672.34	$ 56,355.90	$ 59,173.67
WATER/WASTEWATER MAINTENANCE WORKER III - A	4213	$ 52,116.92	$ 54,722.90	$ 57,459.05	$ 60,331.88	$ 63,348.53
WATER/WASTEWATER MAINTENANCE WORKER I	4085	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
WATER/WASTEWATER MAINTENANCE WORKER II	4086	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
WATER/WASTEWATER SUPERVISOR	4180	$ 66,349.75	$ 69,669.30	$ 73,149.76	$ 76,809.48	$ 80,650.72
WATER/WASTEWATER SUPERVISOR - A	4181	$ 71,866.11	$ 75,459.37	$ 79,232.29	$ 83,193.96	$ 87,353.65
WELDER-MECHANIC	4220	$ 50,728.98	$ 53,267.35	$ 55,931.02	$ 58,727.38	$ 61,663.51

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

General Services Classifications: Public Works Inspectors and Water Services Technicians			Water Distribution Operator Certificates				Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	T1	T2	T3	T4	T5	C1	C2	C3	C4
Public Works Inspector I	G		2%*	$60			$40					$40			
Public Works Inspector II	G		2%*	$60			$40					$40			
Water Services Technician I	G		***	$60											
Water Services Technician II	G			$60											

Misc. Classifications eligible for Pest Control or Qualified Applicators Certificate Incentive			
Job Classification/Title	BU	Pest Ctrl Adv	QA
Park Maintenance Worker I	M	$50	
Park Maintenance Worker II	M	$50	$40
Park Maintenance Worker III	M	$50	$ 40*
Parks Supervisor	M	$50	$40
Sr. Facilities Maintenance Worker	M	$50	$40

Street Maintenance Worker Classifications			Collection Maintenance System Certificates					
Job Classification/Title	BU	Class A	C1	C2	C3	C4	Pest. Ctrl	QA
Street Maintenance Worker I	M	$600*	$40	$40	$40	$40	$50	$40
Street Maintenance Worker II	M	$ 600	$40	$40	$40	$40	$50	$40
Street Maintenance Worker III	M	$ 600		$40	$40	$40	$50	$40
Street Maintenance Supervisor	M	$ 600			$40	$40	$50	$40

Water and Wastewater Maintenance Worker Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates				Environmental Compliance Inspection Certificates				Mechanical Technologist Certificates (MechTech)			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	C1	C2	C3	C4	ECI	EC2	EC3	EC4	MT1	MT2	MT3	MT4
Water/Wastewater MW I	M	$600*	2%*	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW II	M	$ 600	2%	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW III	M	$ 600	2%	2%	$40	$40	$40		$40	$40	$40	$40		$40	$40	$40						$40	$40	$40
Wtr/WW Supervisor (Water)^	M	$600*		4%	$40	$40	$40		**	$40	$40	$40			$40	$40	$40	$40	$40	$40		$40	$40	$40
Wtr/WW Supervisor (Wastewater)^	M	$600*		4%	$40	$40	$40			$40	$40	$40			$40**	$40	$40	$40	$40	$40		$40	$40	$40
W/WW Plant & Equip Mechanic	M	$600*		4%	$40	$40	$40		**	$40	$40	$40		$40	$40	$40						$40	$40	$40

^Treatment and Collection Certification requirements are dependent on assignment to Water or Wastewater System

Laboratory Technician and Environmental Compliance Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Environmental Compliance Inspection Certificates					
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	ECI	EC2	EC3	EC4	BFPAT	CCCS
Laboratory Technician I	M												$40	$40	$40	$40	$40	$40	$40	$40		
Laboratory Technician II	M													$40	$40	$40	$40	$40	$40	$40		
Environmental Comp Inspector	M		2%	2%	$40	$40	$40		$40	$40	$40	$40	**	$40	$40	$40			$40	$40	$40**	
Laboratory Services Supervisor	M		2%*	2%	$40	$40	$40		$40	$40	$40	$40		!	$40	$40		!	$40	$40		!

Required to obtain a D1 OR a T1

If Env Comp Insp/Lab Servs Supv obtains the Distribution certs first, they receive the 2% and 4% incentive. If they obtain the Treatments certs in addition, they are eligible for $40 incentive for Grade II certificate obtained (no incentive for the Grade I certificate)

Updated 3/4/2020

1 of 2

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

Wastewater Plant Operator Classifications			Wastewater Plant Operator Certificates						Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				Environmental Compliance Inspection Certificates				
Job Classification/Title	BU	Class A	O/T	ww1	ww2	ww3	ww4	ww5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	EC1	EC2	EC3	EC4	QA
Wastewater Plant Operator I	M			**	$40 &	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator II	M					$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator III	M						$40	$40		$40	$40	$40		$40	$40	$40					$20
Chief Wastewater Plant Operator	M						$40	$40		$40	$40	$40		$40	$40	$40	$40	$40	$40	$40	

Refer to Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Water Plant Operator Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	QA
Water Plant Operator II	M		$40	$40	$40	$40	$40			$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20
Water Plant Operator III	M			$40	$40	$40	$40				$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20

Reference Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Article 12.1 provides for $40 per month (maximum of $250) for incentive for each grade at or above the minimum as provided for in Exhibit C (incorporated in the tables above)

							Automated Service Excellence (ASE) Technician Certificates (Max of $150.00 with all combined ASE certificates)																										
							Auto									Transit Bus Certificates						Truck					Med/Heavy Truck						
Job Classification/Title	BU	Class A	Cls A Brk	Class A Lamp	Weld	Smg Cert	A1	A2	A3	A4	A5	A6	A7	A8	F1	H2	H3	H4	H5	H6	H7	P1	P2	P3	P4	P9	T1	T2	T3	T4	T5	T6	T7	T8
Equip Service Worker	M	$600#	$25	$12.5	$12.5																													
Heavy Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50																												
Lead Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50*	$25 for 3 ASE certificates and $50 for 8 ASE Certificates, for a maximum of $150/month for ASE certificates																											
Welder-Mechanic (PW)	M	$600#	$25	$12.5	$12.5	$50																												
Fleet Services Supervisor	M	$600#																																

LEGEND

Job Requirement
* obtain w/in 12 months of appointment/incentive paid when ee obtains certificate
** obtain w/in 24 months of appointment/incentive paid when ee obtains certificate
& obtain w/in 24 months of obtaining Grade I Wastewater Treatment Operator certificate
*** obtain w/in 18 months of appointment/incentive paid when ee obtains certificate
! obtain w/in 30 months of appointment/incentive paid when ee obtains certificate
obtain w/in 6 months of appointment/incentive paid when ee obtains certificate

D = distribution certificate issued by State Water Resources Control Board
T = water treatment certificate issued by State Water Resources Control Board
WW = wastewater certificate issued by the State Water Resources Control Board
C = Collections certificate issued by CA Water Environment Association (CWEA)
L= Laboratory certificate issued by CA Water Environment Association (CWEA)
EC = Environmental Compliance certificate issued by CA Water Environment Association (CWEA)
B=Biosolids Land Application Management certificate issued by CA Water Environment Association
MT = Mechanical Technologist certificate issued by CA Water Environment Association (CWEA)
BFPAT = Back Flow Prevention Assembly Tester
CCCS = Cross Connection Control Specialist

Updated 3/4/2020 2 of 2

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

General Services Classifications: Public Works Inspectors and Water Services Technicians			Water Distribution Operator Certificates				Water Treatment Plant Operator Certificates				
Job Classification/Title	BU	Class A	D1	D2	D3	D4	T1	T2	T3	T4	T5
Public Works Inspector I	G		2%*	$60							
Public Works Inspector II	G		2%*	$60							
Water Services Technician I	G		***	$60							
Water Services Technician II	G			$60							

Misc. Classifications eligible for Pest Control or Qualified Applicators Certificate Incentive			
Job Classification/Title	BU	Pest Ctrl Adv	QA
Park Maintenance Worker I	M	$50	
Park Maintenance Worker II	M	$50	$40
Park Maintenance Worker III	M	$50	$ 40*
Parks Supervisor	M	$50	$40
Sr. Facilities Maintenance Worker	M	$50	$40

Street Maintenance Worker Classifications			Collection Maintenance System Certificates					
Job Classification/Title	BU	Class A	C1	C2	C3	C4	Pest. Ctrl	QA
Street Maintenance Worker I	M	$600*	$40	$40	$40	$40	$50	$40
Street Maintenance Worker II	M	$ 600	$40	$40	$40	$40	$50	$40
Street Maintenance Worker III	M	$ 600		$40	$40	$40	$50	$40
Street Maintenance Supervisor	M	$ 600			$40	$40	$50	$40

Water and Wastewater Maintenance Worker Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates				Environmental Compliance Inspection Certificates				Mechanical Technologist Certificates (MechTech)			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	C1	C2	C3	C4	ECI	EC2	EC3	EC4	MT1	MT2	MT3	MT4
Water/Wastewater MW I	M	$600*	2%*	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW II	M	$ 600	2%	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW III	M	$ 600	2%	2%	$40	$40	$40		$40	$40	$40	$40		$40	$40	$40						$40	$40	$40
Wtr/WW Supervisor (Water)^	M	$600*		4%	$40	$40	$40		**	$40	$40	$40			$40	$40	$40	$40	$40	$40		$40	$40	$40
Wtr/WW Supervisor (Wastewater)^	M	$600*		4%	$40	$40	$40			$40	$40	$40			$40**	$40	$40	$40	$40	$40		$40	$40	$40
W/WW Plant & Equip Mechanic	M	$600*		4%	$40	$40	$40		**	$40	$40	$40		$40	$40	$40						$40	$40	$40

^Treatment and Collection Certification requirements are dependent on assignment to Water or Wastewater System

Laboratory Technician and Environmental Compliance Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Environmental Compliance Inspection Certificates					
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	ECI	EC2	EC3	EC4	BFPAT	CCCS
Laboratory Technician I	M												$40	$40	$40	$40	$40	$40	$40	$40		
Laboratory Technician II	M													$40	$40	$40	$40	$40	$40	$40		
Environmental Comp Inspector	M		2%	2%	$40	$40	$40		$40	$40	$40	$40	**	$40	$40	$40			$40	$40	$40**	
Laboratory Services Supervisor	M		2%*	2%	$40	$40	$40		$40	$40	$40	$40		!	$40	$40		!	$40	$40		!

Required to obtain a D1 OR a T1

If Env Comp Insp/Lab Servs Supv obtains the Distribution certs first, they receive the 2% and 4% incentive. If they obtain the Treatments certs in addition, they are eligible for $40 incentive for Grade II certificate obtained (no incentive for the Grade I certificate)

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

Wastewater Plant Operator Classifications			Wastewater Plant Operator Certificates						Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				Environmental Compliance Inspection Certificates				
Job Classification/Title	BU	Class A	OIT	ww1	ww2	ww3	ww4	ww5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	ECI	EC2	EC3	EC4	QA
Wastewater Plant Operator I	M			**	$40 &	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator II	M					$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator III	M						$40	$40		$40	$40	$40		$40	$40	$40					$20
Chief Wastewater Plant Operator	M						$40	$40		$40	$40	$40		$40	$40	$40	$40	$40	$40	$40	

Refer to Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Water Plant Operator Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	QA
Water Plant Operator II	M		$40	$40	$40	$40	$40			$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20
Water Plant Operator III	M			$40	$40	$40	$40				$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20

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Article 12.1 provides for $40 per month (maximum of $250) for incentive for each grade at or above the minimum as provided for in Exhibit C (incorporated in the tables above)

							Automated Service Excellence (ASE) Technician Certificates (Max of $150.00 with all combined ASE certificates)																										
							Auto									Transit Bus Certificates						Truck					Med/Heavy Truck							
Job Classification/Title	BU	Class A	Cls A Brk	Class A Lamp	Weld	Smg Cert	A1	A2	A3	A4	A5	A6	A7	A8	F1	H2	H3	H4	H5	H6	H7	P1	P2	P3	P4	P9	T1	T2	T3	T4	T5	T6	T7	T8
Equip Service Worker	M	$600#	$25	$12.5	$12.5																													
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LEGEND

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BFPAT = Back Flow Prevention Assembly Tester
CCCS = Cross Connection Control Specialist

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

_____
Jeremiah Miller, Chief Negotiator
Date:_____

_____
Shawn Tallerico, Chapter President
Date:_____

_____
Terri Lovell, Executive Vice President
Date:_____

_____
Rodney Plamondon, Vice President
Date:_____

_____
George Agnew, Treasurer
Date:_____

_____
Kari Chadwick, Secretary
Date:_____

_____
Thomas Gabriel, M&O Representative
Date:_____

_____
Joseph Martinez, M&O Representative
Date:_____

_____
Tosha Wiman, GS Representative
Date:_____

_____
Rene Garcia, GS Representative
Date:_____

CITY OF LODI
A MUNICIPAL CORPORATION

_____
Stephen Schwabauer, City Manager
Date:_____

_____
Andrew Keys, Deputy City Manager
Date:_____

_____
Adele Post, HR Manager
Date:_____

Approved As To Form:

_____
Janice D. Magdich, City Attorney

Attest:

_____
Pamela M. Farris, Assistant City Clerk

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
THE MEMORANDUM OF UNDERSTANDING WITH THE
AFSCME – MAINTENANCE & OPERATORS UNIT FOR THE
PERIOD JANUARY 1, 2020
THROUGH DECEMBER 31, 2022

==========

WHEREAS, representatives from the City and the AFSCME – Maintenance & Operators Unit have bargained in good faith and reached a tentative agreement on a successor MOU; and

WHEREAS, it is recommended that Council approve revisions to the Memorandum of Understanding with AFSCME – Maintenance & Operators Unit to include the following:

- Term: January 1, 2020 to December 31, 2022;
- Additional Accidental Death and Dismemberment insurance of $10,000;
- Increase to Standby Pay hourly compensation; compensation for off-duty communications to include text messaging and email correspondence for emergency call outs as is provided for telephone calls;
- Increase to reimbursement amount for prescription safety glasses to $500;
- Five percent (5%) salary adjustment, effective February 10, 2020; a five percent (5%) salary adjustment effective the first full pay period in January 2021; and, a five percent (5%) salary adjustment effective the first full pay period in January 2021;
- Medical premiums will be increased by the lower of three percent (3%) or the actual cost increase for employees whose annual base salary is $47,000;
- Incorporation of side-letter agreement listing all job classifications that are eligible for Bio-Hazard incentive and side-letter agreement to eliminate the cash-out provision under Sick Leave Conversion;
- All employees in the bargaining unit will pay additional cost-sharing of the employer's normal contribution toward CalPERS, pursuant to Government Code Section 20516 as follows:
    - One percent (1%), effective July 13, 2020,
    - One percent (1%), effective January 11, 2021, and
    - One percent (1%), effective January 10, 2022

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the attached Memorandum of Understanding (Exhibit A) between the City of Lodi and AFSCME – Maintenance & Operators, effective January 1, 2020 through December 31, 2022.

Date: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the Lodi City Council in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

MAINTENANCE & OPERATORS UNIT

January 1, 2020 – December 31, 2022

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Exhibit A – Salary Schedule effective February 10, 2020
Exhibit B – Certification Requirements and Incentive Chart

Chapter 1 – Salaries and Other Compensation

ARTICLE I – SALARY

1.1 Effective February 10, 2020, the City shall increase the salary ranges by five percent (5%). Effective with the first full pay period in January 2021 and January 2022, the City shall increase the salary ranges by five percent (5%).

1.2 For comparison purposes, the recognized survey cites are as follows:

Chico	Clovis	Davis	Fairfield	Merced	Manteca
Modesto	Redding	Roseville	Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland			

ARTICLE II – HOURS

2.1 Except as provided in subsequent sections, the normal hours of work for all represented personnel shall be eight (8) hours per day and forty (40) hours per week. Alternate work hours may be nine (9) hours a day in the 9/80 schedule for eighty (80) hours in a two week period, or ten (10) hours per day in the 4/10 schedule. The lunch period shall normally commence between the third and fifth work hour at the discretion of the supervisor.

a. Wastewater/Water Plant Operators shall work shifts on a jointly agreed to rotating schedule with varying days off. This schedule shall be posted two weeks before the change of shift.

b. Employees assigned to work "Relief Operator" duties shall receive compensation at a rate of 10% above their current base pay. The "Relief Operator" is one who works a normal day shift but is on call to assume a shift operators shift(s) for the duration of a vacancy, then return to regular hours.

c. Street Sweeper Operators shall work a schedule which begins at 4:00 a.m.

d. Alternate work schedules may be developed by mutual agreement between the employee and the appropriate supervisor.

2.2 Work schedules presently in effect shall remain in effect. Any proposed change in the work days or work hours shall be a meet and confer item.

ARTICLE III – COMPENSATORY TIME

3.1 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be at the appropriate rate of overtime worked.

3.2 The decision to elect compensatory time or overtime pay may be made each time overtime is worked. An employee's decision to elect compensatory time instead of overtime pay is irrevocable.

3.3 No more than two hundred (200) hours of compensatory time may be carried on the books at any time. Employee's may cash out any amount of the compensatory time at the employee's straight time hourly rate of pay each April, June, and October. A request to cash out leave must be in writing and submitted to the Finance Division.

3.4 Upon separation, the employee will be paid at the employee's current hourly rate of pay or the average of the last three years, whichever is higher, for the remaining compensatory balance.

ARTICLE IV – OVERTIME

4.1 Overtime work, paid at the time and one-half rate (1½), is work performed by an employee outside his or her regular work hours, and includes:

a. Time worked outside of regular hours of work on a work day unless notification has been made in accordance with Sections 2.1 and 2.2; and

b. Time worked on a non-work day.

Overtime work paid at the double time rate is work performed in excess of 12 hours between 12:00 a.m. and 12:00 a.m. on any given day, any work performed between the hours of 12:00 a.m. and 6:00 a.m., and any work performed on holidays.

Hours worked on a holiday, as part of any employee's regular work schedule, shall be compensated at the appropriate overtime rate as provided plus the employee shall receive his or her regular straight time pay. Holiday, for overtime purposes, is defined within the Holiday section of this MOU

4.2 Employees who are required to report for prearranged work on their non-work days or holidays shall be compensated at the overtime rate for actual hours worked, but in no event shall they be paid for less than three (3) hours.

4.3 If an employee has worked for six (6) hours or more at the overtime rate during the sixteen (16) hour period immediately preceding the beginning of his or her regular work hours on a work day he or she shall be given a rest period of six (6) consecutive hours at the completion of the overtime work. Compensation for the six (6) hour rest period shall be allowed at the straight time rate for those hours within the rest period which overlap the normal working hours.

4.4 When, at the request of the Supervisor in charge, an employee reports for prearranged overtime:

a. On work day outside of his or her regular work hours, he or she shall be paid overtime compensation for actual worked time in connection therewith, provided however, that if any such employee continues to work into or beyond his or her regular work hours, he

or she shall be paid overtime compensation only for actual work time up to his or her regular work hours.

b. On non work days or on holidays, he or she shall be paid overtime compensation for actual work time in connection therewith. For the purpose of this Section, prearranged overtime work is deemed to be work for which advance notice has been given by the end of his or her preceding work period on a work day.

ARTICLE V - MEALS

5.1 The City and AFSCME mutually agree to engage in further discussion to incorporate clarifying language for Article V – Meals.

5.2 If the City requires an employee to perform work for one and one-half (1 ½) hours immediately following quitting time, or if any employee is called in more than two (2) hours immediately before regular starting time, the City shall provide such employee with a $25 meal allowance, payable through payroll. If an employee works beyond the regular quitting time, the City shall continue to provide meals at four (4) hour intervals until the employee is dismissed from work. The cost of such meals and the time taken to consume them shall be at the City's expense.

5.3 When the City requires employees to work on non-work days, the City shall provide a meal allowance at intervals of four (4) hours. The first meal shall be four (4) hours after employees report to work, providing time is allowed for an employee to eat before reporting. If such time is not allowed, the first meal break shall be two (2) hours after reporting for work and at the four (4) hour intervals thereafter.

5.4 When an employee is required to perform prearranged work on non-work days during regular work hours, he or she shall observe the lunch arrangement which prevails on his or her work days. If such work continues after regular work hours, the City shall provide the employee with a meal allowance in accordance with other provisions of this MOU.

5.5 If the City requires an employee to perform prearranged work starting two (2) hours or more before regular work hours on work days or non-work days, and such employee continues to work into regular hours, the employee shall provide for one meal allowance on the job and the City shall provide other meal allowances as required by the duration of the work period. The meal allowances provided for in this Section shall be eaten at approximately the usual times and the usual practice relating to lunch periods on work days shall prevail. The usual times therefore shall be 7:00 a.m. – 12:00 p.m. and noon – 6:30 p.m.

ARTICLE VI – TEMPORARY UPGRADE

6.1 Any employee who is assigned by the Department Head or designee to a higher classification in the absence of the incumbent, for four (4) hours, shall receive a 10% wage

increase while in this status. However, in no event shall the upgrade pay per hour exceed the top step of the classification to which the employee is temporarily upgraded.

ARTICLE VII – SHIFT DIFFERENTIAL

7.1 An Operations Premium of 3% will be applied to Wastewater Treatment Plant Operators for all hours worked during swing shifts. Swing shifts are those daily work periods regularly scheduled to begin from 12:00 p.m. to 10:00 p.m. Shift assignments shall be made by the City at its sole discretion consistent with this MOU.

ARTICLE VIII – STANDBY PAY – CALL-OUT PAY

8.1 STANDBY: All employees in the Maintenance and Operators Bargaining Unit shall be eligible for standby pay as noted below:

A. Standby Pay: All employees in the Maintenance and Operators Bargaining Unit, except Waste Water Plant Operators and Water Plant Operators, shall receive compensation at straight time pay when said employees are in standby status as shown below.

On work days	3 hours
On non-work days	4 hours
On observed holidays	8 hours

B. Standby Pay: All Wastewater Plant Operators and Water Plant Operators shall receive compensation at straight time pay when said employees are in standby status, as shown below.

On work days	3 hours
On non-work days	4 hours
On observed holidays	8 hours

8.2 CALL-OUT: All employees in the Maintenance and Operators Bargaining Unit shall be paid call-out pay as follows:

A. In addition to the "Standby Duty Pay" (above) the employees on standby shall be paid at the rate of one and one half times the straight time rate of pay for time worked on emergency calls before 12:00 a.m. Time worked between 12:00 a.m. and 6:00 a.m., or in excess of twelve (12) consecutive hours between 12:00 a.m. and 12:00 a.m. on any given day, shall be paid at double time.

B. The first call-out will be paid at three (3) hours minimum at the appropriate overtime rate as defined in Article 8.2 (A) of this Agreement. Subsequent calls on the same calendar day will be paid for actual time worked at the appropriate overtime rate as defined in Article 8.2(A) of this Agreement.

C. All subsequent hours worked on a call-out shall be paid at the appropriate overtime rate per Article 8.2(A) of this Agreement.

8.3 Compensation paid to employees called out in emergency situations outside their regular work hours shall be a minimum of three (3) hours pay at the overtime rate. Additional call outs during that day shall be compensated at the overtime rate for actual hours worked with a one (1) hour minimum. Only one call out between the hours of 12:00 a.m. and 12:00 a.m. shall be compensated at the minimum three (3) hour period. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do not require substantive work would be paid one (1) hour at the appropriate overtime rate. Calls more than ten (10) minutes, text messages and/or emails that require substantive work would receive the standard three (3) hour callback at the appropriate overtime rate.

ARTICLE IX – TOOLS AND UNIFORM ALLOWANCE

9.1 Uniforms provided by the City shall include a jacket, pants and shirts. Jackets shall be replaced as needed. Uniform service, including rental and cleaning of one uniform (shirts & pants) per work day, will be provided to the following Maintenance and Operators classifications:

Environmental Compliance Insp.	Parts Clerk
Facilities Maintenance Worker	Plant & Equipment Mechanic
Facilities Supervisor	Street Maintenance Worker I/II/III
Fleet Services Supervisor	Street Supervisor
Heavy Equipment Mechanic	Sr. Facilities Maintenance Worker
Maintenance Worker I & II	Sr. Storekeeper
Park Maintenance Worker I /II/III	W/WWMaintenanceWorker I/II/III
Park Supervisor	W/WW Supervisor
Chief Wastewater Plant Operator	W/WW Plant Operator I/II/III
	Water Plant Operator I/II/III
	Welder-Mechanic
Service Writer	Building Services Supervisor

9.2 Coveralls, but no more than 3, are provided per year to the following Maintenance and Operators classifications:

Chief Wastewater Plant Operator	Plant and Equipment Mechanic
Wastewater Plant Operator I, II, III	Environmental Compliance Inspector
Sr. Plant and Equipment Mechanic	Water Plant Operators I/II/III

Maintenance Workers I/II assigned to White Slough

9.3 Smocks, but no more than 3, are provided per year to Laboratory Technician I/II classifications.

9.4 The City agrees to provide prescription safety glasses up to a maximum cost of $500 per pair as required. A maximum of two pair of prescription safety glasses will be provided by the City during employment except as indicated in 9.6 and 9.7 below.

9.5 The employee shall pay directly to the optometrist any fees for prescription examination or related charges if needed. The employee shall submit receipts for the prescription safety frames and lenses to the City for reimbursement.

9.6 Prior to issuance of a replacement pair of prescription safety glasses for payment by the City, the employee shall discuss with and receive approval from the immediate supervisor and department head. The criteria for issuance of a replacement pair of safety glasses are as follows:

1. If safety glasses are damaged due to an accident on the job, the safety glasses will be replaced and paid for by the City.

2. If safety glasses are lost or damaged off the job, the employee will pay the total amount for replacement.

3. If an employee requires a change of prescription for safety glasses, the employee must submit a written statement from the eye doctor stating that the prescription change is necessary.

4. If safety glasses are unsafe due to normal wear and tear, the City shall approve a replacement pair as specified above.

9.7 The following conditions on the part of any applicable employee shall be grounds for the cost of the employee's issued safety glasses to be deducted from the employee's payroll check after a determination of cost has been made by the City.

1. Where the city would be required to replace issued safety glasses due to abuse by the employee.

2. Failure on the part of an applicable employee to wear or utilize safety glasses unless agreed to in writing.

3. Failure on the part of an applicable employee to return issued safety glasses, regardless of condition, upon separation from City service.

9.8 Uniforms and safety equipment damaged in the line of duty shall be replaced or repaired by the City.

9.9 Employees who are not required to wear a uniform, whose personal clothing is damaged in the line of duty, may request to have the item replaced or repaired at the City's expense.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. The City shall have the sole discretion to approve or deny the request and its denial shall not be grievable.

c. Repair costs shall not exceed ordinary costs and shall be limited to the repair identified in the employee's claim.

d. Items replaced shall be of similar, or the same quality as the item being replaced. The City may require the employee to forfeit the damaged item for inspection.

e. All requests for reimbursement shall be accompanied by receipts.

9.10 Employees whose prescription glasses are damaged in the line of duty shall be entitled to reimbursement for the cost of replacing or repairing the glasses.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. Glasses replaced shall be of an equal or similar quality to the glasses that were damaged.

c. Any insurance benefit paid to the employee or paid by the insurance provider toward the replacement/repair costs shall result in a reduction to the amount reimbursed to the employee by the amount paid by the insurance provider.

Example:

Cost of Eyewear/Repair	$150
Insurance Pays	$100
Reimbursed to employee	$ 50

ARTICLE X – SAFETY/SAFETY BOOT PROVISIONS

10.1 The City retains the right to set and maintain safety standards in the work place. Failure to adhere to safe work practices will be grounds for the City to take appropriate steps to ensure compliance.

10.2 The City agrees to provide an annual boot allowance of $250, paid semi-annually as part of the last biweekly payroll in the months of April and October of each year, for all classifications in this unit.

10.3 Safety boots are defined as leather work boots with a minimum of 4" ankle support. Employees have the option of purchasing these boots with or without steel toes.

10.4 The City reserves the right to determine if a boot is appropriate to the job class, work hazards, and work conditions.

10.5 Laboratory Technicians shall be eligible to receive the safety shoe/boot allowance to purchase water resistant shoes.

ARTICLE XI - CLASS A LICENSE

11.1 Those employees required to have a Class "A" commercial driver's license as part of their employment will be given $600 per year, to be paid in October of each year.

ARTICLE XII – EDUCATION INCENTIVES

12.1 The City shall make available incentive pay as shown in Exhibit C. A $40.00 per month incentive shall be paid for each grade at or above the minimum grades shown. An employee can earn education incentive pay to a combined maximum of $250 per month. (The certificate pays on Exhibit C chart are not included in this cap)

12.2 The City agrees to pay all fees charged in obtaining any license, mandatory or voluntary certification, or recertification required in the course of his or her employment upon successfully passing the test procedures.

12.3 The City agrees to pay $20 per month to two (2) Wastewater Plant Operators, two (2) Surface Water Plant Operators, and two (2) Plant and Equipment Mechanics for the possession of a Qualified Applicators Certificate. In the event of the separation of one of the two Wastewater or Surface Water Plant Operators or Plant and Equipment Mechanics, the remaining employee in each classification shall receive $40 per month.

12.4 Equipment Maintenance personnel shall be eligible for an incentive pay plan as outlined in Exhibit C.

12.5 Equipment Mechanics are eligible to receive incentive pay of either $25 or $50 per month for possession of Automotive Service Excellence Technician Certificates on the following basis:

a. Only courses listed in Exhibit C will qualify towards this incentive.

b. Employees will not be paid for both certificates in cases where one is a prerequisite of the other. For example, ASE certifications A-6, A-8 and L-1 are required by BAR in order to obtain a smog certificate. An employee having a BAR smog certificate will receive $50 for the smog certificate and the three ASE certificates will not be counted toward the ASE certification incentives.

c. Employees will receive a total of $25 per month for possession of a minimum of three (3) certificates.

d. Employees will receive a total of $50 per month for possession of a minimum of eight (8) certificates.

ARTICLE XIII – BIO HAZARDOUS/WASTE INCENTIVE (incorporating side-letter agreement, no additional classifications added)

13.1 Employees in the following classifications who are assigned to clean up bio hazardous materials will receive $100 per month, paid bi-weekly:

Building Services Supervisor
Facilities Maintenance Worker
Senior Facilities Maintenance Worker
Facilities Supervisor
Plant and Equipment Mechanic
Parks Maintenance Worker I/II/III
Parks Supervisor
Maintenance Worker II
Street Maintenance Worker I/II/III
Street Supervisor

13.2 All bargaining unit members who receive this incentive shall complete appropriate Bio Hazard training offered by the City.

ARTICLE XIV – BILINGUAL PAY

14.1 Employees designated by the Department Head and approved by the City Manager who have passed a bilingual proficiency examination administered by the City shall receive a monthly bilingual supplement of $150, paid bi-weekly. The City Manager has the discretion in determining the languages that will be recognized.

ARTICLE XV – TUITION REIMBURSEMENT

15.1 Tuition Reimbursement will be provided as stated in the City's current Tuition Reimbursement Policy. The City will not reduce the maximum reimbursement amount of $3,000 or eliminate this policy during the term of this MOU.

ARTICLE XVI – COURT APPEARANCES

16.1 Employees summoned by a court for jury duty shall be granted jury duty leave with pay and may keep any jury duty compensation received. Voluntary grand jury service such as that service in San Joaquin County is not covered by jury duty leave.

16.2 If jury duty attendance is less than one-half (1/2) of a normal working day, the employee is expected to return to work.

16.3 If an employee has had jury duty of six (6) hours or more during a 16-hour period immediately preceding the beginning of or following the end of his or her regular work hours on a work day, he/she shall be given a rest period of six (6) consecutive hours.

16.4 If an employee covered by this agreement is required by subpoena issued by an authority granted subpoena powers, to appear before it or to give a deposition as a result of an action taken within the scope of employment with the City that employee will receive his full pay while so doing with no loss of time if he/she is on regular duty. If the employee is not on duty the City agrees to compensate that employee at one and one half (1½) times his regular pay for the time spent in any appearance as required by this Article. As a prerequisite for payment to off-duty employee, the Department Head must be notified in writing of the off duty appearance within seventy-two (72) hours after the employee is subpoenaed or otherwise notified of the required court appearance.

ARTICLE XVII – MILEAGE COMPENSATON

17.1 Employees using their personal automobile for City business, with their department head's approval, shall receive mileage compensation equal to that allowed by the Internal Revenue Service. City business does not include transportation to and from work or call backs due to emergencies, except that employees whose regular work station is at the White Slough Water Pollution Control Facility shall receive mileage compensation, not to exceed 20 miles (each direction) if called back to the plant in an emergency situation.

Allowance changes shall be effective the first day of the month following the determination of a change by the IRS.

Chapter 2 - Leaves

ARTICLE XVIII – CATASTROPHIC LEAVE

18.1 Catastrophic Leave will be provided as stated in the City's current Policy. The City will not eliminate this policy during the term of this MOU. Catastrophic Leave may be utilized for care of an employee's qualified family members (as identified in the City's Catastrophic Leave Policy) even if the employee participates in Short Term Disability.

18.2 Catastrophic Leave may be utilized (according to Policy) upon expiration of any use of Short Term Disability

ARTICLE XIX – BEREAVEMENT LEAVE

19.1 Regular employees shall be granted 3 days of bereavement leave per incident to attend the funeral of a member of their immediate family, including the time the deceased may lie in state, the day of the funeral, and the time necessary to travel to and from the location of the funeral.

The immediate family shall be limited to an employee's:

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Spouse/domestic partner	Parent/step-parent/foster parent	Grandparent
grandparent-in-law	parent-in-law	Child/step-child
grandchild	son-in-law	daughter-in-law
Sister/step-sister/half-sister	Brother/step-brother/half-brother	

ore distant relative who was a member of the employee's immediate household at the time of death.

19.2 A regular employee may use sick leave, vacation leave, or compensatory time off to attend the funeral of a person the employee may be reasonably deemed to owe respect. Use of sick leave may not exceed three (3) days.

ARTICLE XX – HOLIDAYS

20.1 Members of this Unit shall observe the following nationally observed holidays:

New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday following Thanksgiving Day
Christmas Eve (4 hours)	December 24
Christmas Day	December 25

Employees receive holiday pay if/when they work on the above City-recognized national holiday

In addition, each employee shall be granted thirty-six (36) hours of holiday leave to be taken off at a time mutually agreed upon between the employee and the department head. Holiday leave cannot be carried over into the following calendar year.

Employees hired after the first pay period of the year are credited with fixed holidays plus a prorated share of floating holidays for the remainder of the calendar year. Employees separating from employment shall be debited the fixed holidays and the prorated share of floating holidays for the remainder of the calendar year

Holidays which fall on the first regularly scheduled day off shall be observed on the preceding work day. Holidays which fall on any other regularly scheduled day off shall be observed on the next regularly scheduled work day, with the exception that if the next regularly scheduled work day is also a holiday, the first holiday shall be observed on the preceding work day.

20.2 Holiday time may be taken in quarter hour increments.

ARTICLE XXI – LEAVES OF ABSENCE

21.1 Leave of Absence will be provided as stated in the City's Leave of Absence Policy. The City will not eliminate this policy during the term of this MOU

ARTICLE XXII – SICK LEAVE

22.1 Effective July 19, 2004, full time employees shall accumulate sick leave at the rate of 3.70 hours per pay period.

22.2 Sick leave may be accumulated up to an unlimited amount.

22.3 Family Sick Leave will be provided in accordance with the City's current Sick Leave Policy as revised in September 2010.

ARTICLE XXIII – VACATION LEAVE

23.1 Employees shall receive the following vacation benefits:
Beginning with:

Date of Hire:	3.08 hrs per pay period
6th year:	4.62 hrs per pay period
12th year:	5.24 hrs per pay period
15th year:	6.16 hrs per pay period
21st year:	6.47 hrs per pay period
22nd year:	6.78 hrs per pay period
23rd year:	7.09 hrs per pay period
24th year:	7.40 hrs per pay period
25th year & over:	7.71 hrs per pay period

23.2 If conflict arises in the scheduling of vacation of employees in the same classification, the conflict shall be resolved in favor of the employee with the greatest City seniority. The senior employee shall receive first choice in any scheduling period.

23.3 The maximum amount of unused vacation hours that an employee may accrue, at any given time is twice the employee's annual vacation entitlement. Whenever an employee's unused, accrued vacation has reached this maximum accrual amount, the employee shall stop accruing any additional vacation. Accrual will automatically resume once the employee uses some vacation and the accrual balance falls below the maximum accrual amount.

Under extenuating circumstances, requests to accrue vacation leave over the maximum may be authorized by the City Manager. For all other issues regarding Vacation Leave refer to the City's Policy on Vacation Leave.

23.4 For all persons hired after September 1, 1995 the maximum vacation accrual rate will be 6.16 hours per pay period.

Chapter 3 - Insurance and Retirement

ARTICLE XXIV – MEDICAL INSURANCE

24.1 All employees are offered medical insurance for themselves and dependents through CalPERS-Medical Plans. Effective January 1, 2018, the City will contribute the following amounts toward the medical premium:

$1,794.51	per month for family
$1,380.39	per month for employee +1 dependent
$690.20	per month for employee only

The employee will pay one hundred percent (100%) of the difference between the City's contribution and the monthly premium for the plan elected.

24.2 If an employee waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account (Cash in lieu):

$692.81 per month for family
$532.92 per month for employee + 1 dependent
$305.22 per month for employee only

In order to qualify for this provision, proof of group insurance must be provided to the City.

24.3 Effective January 1, 2020 and through December 31, 2022, the maximum amount the City will pay towards medical premiums will be increased by the lower of three percent (3%) or the actual cost increase (for the employee's applicable cap) for employees whose annual base salary is less than$47,000.

Percentage increases shall be based upon the amounts paid by City ($690.20 for Employee only, $1,380.39 for Employee + 1 and $1,794.51 for Family).

23.4 Employees shall be eligible for medical insurance from the first day of the month following the date the employee becomes a full-time regular employee of the City of Lodi.

24.5 The City shall pay 100% of the premiums or up to the maximum City payment noted above for health and dental benefits for the unmarried surviving spouse and any minor children of any members of this unit who is killed or dies during the performance of official duties. This benefit terminates if the surviving spouse remarries, the children reach the age of 26, or other medical insurance becomes available.

ARTICLE XXV – DENTAL INSURANCE

25.1 Employees are provided fully paid family dental insurance.

25.2 Maximum benefits are $1000 for each family member enrolled in the dental plan per calendar year. There is a $25 deductible plus co-insurance features.

ARTICLE XXVI – VISION INSURANCE

26.1 The City agrees to provide a vision care plan equivalent to the VSP Signature Plan with a $25 deductible for the employee and dependents. The entire premium shall be paid by the City.

ARTICLE XXVII – CHIROPRACTIC INSURANCE

27.1 The City agrees to pay all costs of premiums for employees and dependents for a chiropractic plan equivalent to the Landmark chiropractic plan.

ARTICLE XXVIII – LIFE INSURANCE

28.1 The City agrees to provide a life insurance program providing $25,000 term life insurance which includes $25,000 of Accidental Death and Dismemberment coverage for the employee. Said amount of insurance to reduce to $6,500 at age 70, and to decrease to $5,000 at age 75. In addition, a spouse, unmarried dependent children between the ages of 6 months and 21 years, unmarried student dependent children to 23rd birthday, and dependent handicapped children shall be covered for $1,500 insurance. Children under 6 months shall be provided with $150 life insurance.

28.2 The City will provide an additional $10,000 of Accidental Death and Dismemberment insurance for each member in the Maintenance & Operators Unit.

ARTICLE XXIX – LONG TERM DISABILITY

29.1 A long term disability program which, coordinated with other disability benefits, shall provide a benefit of 66-2/3% to a maximum of $10,000 per month of the employee's basic monthly earnings in the event of disability. This program commences 60 days from the date of disability. Please refer to the City's Policy on Long Term Disability.

29.2 The maximum length of coverage is three years from date of disability.

ARTICLE XXX – WORKER'S COMPENSATION

30.1 The City and AFSCME mutually agree that when an employee is compelled to be absent from work due to injuries or illness arising out of and in the course of his or her employment, the City shall pay full compensation to any represented employee who becomes eligible for benefits under Worker's Compensation laws for the period of the time between the injury and the first day of eligibility for benefits. With the determination that the injury or illness is compensable in accordance with Workers' Compensation benefit criteria, the employee, upon receiving said benefits paid by Workers' Compensation shall also receive compensation from the City in such an amount that when added to the Workers' Compensation payment shall equal his or her regular salary. The amount paid by the City shall, after the period from the date of injury and date of eligibility, be charged to the employee's sick leave account. The employee's regular deductions shall be made from the amount paid by the City.

ARTICLE XXXI – FLEXIBLE SPENDING ACCOUNT

31.1 The City will maintain a pre-tax "flexible spending account" to conform to IRS regulations to be used for premium contributions, dependent care and/or un-reimbursable medical payments for unit members. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 would be forfeited after the final filing date, if left unclaimed.

ARTICLE XXXII – DEFERRED COMPENSATION PLAN

32.1 The City and AFSCME agree to the implementation of the following program effective July 1, 1977.

32.2 The City shall match contributions by Maintenance and Operators employees to a deferred compensation program up to a maximum 3.0% of the employee's gross salary.

ARTICLE XXXIII – PERS

33.1 The City agrees to provide the following PERS retirement program and to pay the employers cost for employees deemed to be "classic" employees by PERS:

a. PERS "2% at 55" full formula retirement benefits plus the following additional options:

b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit (Section 21298)

c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement. (Section 21382.4).

d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement. (Section 21263 and Section 21263.1 and Section 21263.3)

e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement. (Section 20862.8).

f. Military Service Credit as Public Service (Section 21024).

g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.

h. 50% survivor continuation in the event of death after retirement.

i. Employee shall pay employee share of retirement at 7% effective December 31, 2013.

33.2 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "new" employees by PERS under the Public Employee Pension Reform Act of 2013 (PEPRA):

a. PERS "2% at 62" full formula retirement benefits plus the following additional options:

b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit.

c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement.

d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement.

e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement.

f. Military Service Credit as Public Service.

g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.

h. 50% survivor continuation in the event of death after retirement.
i. Employee shall pay employee share of retirement as calculated by PERS in its annual actuarial valuation.

33.3 Effective May 20, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in the unit shall pay three percent (3%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective July 13, 2020, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 11, 2021, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 10, 2022, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing).

ARTICLE XXXIV – SICK LEAVE CONVERSION

34.1 For all unused sick leave balance, a represented employee with ten years of employment with the City will receive medical coverage upon retirement (but not upon resignation or termination) using one of the following options:

Option #1 – CONVERSION

After ten years of employment with the City, 50% of the represented employee's unused sick leave shall be converted to months of medical insurance as adjusted herein. For each year that an employee has been employed by the City in excess of ten years, the employee shall be entitled to add 2 ½% to the 50% before converting the unused sick leave to months of insurance.

EXAMPLE:
ROBERT SMITH RETIRES WITH 20 YEARS OF SERVICE AND 1800 HOURS OF UNUSED SICK LEAVE.

$$1800 \div 8 \text{ X } 75\% \div 12 = 14.06 \text{ YEARS OF COVERAGE}$$

The amount of the premium paid shall be the same as the premium paid by the City at the time of retirement subject to the cap shown in Article XXIV. Any differences created by an increase in premiums must be paid for by the employee.

In the event the retiree dies the surviving dependent(s) may purchase medical insurance for the same period as if the employee had not died.

Option #2 – BANK

50% of the dollar value of sick leave will be placed into a bank to be used for medical insurance premiums for the employee and dependent(s). For each year that an employee has been employed in excess of 10 years, 2 ½ % will be added to the 50% before valuing the size of the bank. Each hour of sick leave is valued at $20.00.

EXAMPLE:
ROBERT SMITH RETIRES WITH 20 YEARS OF SERVICE AND 1800 HOURS OF UNUSED SICK LEAVE (MULTIPLICATION FACTOR - $20.00).

1800 x 75% x $20.00 = $27,000.00

This amount will be reduced each month by the current premium for the employee and dependent(s) until the balance is gone.

In the event the retiree dies the remaining bank will be reduced by 50% and the surviving dependent(s) may use the bank until the balance is gone.

Option #3 – PERS CREDIT

34.2 Per California Government Code, employees may receive credit for unused sick leave. It is agreed that eight (8) hours equals one (1) day for purposes of determining days creditable.

34.3 Employees hired after July 1, 1995 will not have the option of converting sick leave time into medical insurance premiums or cash as referenced in options 1 and 2. The only option available to these employees is Option #3, PERS credit.

34.5 Option #3 is available to all represented employees meeting PERS eligibility requirements.

34.6 If an employee opts to utilize the provisions of Option #1, or Option #2, the City will report to PERS they have zero hours of unused sick leave.

Chapter 4. Union/City Issues

ARTICLE XXXV – UNION LEAVE

35.1 Whenever any employee is absent from work as a result of a formal request by the AFSCME to send an employee to be involved in union business, the City shall pay for all regular time lost and shall be reimbursed therefore by the AFSCME at the rate of one hundred and fifty percent (150%) of the employee's regular wage rate.

35.2 The City agrees to provide storage space to AFSCME for union materials.

ARTICLE XXXVI – DEMOTION AND LAYOFF

36.1 The classification of Maintenance Worker in the Parks, Recreation and Cultural Services or Public Works Department will be "Y" rated if an employee is involuntarily transferred or demoted between departments as a result of a reduction in workforce.

36.2 Bargaining unit has the ability to appeal a layoff decision made by Human Resources to the City Manager.

ARTICLE XXXVII – CHANGES IN MEMORANDUM

37.1 The parties agree to reopen this Memorandum and to renew meeting and conferring on the subjects set forth herein during the term of this Memorandum only in the event that any provision of this MOU is modified by statue, applicable regulation or by order of Court in such a way as to affect either the employees or the City. In such event, all remaining provisions of the MOU shall continue in full force and effect unless and until they are also modified by statue, applicable regulation, order of Court, or agreement of the parties.

ARTICLE XXXVIII – CITY RIGHTS

38.1 It is further understood and agreed between the parties that nothing contained in this MOU shall be construed to waive or reduce any rights of the City, which include but are not limited to the exclusive rights to:

- Determine the mission of its constituent departments, commissions, and boards; to set standards of service.
- Determine the procedure and standards of selection for employment; to direct its employees.
- Maintain the efficiency of governmental operations.
- Determine the methods, means and personnel by which government operations are to be conducted.
- Take all necessary actions to carry out its mission in emergencies.
- Exercise complete control and discretion in the technology of performing its work.
- City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine the content of job classifications; provided, however, that the exercise by the City of the rights in this section does not preclude employees or their recognized employee organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

ARTICLE XXXIX – EMPLOYEE REPRESENTATION

39.1 This Memorandum of Understanding (hereinafter referred to as "MOU") is entered into between representatives of the City of Lodi (hereinafter referred to as "City") and representatives of the Lodi Chapter of the American Federation of State, County and Municipal Employees (hereinafter referred to as "AFSCME"), for the Maintenance and Operators Unit.

The parties to this MOU acknowledge and agree that this MOU constitutes the results of meeting and conferring in good faith as contemplated by Sections 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reach agreement are set forth in this MOU. Except as specifically modified by this MOU, all existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU are applicable to all regular and probationary employees represented by AFSCME in Exhibit A.

39.2 The City shall grant dues deduction to City employees who are members of AFSCME in accordance with the terms and conditions set forth in City of Lodi Resolution 2011-51.

39.3 UNION SECURITY, MEMBERSHIP AND DUES CHECK OFF

a. Union Membership – All employees covered by this Agreement shall have the opportunity to be a member of AFSCME. The CITY will inform all new hires and employees promoting into the bargaining unit of the existence of this Collective Bargaining Agreement. A UNION Officer, or designee, will be notified within 10 business days and afforded time to meet with any employee entering the bargaining unit in order to conduct a UNION Orientation Meeting.

b. Membership status shall remain in effect per the terms set forth in the AFSCME Membership Application. Only AFSCME members are afforded exclusive UNION membership rights.

c. The CITY shall provide the UNION, on a monthly basis, the name, home address and department, division or work unit of employees entering or leaving a job classification covered by this Agreement. Employees leaving or reentering employment from Military Leave will be noted.

d. Dues Check Off – On a bi-weekly basis the CITY agrees to deduct from the pay of each member of the UNION covered by this Agreement, who authorized such deductions in writing, all dues or fees levied by the UNION. The CITY shall provide the UNION 5 business days prior to the end of the pay period an alphabetical list of

employees belonging to the UNION. The list shall contain the amount of payroll deduction for each employee listed. The CITY agrees to remit to the UNION on a bi-weekly basis the aggregate amount of deductions shown on the list furnished by the UNION. A copy of the Check Off Authorization Form signed by each employee shall be submitted by the UNION to the CITY.

e. Payroll deductions shall be limited to the following choices:

- Union Membership Dues
- AFSCME Voluntary Political Action Check Off (PEOPLE)

f. The Union will comply with its legal obligation regarding the administration of this section.

Hold Harmless – The UNION agrees to hold harmless and to indemnify the CITY for any and all costs or legal action, which may be caused, or result from the CITY'S compliance with this Article.

39.4 The City shall allow AFSCME access to city meeting facilities at no cost to AFSCME subject to the operating needs of the City. Requests for such use shall be made in advance to the appropriate department head managing the facility or designee and shall include the date, location, time and general purpose of such meeting. The City may establish reasonable regulations governing the use of such facilities.

39.5 No City employee or applicant for employment shall be discriminated against in any aspect of employment because of race, national origin, ancestry, color, religious or political opinions or affiliations, union affiliation, age, sex or disability.

39.6 The City and AFSCME agree and understand that if any section of the MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as the personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity will be resolved in favor of the MOU language. If the MOU is silent on any issue, the applicable document is controlling.

ARTICLE XL – GRIEVANCE PROCEDURE

40.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretations and clarification executed by AFSCME and the City.

The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and AFSCME involving the interpretation, application, or enforcement of the

express terms of the MOU and other terms and conditions of employment and matters of discipline which includes demotion, suspension or discharge.

As used in this procedure, the term "party" means an employee, AFSCME, the City or the authorized representative of any party. The employee is entitled to representation through all steps in the grievance procedure.

40.2 Disputes involving the following subjects shall be determined by the Grievance Procedures established herein:

a. Interpretation or application of any of the terms of this agreement, including Exhibits thereto, Letters of Agreement, and/or formal interpretations and clarifications executed by AFSCME and the City.

b. Discharge, demotion, suspension or discipline of an individual employee. Employees shall have the right to grieve letters of reprimand through the chain of command up to the Department Director or designee. The decision of the Department Director or designee is final and binding and not subject to further grievance.

c. Disputes as to whether a matter is proper subject for the Grievance Procedure.

d. Disputes which may be of a "class action" nature filed on behalf of AFSCME or the City. Class action grievances shall be in writing from AFSCME to the City Manager or vice versa.

40.3 STEP ONE: Discussion between the employee and/or the employee's representative, and the division head or designated supervisor directly involved, who shall answer within fifteen (15) work days. This step shall be taken within thirty (30) work days of the date of the action complained of, or the date the grievant became aware of the incident which is the basis of the Grievance.

40.4 STEP TWO: If a grievance has not been resolved in initial step, a written statement signed by the Grievant shall be presented to the department head which shall include the action being grieved and the desired remedy. A discussion shall then take place between the employee, his or her representative, and the department head, who shall answer in writing within fifteen (15) work days. This Step shall be taken within fifteen (15) work days from the date of the answer in Step One.

40.5 STEP THREE: If a grievance is not resolved in Step Two, Step Three shall be the presentation of the Grievance, in writing, by the employee or his/her representative to the City Manager, who shall answer in writing within fifteen (15) work days of receipt of the Grievance. This Step shall be initiated within fifteen (15) work days of the date of the answer in Step Two.

40.6 STEP FOUR: If a grievance is not resolved by the City Manager, arbitration shall be the final level of appeal for the grievances and discipline. It is agreed by both parties that the

decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified within fifteen (15) work days of the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five (5) arbitrators from which the City and AFSCME shall alternately strike names until one (1) name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five (5) arbitrators, the same request shall be made of the American Arbitration Association.

To ensure that the arbitration process is as brief and economical as possible, the following guidelines shall be adhered to:

a. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

b. Both parties and the arbitrator may tape record the hearing.

c. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

d. The parties may agree to prepare a joint letter submitting the issue in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

e. The strict rules of evidence are not applicable and the hearing shall be informal.

f. The parties have the right to present and cross examine witnesses, issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.

g. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

h. Attendance at a hearing shall be limited to those determined by the arbitrator to have a direct connection with the appeal. Witnesses normally would be present at the hearing

only while testifying and should be permitted to testify only in the presence of the employee or his/her representative and the employer's representative.

i. The arbitration hearing will be held on the employer's premises.

j. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing. The decision will be in writing and shall contain the crucial reasons supporting the decision and award.

The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law.

The arbitrator has no power to add to a disciplinary action.

40.7 Failure by either party to meet any of the aforementioned time limits as set forth in Section 36.3, 36.4, 36.5, or 36.6 shall result in forfeiture by the failing party. Except, however, that the aforementioned time limits may be extended by mutual agreement. Grievances settled by forfeiture shall not bind either party to an interpretation of this MOU, nor shall such settlements be cited by either party as evidence in the settlement of subsequent grievances.

40.8 Employees may have documents (other than performance reports) relating to absenteeism and disciplinary actions removed from their personnel files if the incident prompting the action took place twenty-four (24) months or more previous and no incident of a similar nature has occurred in the interim.

40.9 An employee may represent himself/herself at any step of the Grievance Procedure up to Step 3.

40.10 Only AFSCME may appeal a grievance to arbitration.

ARTICLE XLI – MUTUAL CONSENT CONTINGENCY

41.1 This MOU may be amended any time during its life upon the mutual consent of the City and AFSCME. Such amendment must be in writing and attached to all executed copies of this MOU.

ARTICLE XLII – NO STRIKES

42.1 The represented employees agree that they shall not strike, withhold services, engage in "slow downs" or "sick-ins", or participate in any other concerted activity which adversely affects job performance or City services during the term of this MOU.

ARTICLE XLIII – PROBATIONARY PERIOD

43.1 All appointments to positions in the classified service shall be subject to a probationary period of 12 continuous months of service. The probationary period shall be regarded as an integral part of the examination process and shall be used to closely observe the employee's work for securing the most effective adjustment of an employee to his or her new duties, assignments and responsibilities in his or her new position and for rejecting any probationary employee whose performance does not meet required work standards. If the service of the employee is deemed to be unsatisfactory, the employee shall be notified that he or she has not satisfactorily completed probation.

43.2 During the probationary period, all new hires shall have all the rights and privileges afforded to other employees, except:

a. Vacation Leave – See Article XXIII for vacation schedule.

b. The use of the Grievance Procedure to grieve termination.

c. The City and the employee may mutually agree to extend the probationary period in increments up to 6 months. The total extended probationary period shall not exceed twelve (12) months. AFSCME must be notified of all extensions by Human Resources.

43.3 In the event an employee is promoted and is rejected by the appropriate department head, he or she shall be reinstated to the position which he or she was promoted. The seniority and status of a rejected candidate shall continue as before.

ARTICLE XLIV – PROMOTION

44.1 The City and AFSCME mutually agree it is good personnel practice to make every effort to promote from within, consistent with the best interest of the City.

ARTICLE XLV – SENIORITY

45.1 Seniority is defined as the total length of continuous service with the City. Continuity of service shall not be broken and seniority shall accrue when an employee is:

a. inducted, enlists, or is called to active duty in the Armed Forces of the United States or service in the Merchant Marine under any Act of Congress which provides that the employee is entitled to re-employment rights,

b. on duty with the National Guard,

c. is absent due to industrial injury,

d. on leave of absence, or

e. absent due to layoff for a period of less than twelve (12) consecutive months.

ARTICLE XLVI – SHOP STEWARDS

46.1 The AFSCME agrees to notify the City in writing as to the appointment of all shop stewards. Shop stewards shall be required to work full time in their respective classifications and shall not interrupt the work of other employees. A steward may, with reasonable notice and the approval of his or her supervisor, leave the job during working hours for reasonable period to investigate pending grievances and to take part in the Grievance Procedure. However, no steward shall leave the job while his or her presence is necessary in the judgment of his or her supervisor for the safe conduct and efficiency of the operations in which he or she is engaged.

ARTICLE XLVII – STATUS

47.1 Employees shall be designated as regular or probationary.

a. A regular employee is defined as an employee who has twelve (12) months or more service with the City in full time employment, except as provided for in the Rules for Personnel Administration Article X (Probationary Period).

b. A probationary employee is defined as an employee hired for a full time position that has been regularly established as an authorized position and is of indeterminate duration. A probationary employee shall receive not less than the minimum rate for the job and shall be eligible for sick leave pay, vacation pay, holiday pay, retirement plan participation, insurance coverage and items of a similar nature, as he or she becomes eligible, but shall not be given preferential consideration for promotion or transfer or be eligible for a leave of absence. Upon completion of twelve months of continuous full time service with the City, and satisfactory performance, a probationary employee shall be given the status of a regular employee.

ARTICLE XLVIII – TERM

48.1 The terms and conditions of this MOU shall continue in effect until such time as they are superseded by a signed agreement/MOU between the City of Lodi and AFSCME. The term of this MOU shall cover the period from January 1, 2020 to December 31, 2022.

CLASSIFICATION PLAN
EXHIBIT A

Maintenance & Operators
Effective February 10, 2020

Job Title	Job Code	Annual Salary Step 0	Step 1	Step 2	Step 3	Step 4
BUILDING SERVICES SUPERVISOR	4701	$ 56,215.58	$ 59,026.26	$ 61,977.54	$ 65,076.52	$ 68,330.45
CHIEF WASTEWATER PLANT OPERATOR	4150	$ 69,668.48	$ 73,151.84	$ 76,809.48	$ 80,649.88	$ 84,682.46
ENVIRONMENTAL COMPLIANCE INSPECTOR	4160	$ 57,690.59	$ 60,575.13	$ 63,603.87	$ 66,784.07	$ 70,123.24
ENVIRONMENTAL COMPLIANCE INSPECTOR - A	4161	$ 58,148.29	$ 61,055.63	$ 64,108.43	$ 67,313.80	$ 70,679.54
EQUIPMENT SERVICE WORKER - A	4001	$ 42,842.80	$ 44,984.96	$ 47,234.20	$ 49,595.94	$ 52,075.77
EQUIPMENT SERVICE WORKER	4000	$ 42,270.78	$ 44,384.30	$ 46,603.49	$ 48,933.66	$ 51,380.40
FACILITIES MAINTENANCE WORKER	4055	$ 46,459.20	$ 48,782.13	$ 51,221.28	$ 53,782.35	$ 56,471.44
FACILITIES SUPERVISOR	4050	$ 58,774.82	$ 61,713.58	$ 64,799.21	$ 68,039.22	$ 71,441.10
FLEET SERVICES SUPERVISOR	4040	$ 64,169.07	$ 67,377.50	$ 70,746.43	$ 74,283.77	$ 77,997.87
HEAVY EQUIPMENT MECHANIC	4020	$ 50,730.24	$ 53,266.79	$ 55,930.06	$ 58,726.56	$ 61,662.95
HEAVY EQUIPMENT MECHANIC A	4021	$ 53,018.54	$ 55,669.57	$ 58,453.01	$ 61,375.63	$ 64,444.43
LAB SUPERVISOR	4075	$ 69,668.48	$ 73,151.90	$ 76,809.48	$ 80,649.95	$ 84,682.46
LABORATORY TECHNICIAN I	4070	$ 45,951.64	$ 48,249.30	$ 50,661.81	$ 53,194.91	$ 55,854.54
LABORATORY TECHNICIAN II	4071	$ 50,542.89	$ 53,070.01	$ 55,723.53	$ 58,509.76	$ 61,435.15
LEAD EQUIPMENT MECHANIC - A	4011	$ 58,091.54	$ 60,996.11	$ 64,045.99	$ 67,248.31	$ 70,610.70
LEAD EQUIPMENT MECHANIC	4010	$ 55,803.24	$ 58,593.45	$ 61,523.06	$ 64,599.22	$ 67,829.22
MAINTENANCE WORKER I	4080	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
MAINTENANCE WORKER II	4081	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
PLANT & EQUIPMENT MECHANIC	4130	$ 52,445.02	$ 55,066.27	$ 57,818.12	$ 60,708.08	$ 63,743.65
PLANT & EQUIPMENT MECHANIC A	4131	$ 56,942.52	$ 59,789.65	$ 62,779.16	$ 65,918.07	$ 69,213.97
PARK MAINTENANCE WORKER I	4710	$ 38,322.07	$ 40,238.23	$ 42,250.07	$ 44,362.59	$ 46,580.69
PARK MAINTENANCE WORKER II	4711	$ 42,150.35	$ 44,257.74	$ 46,470.67	$ 48,794.17	$ 51,233.95
PARK MAINTENANCE WORKER III	4712	$ 46,366.67	$ 48,710.18	$ 51,119.22	$ 53,675.24	$ 56,358.97
PARK SUPERVISOR	4740	$ 58,774.82	$ 61,713.58	$ 64,799.21	$ 68,039.22	$ 71,441.10
PARTS CLERK	4030	$ 40,262.97	$ 42,276.09	$ 44,389.86	$ 46,609.47	$ 48,939.93
SENIOR STOREKEEPER	4140	$ 47,647.52	$ 50,029.85	$ 52,531.37	$ 55,157.93	$ 57,915.89
SERVICE WRITER	4035	$ 40,262.97	$ 42,276.09	$ 44,389.86	$ 46,609.47	$ 48,939.93
SR FACILITIES MAINTENANCE WORKER	4060	$ 51,105.04	$ 53,660.23	$ 56,343.26	$ 59,160.47	$ 62,118.56
STREE MAINTENANCE WORKER II	4092	$ 45,281.61	$ 47,545.58	$ 49,922.90	$ 52,418.99	$ 55,039.99
STREET MAINTENANCE WORKER I	4082	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
STREET MAINTENANCE WORKER I - A	4090	$ 41,267.22	$ 43,330.53	$ 45,497.16	$ 47,771.99	$ 50,160.58
STREET MAINTENANCE WORKER II	4083	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
STREET MAINTENANCE WORKER III	4100	$ 48,682.37	$ 51,116.44	$ 53,672.20	$ 56,355.90	$ 59,173.67
STREET MAINTENANCE WORKER III - A	4101	$ 50,169.76	$ 52,678.23	$ 55,312.15	$ 58,077.77	$ 60,981.63
STREET SUPERVISOR	4110	$ 61,706.21	$ 64,791.56	$ 68,031.15	$ 71,432.62	$ 75,004.31
STREET SUPERVISOR A	4111	$ 63,651.30	$ 66,833.85	$ 70,175.53	$ 73,684.36	$ 77,368.58
TRAFFIC SIGN WORKER	4120	$ 42,150.35	$ 44,257.74	$ 46,470.67	$ 48,794.17	$ 51,233.95
WASTEWATER PLANT OPERATOR I	4170	$ 50,046.27	$ 52,548.63	$ 55,176.00	$ 57,934.81	$ 60,831.58
WASTEWATER PLANT OPERATOR II	4172	$ 55,052.36	$ 57,805.05	$ 60,695.28	$ 63,730.01	$ 66,916.47
WASTEWATER PLANT OPERATOR III	4173	$ 60,557.75	$ 63,585.52	$ 66,764.74	$ 70,103.07	$ 73,608.16
WATER PLANT OPERATOR II	4200	$ 55,052.36	$ 57,805.05	$ 60,695.28	$ 63,730.01	$ 66,916.47
WATER PLANT OPERATOR III	4201	$ 60,557.75	$ 63,585.52	$ 66,764.74	$ 70,103.07	$ 73,608.16
WATER/WASTEWATER MAINTENACE WORKER I - A	4210	$ 41,614.36	$ 43,695.05	$ 45,879.89	$ 48,173.77	$ 50,582.53
WATER/WASTEWATER MAINTENACE WORKER II	4211	$ 46,166.54	$ 48,474.88	$ 50,898.65	$ 53,443.56	$ 56,115.73
WATER/WASTEWATER MAINTENACE WORKER III	4212	$ 48,682.37	$ 51,116.30	$ 53,672.34	$ 56,355.90	$ 59,173.67
WATER/WASTEWATER MAINTENANCE WORKER III - A	4213	$ 52,116.92	$ 54,722.90	$ 57,459.05	$ 60,331.88	$ 63,348.53
WATER/WASTEWATER MAINTENANCE WORKER I	4085	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
WATER/WASTEWATER MAINTENANCE WORKER II	4086	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
WATER/WASTEWATER SUPERVISOR	4180	$ 66,349.75	$ 69,669.30	$ 73,149.76	$ 76,809.48	$ 80,650.72
WATER/WASTEWATER SUPERVISOR - A	4181	$ 71,866.11	$ 75,459.37	$ 79,232.29	$ 83,193.96	$ 87,353.65
WELDER-MECHANIC	4220	$ 50,728.98	$ 53,267.35	$ 55,931.02	$ 58,727.38	$ 61,663.51

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

General Services Classifications: Public Works Inspectors and Water Services Technicians			Water Distribution Operator Certificates				Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	T1	T2	T3	T4	T5	C1	C2	C3	C4
Public Works Inspector I	G		2%*	$60			$40					$40			
Public Works Inspector II	G		2%*	$60			$40					$40			
Water Services Technician I	G		***	$60											
Water Services Technician II	G			$60											

Misc. Classifications eligible for Pest Control or Qualified Applicators Certificate Incentive			
Job Classification/Title	BU	Pest Ctrl Adv	QA
Park Maintenance Worker I	M	$50	
Park Maintenance Worker II	M	$50	$40
Park Maintenance Worker III	M	$50	$ 40*
Parks Supervisor	M	$50	$40
Sr. Facilities Maintenance Worker	M	$50	$40

Street Maintenance Worker Classifications			Collection Maintenance System Certificates					
Job Classification/Title	BU	Class A	C1	C2	C3	C4	Pest Ctrl	QA
Street Maintenance Worker I	M	$600*	$40	$40	$40	$40	$50	$40
Street Maintenance Worker II	M	$ 600	$40	$40	$40	$40	$50	$40
Street Maintenance Worker III	M	$ 600		$40	$40	$40	$50	$40
Street Maintenance Supervisor	M	$ 600			$40	$40	$50	$40

Water and Wastewater Maintenance Worker Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates				Environmental Compliance Inspection Certificates				Mechanical Technologist Certificates (MechTech)			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	C1	C2	C3	C4	EC1	EC2	EC3	EC4	MT1	MT2	MT3	MT4
Water/Wastewater MW I	M	$600*	2%*	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW II	M	$ 600	2%	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW III	M	$ 600	2%	2%	$40	$40	$40		$40	$40	$40	$40		$40	$40	$40						$40	$40	$40
Wtr/WW Supervisor (Water)^	M	$600*		4%	$40	$40	$40		**	$40	$40	$40			$40	$40	$40	$40	$40	$40		$40	$40	$40
Wtr/WW Supervisor (Wastewater)^	M	$600*		4%	$40	$40	$40			$40	$40	$40			$40**	$40	$40	$40	$40	$40		$40	$40	$40
W/WW Plant & Equip Mechanic	M	$600*		4%	$40	$40	$40		**	$40	$40	$40		$40	$40	$40						$40	$40	$40

^Treatment and Collection Certification requirements are dependent on assignment to Water or Wastewater System

Laboratory Technician and Environmental Compliance Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Environmental Compliance Inspection Certificates					
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	EC1	EC2	EC3	EC4	EFFAT	CCCI
Laboratory Technician I	M												$40	$40	$40	$40	$40	$40	$40	$40		
Laboratory Technician II	M													$40	$40	$40	$40	$40	$40	$40		
Environmental Comp Inspector	M		2%	2%	$40	$40	$40		$40	$40	$40	$40	**	$40	$40	$40			$40	$40	$40**	
Laboratory Services Supervisor	M		2%*	2%	$40	$40	$40		$40	$40	$40	$40		!	$40	$40		!	$40	$40		!

Required to obtain a D1 OR a T1

If Env Comp Insp/Lab Servs Supv obtains the Distribution certs first, they receive the 2% and 4% incentive. If they obtain the Treatments certs in addition, they are eligible for $40 incentive for Grade II certificate obtained (no incentive for the Grade I certificate)

Updated 3/4/2020

1 of 2

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

Wastewater Plant Operator Classifications			Wastewater Plant Operator Certificates						Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				Environmental Compliance Inspection Certificates				
Job Classification/Title	BU	Class A	OIT	ww1	ww2	ww3	ww4	ww5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	EC1	EC2	EC3	EC4	CA
Wastewater Plant Operator I	M			**	$40 &	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator II	M					$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator III	M						$40	$40		$40	$40	$40		$40	$40	$40					$20
Chief Wastewater Plant Operator	M						$40	$40		$40	$40	$40		$40	$40	$40	$40	$40	$40	$40	

Refer to Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate Incentive

Water Plant Operator Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	CA
Water Plant Operator II	M		$40	$40	$40	$40	$40			$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20
Water Plant Operator III	M			$40	$40	$40	$40				$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20

Reference Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate Incentive

Article 12.1 provides for $40 per month (maximum of $250) for incentive for each grade at or above the minimum as provided for in Exhibit C (incorporated in the tables above)

							Automotive Service Excellence (ASE) Technician Certificates (Max of $150.00 with all combined ASE certificates)																										
							Auto									Transit Bus Certificates						Truck					Med/Heavy Truck							
Job Classification/Title	BU	Class A	Ox & Brz	Class A Lamp	Weld	Smog Cert	A1	A2	A3	A4	A5	A6	A7	A8	P1	H2	H3	H4	H5	H6	H7	P1	P2	P3	P4	P5	T1	T2	T3	T4	T5	T6	T7	T8
Equip Service Worker	M	$600#	$25	$12.5	$12.5																													
Heavy Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50																												
Lead Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50*				$25 for 3 ASE certificates and $50 for 8 ASE Certificates, for a maximum of $150/month for ASE certificates																							
Welder-Mechanic (PW)	M	$600#	$25	$12.5	$12.5	$50																												
Fleet Services Supervisor	M	$600#																																

LEGEND

Job Requirement
* obtain w/in 12 months of appointment/incentive paid when ee obtains certificate
** obtain w/in 24 months of appointment/incentive paid when ee obtains certificate
$ obtain w/in 24 months of obtaining Grade I Wastewater Treatment Operator certificate
*** obtain w/in 18 months of appointment/incentive paid when ee obtains certificate
! obtain w/in 30 months of appointment/incentive paid when ee obtains certificate
obtain w/in 6 months of appointment/incentive paid when ee obtains certificate

D = distribution certificate issued by State Water Resources Control Board
T = water treatment certificate issued by State Water Resources Control Board
WW = wastewater certificate issued by the State Water Resources Control Board
C = Collections certificate issued by CA Water Environment Association (CWEA)
L= Laboratory certificate issued by CA Water Environment Association (CWEA)
EC = Environmental Compliance certificate issued by CA Water Environment Association (CWEA)
B=Biosolids Land Application Management certificate issued by CA Water Environment Association
MT = Mechanical Technologist certificate issued by CA Water Environment Association (CWEA)
BFPAT = Back Flow Prevention Assembly Tester
CCCS = Cross Connection Control Specialist

Updated 3/4/2020

2 of 2

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

_____
Jeremiah Miller, Chief Negotiator
Date:_____

_____
Shawn Tallerico, Chapter President
Date:_____

_____
Terri Lovell, Executive Vice President
Date:_____

_____
Rodney Plamondon, Vice President
Date:_____

_____
George Agnew, Treasurer
Date:_____

_____
Kari Chadwick, Secretary
Date:_____

_____
Thomas Gabriel, M&O Representative
Date:_____

_____
Joseph Martinez, M&O Representative
Date:_____

_____
Tosha Wiman, GS Representative
Date:_____

_____
Rene Garcia, GS Representative
Date:_____

CITY OF LODI
A MUNICIPAL CORPORATION

_____
Stephen Schwabauer, City Manager
Date:_____

_____
Andrew Keys, Deputy City Manager
Date:_____

_____
Adele Post, HR Manager
Date:_____

Approved As To Form:

_____
Janice D. Magdich, City Attorney

Attest:

_____
Pamela M. Farris, Assistant City Clerk

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

GENERAL SERVICES UNIT

~~January 1, 2018 – December 31, 2019~~
January 1, 2020 – December 31, 2022

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Exhibit A – Salary Schedule effective February 10, 2020 ~~November 19, 2018~~
Exhibit B – Certification Requirements and Incentive Chart

Chapter 1 - Salaries and Other Compensation

ARTICLE I – SALARY

1.1 ~~Effective November 19, 2018, the City shall increase the salary ranges by two percent (2%) in exchange for a PERS cost sharing agreement pursuant to California Government Code §20516; whereby General Services employees agree to pay two percent (2%) of the employer's normal cost of PERS. The parties agree that should the parties negotiate the elimination of the two percent (2%) cost-sharing by the employee, the corresponding two percent (2%) salary adjustment by the City shall also cease and become null and void. %) salary adjustment by the City shall also cease and become null and void.~~ Effective February 10, 2020, the City shall increase the salary ranges by five percent (5%). Effective with the first full pay period in January 2021 and January 2022, the City shall increase the salary ranges by five percent (5%).

~~1.2 Effective January 1, 2018, each member of this bargaining unit will receive 45 hours of personal leave with a cash-out option. Effective January 1, 2019, each member of this bargaining unit will receive 45 hours of cashable personal leave. A request to cash out leave must be in writing and submitted to the Finance Division. The provisions in this paragraph sunset on December 31, 2019. Leave will be pro-rated for employees hired after January 1, 2018.~~

1.3 For comparison purposes, the recognized survey cites are as follows:

Chico	Clovis	Davis	Fairfield	Merced	Manteca
Modesto	Redding	Roseville	Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland			

~~1.4 The City agrees to conduct a review of the Administrative Secretary position, which will include a compensation study. The study will be conducted as soon as administratively possible; however, it will be concluded by June 30, 2019. The results of the study, which may include a new title, amendments to the job description or salary, will be effective July 1, 2019, upon City Council approval.~~

ARTICLE II – HOURS

2.1 Except as provided in subsequent sections, the normal hours of work for all represented personnel shall be eight (8) hours per day and forty (40) hours per week. Alternate work hours may be nine (9) hours a day in the 9/80 schedule for eighty (80) hours in a two week period, or ten (10) hours per day in the 4/10 schedule. The lunch period shall normally commence between the third and fifth work hour at the discretion of the Supervisor.

a. Employees of the Library may work a schedule which includes split days off. The hours of work shall vary according to a pre-posted work schedule.

b. Parking Enforcement Assistants and Animal Control personnel shall work a schedule which may provide at least one person to work each Saturday.

c. Alternate work schedules may be developed by mutual agreement between the employee and the appropriate supervisor.

2.2 Work schedules presently in effect shall remain in effect. Any change in work hours or workdays shall be a meet and confer item.

ARTICLE III – COMPENSATORY TIME

3.1 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be at the appropriate rate for overtime worked.

3.1.1 The decision to elect compensatory time or overtime pay may be made each time overtime is worked. An employee's decision to elect compensatory time instead of overtime pay is irrevocable.

3.2 No more than two hundred (200) hours of compensatory time may be carried on the books at any time.

3.4 Employee's may cash out any amount of the compensatory time at the employee's straight time hourly rate of pay each April, June, and October. A request to cash out leave must be in writing and submitted to the Finance Division.

3.5 Upon separation, the employee will be paid at the employee's current hourly rate of pay or the average of the last three years, whichever is higher, for the remaining compensatory balance.

ARTICLE IV – OVERTIME

4.1 Overtime work paid at the time and one half rate, is work performed by an employee outside his or her regular work hours, and includes:

a. Time worked outside of regular hours of work on a work day unless notification has been made in accordance with Section 2.1 and 2.2.

b. Time worked on a non-work day.

Time worked on a holiday will be paid at time and one-half rate (1½). Hours worked on a holiday, as part of an employee's regular work schedule shall be compensated as above, plus regular straight time pay. Holiday, for overtime purposes, is defined within the Holiday section of this MOU.

Overtime work paid at the double time rate is work performed in excess of twelve (12) hours, between 12:00 a.m. and 12:00 a.m. on any given day, or for any hours between the hours of 12:00 a.m. and 6:00 a.m. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do ~~and does~~ not require substantive work would be paid one (1) hour at the appropriate overtime rate. Calls more than ten (10) minutes, text messages and/or emails that require

substantive work would receive the standard three (3) hour callback at the appropriate overtime rate.

4.2 Employees who are required to report for prearranged work on their non-work days or holidays shall be compensated at the overtime rate for actual hours worked, but in no event shall they be paid for less than three (3) hours.

4.3 Rest Period

If an employee has worked for six (6) hours or more at the overtime rate during the sixteen (16) hour period immediately preceding the beginning of his or her regular work hours, on a work day, he or she shall be given a rest period of six (6) consecutive hours at the completion of the overtime work. Compensation for the six (6) hour rest period shall be allowed at the straight time rate for those hours within the rest period which overlap the normal working hours.

4.4 When, at the request of the Supervisor in charge, an employee reports for prearranged overtime:

a. On work days outside of regular work hours, shall be paid overtime compensation for actual worked time in connection therewith, provided however, that if any such employee continues to work into regular work hours, shall be paid overtime compensation only for actual work time up to regular work hours.

b. On non-work days or on holidays, shall be paid overtime compensation for actual work time in connection therewith.

For the purpose of this Section, prearranged overtime work is deemed to be work for which advance notice has been given by the end of preceding work period on a work day.

4.5 The Animal Services Supervisor, and Assistant Animal Services Officer serve on an on call basis on a weekly basis and shall be compensated $200 per week for weeks they serve on call.

4.6 Call Out Pay:

A. The employees called out shall be paid at the rate of one and one half (1½) times the straight time rate of pay for time worked on emergency calls before 12:00 a.m.. Time worked between 12:00 a.m. and 6:00 a.m., or in excess of twelve (12) consecutive hours between 12:00 a.m. and 12:00 a.m. on any given day, shall be paid at double time.

B. The first call-out will be paid at three (3) hours minimum at the appropriate overtime rate as defined in Article 4.6 (A) of this Agreement. Subsequent calls on the same calendar day will be paid for actual time

worked at the appropriate overtime rate as defined in Article 4.6(A) of this Agreement.

C. All subsequent hours worked on a call-out shall be paid at the appropriate overtime rate per Article 4.6(A) of this Agreement.

D. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do not require substantive work to be performed, will be paid one (1) hour at the appropriate overtime rate as defined in Article 4.6(A) of this Agreement. Calls lasting longer than ten (10) minutes, text messages and/or emails that require substantive work will receive the standard three (3) hour minimum at the appropriate overtime rate as defined in Article 4.6(A) of this Agreement and any additional hours worked as defined in Article 4.6(C) of this Agreement.

ARTICLE V – MEALS

5.1 The City and AFSCME mutually agree to engage in further discussion to incorporate clarifying language for Article V – Meals.

5.2 If the City requires an employee to perform work for one and one-half (1-1/2) hours immediately following quitting time, or if any employee is called in more than two (2) hours immediately before regular starting time, the City shall provide such employee with a $25 meal allowance, payable through payroll. If an employee works beyond the regular quitting time, the City shall continue to provide a meal allowance at four (4) hour intervals until the employee is dismissed from work. The cost of such meals and the time taken to consume them, not to exceed one hour, shall be at the City's expense.

5.3 When the City requires employees to work on non-workdays without notice, the City shall provide a meal allowance at intervals of four (4) hours. The first meal shall be four (4) hours after employees report to work, providing time is allowed for an employee to eat before reporting. If such time is not allowed, the first meal break shall be two (2) hours after reporting for work and at four (4) hour intervals thereafter.

5.4 When an employee is required to perform prearranged work on non-work days during regular work hours, he/she shall observe the lunch arrangement which prevails on his/her work days. If such work continues after regular work hours, the City shall provide the employee with meal allowances in accordance with the provisions of Section 5.1 hereof.

5.5 If the City requires an employee to perform prearranged work starting two (2) hours or more before regular work hours on workdays or non-workdays, and such employee continues to work into regular work hours, the employee shall be provided one (1) meal allowance on the job and the City shall provide other meal allowances as required by the duration of the work period. The meals provided for in this Section shall be eaten at approximately the usual times and the usual practice relating to lunch periods on work days shall prevail.

ARTICLE VI – TEMPORARY UPGRADE

6.1 Any employee who is assigned by the Department Head or designee to a higher classification in the absence of the incumbent, for four (4) hours, shall receive a 10% wage increase while in this status. However, in no event shall the upgrade pay per hour exceed the top step of the classification to which the employee is temporarily upgraded.

ARTICLE VII – TOOLS AND UNIFORM ALLOWANCE

7.1 The City agrees to provide all necessary uniforms and safety equipment for the following classifications in the General Services Unit and provide a uniform care and cleaning allowance of $600 per year. The uniform allowance shall be paid bi-weekly.

- Administrative Clerk – Community Improvement
- Animal Services Supervisor
- Assistant Animal Services Officer
- Code Enforcement Officer
- Field Services Representative
- Field Services Supervisor
- Parking Enforcement Assistant
- Police Records Clerk
- Police Records Clerk Supervisor
- Senior Police Records Clerk
- Supervising Code/Community Improvement Officer

A. The Field Services Representative and the Field Services Supervisor shall be provided with uniforms that meet the requirements for flame retardant clothing. Uniforms provided by the City shall include a jacket, pants, and shirts, and appropriate rain gear. Jackets shall be replaced as needed.

B. City and bargaining unit agree to reopen Section 7.1 to discuss the provision that appears to grant the listed classifications both a city provided uniform and a uniform allowance. Further, City and unit agree to reopen Section 7.1 A. in the event the City and IBEW propose a quartermaster uniform system that incorporates the Field Services classifications.

7.2 The City and AFSCME mutually agree that the City shall purchase appropriate foul-weather coats and boots as deemed necessary for field personnel.

7.3 The City agrees to provide prescription safety glasses up to a maximum cost of $500~~$251~~ per pair as required. A maximum of two (2) pair of prescription safety glasses will be provided by the City during employment except as indicated in 7.5 and 7.6 below.

7.4 ~~All prescription safety glasses shall be purchased or serviced within the City of Lodi. Employees shall have their choice of any local optometrist.~~ The employee

shall pay directly to the optometrist any fees for prescription examination or related charges if needed. The employee shall submit receipts for prescription safety frames and lenses to the City of Lodi for reimbursement.

7.5 Prior to issuance of a replacement pair of prescription safety glasses for payment by the City, the employee shall discuss with and receive approval from the immediate supervisor and department head. The criteria for issuance of a replacement pair of safety glasses are as follows:

1. If safety glasses are damaged due to an accident on the job, the safety glasses will be replaced and paid for by the City.

2. If safety glasses are lost or damaged off the job, the employee will pay the total amount for replacement.

3. If an employee requires a change of prescription for safety glasses, the employee must submit a written statement from the eye doctor stating that the prescription change is necessary.

4. If safety glasses are unsafe due to normal wear and tear, the City shall approve a replacement pair as specified above.

7.6 The following conditions on the part of any applicable employee shall be grounds for the cost of the employee's issued safety glasses to be deducted from the employees payroll check after a determination of cost has been made by the City.

1. Where the City would be required to replace issued safety glasses due to abuse by the employee.

2. Failure on the part of an applicable employee to wear or utilize safety glasses unless agreed to in writing.

3. Failure on the part of an applicable employee to return issued safety glasses, regardless of condition, upon separation from City service.

7.7 Uniforms and safety equipment damaged in the line of duty shall be replaced or repaired by the City.

7.8 When an employee's personal clothing is damaged in the line of duty, the employee may request to have the item replaced or repaired at the City's expense.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. The City shall have the sole discretion to approve or deny the request, and its denial shall not be grievable.

c. Repair costs shall not exceed ordinary costs and shall be limited to the repair identified in the employees claim.

d. Items replaced shall be of similar, or the same value as the item being replaced. The City may require the employee to forfeit the damaged item to the City for inspection.

e. All requests for reimbursement shall be accompanied by receipts.

7.9 Employees whose prescription glasses are damaged in the line of duty shall be entitled to reimbursement for the cost of replacing or repairing glasses.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. Glasses replaced shall be of an equal or similar value to the glasses that were damaged.

c. Any insurance benefit paid to the employee or paid by the insurance provider toward the replacement/repair costs shall result in a reduction to the amount reimbursed to the employee by the amount paid by the insurance provider.

Example:

Cost of Eyewear/Repair	$150
Insurance Pays	$100
Reimbursed to employee	$ 50

d. All requests for reimbursement shall be accompanied by receipts.

ARTICLE VIII – SAFETY BOOT/FOOTWEAR PROVISIONS

8.1 The City agrees to provide an annual boot allowance of $250, paid semi-annually as part of the last biweekly payroll in the months of April and October of each year, for the following classifications:

Building Inspector I/II
Code Enforcement Officer I/II
Engineering Technician I/II
Jr. Engineer
Public Works Inspector I/II
Sr. Engineering Technician (1) (who do inspection/survey work)
Supervising Code/Community Improvement Officer
Records Clerk
Senior Police Administrative Clerk (if assigned to Records division)
Police Records Supervisor
Animal Services Supervisor
Assistant Animal Services Officer

Parking Enforcement Assistant

8.2 Safety boots are defined as leather work boots with a minimum of 4" ankle support. Employees have the option of purchasing these boots with or without steel toes.

8.3 Employees who are assigned to a Lodi Police Department job site, or are supervised by Lodi Police Department personnel, and who are required to wear a uniform, shall be entitled to the safety shoe/boot allowance that meet the Lodi Police Department Policy and Procedure Section 210.1C mandate. This includes appropriate foot wear for Class B and Class A uniforms.

8.4 The City reserves the right to determine if a boot is appropriate to the job class, work hazards, and work conditions.

8.5 Employees who are required to wear specific boots or shoes per any City of Lodi Policy and Procedures mandate, must wear the appropriate footwear when performing the duties/tasks of the assigned classification.

8.6 Employees performing duties/tasks without the prescribed appropriate footwear may be required to vacate the job site until such time as they can return wearing the required footwear for the classification/duties/tasks. Time spent away from the job site for this purpose shall not be paid City of Lodi time.

8.7 Safety footwear for Field Services Representatives and the Field Services Supervisor shall be provided by the Electric Utility Department and shall meet the Electrical Hazard (EH) rating.

8.8 The City will provide all mandated Personal Protective Equipment (PPE) as required, including appropriate rubber glove and leather protectors for Field Services Representatives and the Field Services Supervisor.

ARTICLE IX – EDUCATION INCENTIVES

9.1 Employees in sub-professional engineering positions having the following certificates will receive an additional $23.08 per pay period:

Engineer in Training
Land Surveyor in Training
Land Surveyor

9.2 Employees in the classification of Public Works Inspector I and Public Works Inspector II are eligible for the following incentives:

2% of base salary for possession of a Distribution 1 (D1) certificate
$60.00 per month for possession of a Distribution 2 (D2) certificate
$40.00 per month for possession of a Treatment 1 (T1) certificate
$40.00 per month for possession of a Collection 1 (C1) certificate

ARTICLE X – NOTARY PUBLIC INCENTIVE

10.1 Employees who possess a Notary Public certification and use the Notary Public service as a part of their employment duties with the City will receive a monthly incentive of $40.00. The City will provide Errors and Omissions insurance for employees who perform notary duties as part of their employment.

ARTICLE XI – BILINGUAL PAY

11.1 Employees designated by the Department Head and approved by the City Manager who have passed a bilingual proficiency examination administered by the City shall receive a monthly bilingual supplement of $150, paid bi-weekly. The City Manager has the discretion in determining the languages that will be recognized.

ARTICLE XII – TUITION REIMBURSEMENT

12.1 Tuition Reimbursement will be provided as stated in the City's current Tuition Reimbursement Policy. The City will not reduce the maximum reimbursement amount of $3,000 or eliminate this policy during the term of this MOU.

ARTICLE XIII – COURT APPEARANCES

13.1 Employees summoned by a court for jury duty shall be granted jury duty leave with pay and may keep any jury duty compensation received. Voluntary grand jury service such as that service in San Joaquin County is not covered by jury duty leave.

13.2 If jury duty attendance is less than one-half (½) of a normal working day, the employee is expected to return to work.

13.3 Employees assigned to shift work shall not be scheduled for regular work during the 12 hours preceding the scheduled time for jury duty.

13.4 If an employee has had jury duty of six (6) hours or more during a sixteen (16) hour period immediately preceding the beginning of or following the end of his/her regular work hours on a work day, he/she will be given a rest period of six (6) consecutive hours.

13.5 If an employee covered by this agreement is required by subpoena issued by an authority granted subpoena powers, to appear before it or to give a deposition as a result of an action taken within the scope of employment with the City that employee will receive his full pay while so doing with no loss of time if he/she is on regular duty. If the employee is not on duty the City agrees to compensate that employee at one and one half time (1½) his regular pay for the time spent in any appearance as required by this Article. As a prerequisite for payment to off-duty employees, the Department Head designee must be notified in writing of the off duty appearance within seventy-two (72) hours after the employee is subpoenaed or otherwise notified of the required court appearance.

ARTICLE XIV – MILEAGE COMPENSATION

14.1 Employees using their personal automobile for City business, with their Department Head's approval, shall receive mileage compensation equal to that allowed by the Internal Revenue Service. City business does not include transportation to and from work or call backs due to emergencies.

14.2 Allowance changes shall be effective the first day of the month following the determination of a change by the IRS.

Chapter 2 - Leaves

ARTICLE XV – CATASTROPHIC LEAVE

15.1 Catastrophic Leave will be provided as stated in the City's current policy. The City will not eliminate this policy during the term of this MOU. Catastrophic Leave may be utilized for care of an employee's qualified family members (as identified in the City's Catastrophic Leave Policy) even if the employee participates in Short Term Disability.

15.2 Catastrophic Leave may be utilized (according to Policy) upon expiration of any use of Short Term Disability.

ARTICLE XVI – BEREAVEMENT LEAVE

16.1 Employees shall be granted three (3) days of bereavement leave per incident to attend the funeral of a member of their immediate family, including the time the deceased may lie in state, the day of the funeral, and the time necessary to travel to and from the location of the funeral. The immediate family shall be limited to an employee's:

Spouse/domestic partner	Parent/step-parent/foster parent	Parent-in-law
Child/step-child	Son or Daughter-in-Law	Grandparent
Grandparent-in-law	Brother/half-brother/step-brother	Grandchild
Sister/half-sister/step-sister		

or a more distant relative who was a member of the employee's immediate household at the time of death.

16.2 A regular employee may use sick leave, vacation leave, or compensatory time off to attend the funeral of a person the employee may be reasonably deemed to owe respect. Use of sick leave may not exceed three (3) days for classifications in the General Services Unit.

ARTICLE XVII – HOLIDAYS

17.1 Members of this Unit shall observe the following nationally observed holidays:

New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May

Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday following Thanksgiving Day
Christmas Eve (4 hours)	December 24
Christmas Day	December 25

Employees receive holiday pay if/when they work on the above City-recognized national holiday.

In addition, each employee shall be granted an additional thirty-six (36) hours of holiday leave (floating holiday) to be taken off at a time mutually agreed upon between the employee and the Department Head. Holiday leave cannot be carried over into the following calendar year.

Employees hired after the first pay period of the year are credited with fixed holidays plus a prorated share of floating holidays for the remainder of the calendar year. Employees separating from employment shall be debited the fixed holidays and the prorated share of floating holidays for the remainder of the calendar year.

17.2 Holidays which fall on the first regularly scheduled day off shall be observed on the preceding work day. Holidays which fall on any other regularly scheduled day off shall be observed on the next regularly scheduled work day, with the exception that if the next regularly scheduled work day is also a holiday, the first holiday shall be observed on the preceding work day.

17.3 Bargaining unit members will be granted a day off on the Saturday and Sunday preceding any holiday observed by the City and the Library on a Monday. Bargaining unit members will also be granted a day off on the Saturday and Sunday following the observance of a Saturday holiday on the preceding Friday by the City and the Library. Bargaining unit members will also be granted a day off on Easter Sunday.

17.4 Holiday time may be taken in quarter hour increments.

ARTICLE XVIII – LEAVE OF ABSENCE

18.1 Leave of Absence will be provided as stated in the City's Leave of Absence Policy. The City will not eliminate this policy during the term of this MOU.

ARTICLE XIX – SICK LEAVE

19.1 Effective December 8, 2003, full time employees shall accumulate sick leave at the rate of 3.70 hours per pay period.

19.2 Sick leave may be accumulated up to an unlimited amount.

19.3 Family Sick Leave will be provided in accordance with the City's current Sick Leave Policy as revised in September 2010.

ARTICLE XX – VACATION LEAVE

20.1 Employees shall receive the following vacation benefits:

Beginning with:	
Date of Hire:	3.08 hours per pay period
6th year	4.62 hours per pay period
12th year	5.24 hours per pay period
15thyear	6.16 hours per pay period
21st year	6.47 hours per pay period
22nd year	6.78 hours per pay period
23rd year	7.09 hours per pay period
24th year	7.40 hours per pay period
25th year & over	7.71 hours per pay period

20.2 If a conflict arises in the scheduling of vacations for employees in the same classification, the conflict shall be resolved in favor of the employee with the greatest seniority. The senior employee shall receive first choice in any scheduling period.

20.3 For all persons hired after September 1, 1995 the maximum vacation accrual will be 6.16 hours per pay period.

20.4 The maximum amount of unused vacation hours that an employee may accrue, at any given time is twice the employee's annual vacation entitlement. Whenever an employee's unused, accrued vacation has reached this maximum accrual amount, the employee shall stop accruing any additional vacation. Accrual will automatically resume once the employee uses some vacation and the accrual balance falls below the maximum accrual amount.

Chapter 3 – Insurance and Retirement

ARTICLE XXI – MEDICAL INSURANCE

21.1 All employees are offered medical insurance for themselves and dependents through Cal PERS-Medical Plans. Effective January 1, 2018, the City will contribute the following amounts toward the medical premium:

$1,794.51	per month for family
$1,380.39	per month for employee +1 dependent
$690.20	per month for employee only

The employee will pay one hundred percent (100%) of the difference between the City's contribution and the monthly premium for the plan elected.

21.2 If an employee waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account (Cash in lieu):

$692.81 per month for family
$532.92 per month for employee + 1 dependent
$305.22 per month for employee only

In order to qualify for this provision, proof of group insurance must be provided to the City.

21.3 Effective January 1, 2020 and through December 31, 2022~~2019~~, the maximum amount the City will pay towards medical premiums will be increased by the lower of three percent (3%) or the actual cost increase (for the employee's applicable cap) for employees whose annual base salary is less than ~~$43,000~~$47,000.

Percentage increases shall be based upon the amounts paid by City ($690.20 for Employee only, $1,380.39 for Employee +1, $1,794.51 for Family).

21.4 Employees shall be eligible for medical insurance the first day of the month following the date the employee becomes a full-time regular employee of the City of Lodi.

21.5 The City shall pay 100% of the premiums or up to the maximum City payment noted above for health and dental benefits for the unmarried surviving spouse and any minor children of any member of this unit who is killed or dies during the performance of official duties. This benefit terminates if the surviving spouse remarries, the children reach the age of 26, or other medical insurance becomes available.

ARTICLE XXII – DENTAL INSURANCE

22.1 Employees are provided fully paid family dental insurance.

22.2 Maximum benefits are $1,000 for each family member enrolled in the dental plan, per calendar year. There is a $25 deductible plus co-insurance features.

ARTICLE XXIII – VISION INSURANCE

23.1 The City agrees to provide a vision care plan equivalent to the VSP Signature Plan with a $25 deductible for the employee and dependents. The entire premium shall be paid by the City.

ARTICLE XXIV – CHIROPRACTIC

24.1 The City agrees to pay all costs of premiums for employees and dependents for a chiropractic plan equivalent to the Landmark chiropractic plan.

ARTICLE XXV – LIFE INSURANCE

25.1 ~~A~~The City agrees to provide a life insurance program providing $25,000 term life insurance which includes a $25,000 Accidental Death and Dismemberment coverage for the employee. Said amount of insurance to reduce to $6,500 at age 70, and to decrease to $5,000 at age 75. In addition, a spouse, unmarried dependent children between the ages of 6 months and 21 years, unmarried student

dependent children to 23rd birthday, and dependent handicapped children shall be covered for $1,500 insurance. Children under 6 months shall be provided with $150 life insurance.

The City will provide an additional $10,000 of Accidental Death and Dismemberment insurance for each member in the General Services Unit.

ARTICLE XXVI – LONG TERM DISABILITY

26.1 A long term disability program which, coordinated with other disability benefits, shall provide a benefit of 66-2/3% to a maximum of $10,000 per month of the employee's basic monthly earnings in the event of disability. This program commences sixty (60) days from the date of disability. Please refer to the City's Policy on Long Term Disability.

26.2 The maximum length of coverage is three (3) years from date of disability.

ARTICLE XXVII – WORKERS' COMPENSATION

27.1 The City and AFSCME mutually agree that when an employee is compelled to be absent from work due to injuries or illness arising out of and in the course of his or her employment, the City shall pay full compensation to any represented employee who becomes eligible for benefits under Workers' Compensation laws for the period of the time between the injury and the first day of eligibility for benefits. With the determination that the injury or illness is compensable in accordance with Workers' Compensation benefit criteria, the employees upon receiving said benefits such paid by Workers' Compensation shall also receive compensation from the City in an amount that when added to the Workers' Compensation payment shall equal the employees regular salary. The amount paid by the City shall, after the period from the date of injury and date of eligibility, be charged to the employee's sick leave account. The employee's regular deductions shall be made from the amount paid by the City.

ARTICLE XXVIII – FLEXIBLE SPENDING ACCOUNT

28.1 The City will maintain a pre-tax "flexible spending account" to conform to IRS regulations to be used for premium contributions, dependent care and/or un-reimbursable medical payments for unit members. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 will be forfeited after the final filing date, if left unclaimed.

ARTICLE XXIX – DEFERRED COMPENSATION

29.1 The City shall match contributions by General Service employees to a deferred compensation program up to a maximum of 3.0% of the employee's gross salary.

ARTICLE XXX – PERS

30.1 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "classic" employees by PERS:

a. PERS "2% at 55" full formula retirement benefits plus the following additional options:
b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit (Section 21298).
c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement. (Section 21382.4).
d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement. (Section 21263 and Section 21263.1 and 21263.3).
e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement. (Section 20862.8).
f. Military Service Credit as Public Service (Section 21024).
g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.
h. 50% survivor continuation in the event of death after retirement.
i. Employee shall pay employee share of retirement at 7% effective December 31, 2013.

30.2 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "new" employees by PERS under the Public Employees' Pension Reform Act of 2013 (PEPRA):

a. PERS "2% at 62" full formula retirement benefits plus the following additional options:
b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit.
c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement.
d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement.
e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement.
f. Military Service Credit as Public Service.
g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.
h. 50% survivor continuation in the event of death after retirement.
i. Employee shall pay employee share of retirement as calculated by PERS in its annual actuarial valuation.

30.3 Effective ~~as soon as administratively possible~~May 20, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in this unit shall pay two percent (2%) towards the employer's share of CalPERS normal pension cost (cost-sharing~~). In exchange, the City shall provide a two percent (2%) salary adjustment. The parties agree that should the~~

~~parties negotiate the elimination of the two percent (2%) cost-sharing by the employee, the corresponding salary adjustment by the City shall also cease and become null and void.~~ Effective July 13, 2020, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 11, 2021, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 10, 2022, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing).

ARTICLE XXXI – SICK LEAVE CONVERSION

31.1 For all unused sick leave, a represented employee with ten (10) years of employment with the City shall receive medical insurance coverage upon retirement (but not upon resignation or termination) using one of the following options:

Option #1 – Conversion

After ten (10) years of employment with the City, 50% of the represented employee's unused sick leave shall be converted to months of medical insurance as adjusted herein. For each year that an employee has been employed by the City in excess of ten (10) years, the employee shall be entitled to add 2.5% to the 50% before converting the unused sick leave to months of insurance.

EXAMPLE

Robert Smith retires with 20 years of service and 1800 hours of unused sick leave.

1800 ÷ 8 x 75% ÷ 12 = 14.06 years of coverage

The amount of the premium paid shall be the same as the premium paid by the City at the time of retirement subject to the cap shown in Article XXI. Any differences created by an increase in premiums must be paid for by the employee.

In the event the retiree dies the surviving dependent(s) may purchase medical insurance for the same period as if the employee had not died.

Option #2 –Bank

50% of the dollar value of sick leave will be placed into a bank to be used for medical insurance premiums for the employee and dependent(s). For each year that an employee has been employed in excess of 10 years, 2.5% will be added to the 50% before valuing the size of the bank. Each hour of sick leave is valued at $20.00.

EXAMPLE

Robert Smith retires with 20 years of service and 1800 hours of unused sick leave (multiplication factor - $20.00).

1800 x 75% x 20.00 = $27,000.00

This amount will be reduced each month by the current premium for the employee and dependent(s) until the balance in gone.

In the event the retiree dies, the remaining bank will be reduced by 50% and the surviving dependent(s) may use the bank until the balance is gone.

31.2 In the event an active employee dies before retirement and that employee is vested in the sick leave conversion program, the surviving spouse will have an interest in one-half the value of the Bank option as calculated in section 30.1.

31.3 Employees selecting option #1 or #2, who retire on a service retirement shall have the option of purchasing at the employee's cost additional medical insurance sufficient to reach age 65.

31.4 Out of area retirees may receive reimbursement for medical insurance premiums up to the City's liability as specified in Section 30.1 of this Article.

Option #3 – PERS Credit

31.5 Per the California Government Code, employees may receive credit for unused sick leave. It is agreed that eight (8) hours equals one (1) day for purposes of determining days creditable.

31.6 Employees hired after July 1, 1995 will not have the option of converting sick leave time into medical insurance premiums as referenced in options 1-2. The only option available to these employees is Option #3, PERS credit.

31.7 Option #3 is available to all represented employees meeting PERS eligibility requirements.

31.8 If an employee opts to utilize the provisions of Option #1 or Option #2, the City will report to PERS they have zero hours of unused sick leave.

Chapter 4 – Union / City Issues

ARTICLE XXXII – UNION LEAVE

32.1 Whenever any employee is absent from work as a result of a formal request by AFSCME to send an employee to be involved in Association business, the City shall pay for all regular time lost and shall be reimbursed therefore by AFSCME at the rate of one hundred and fifty percent (150%) of the employee's regular wage rate.

32.2 The City agrees to provide storage space to AFSCME for association materials.

ARTICLE XXXIII – LAYOFF

33.1 Bargaining unit has the ability to appeal a layoff decision made by Human Resources to the City Manager.

ARTICLE XXXIV – CHANGES IN MEMORANDUM

34.1 The parties agree to reopen this MOU and to renew meeting and conferring on the subjects set forth herein during the term of this MOU only in the event that any provision of this MOU is modified by statute, applicable regulation or by order of Court in such a way as to affect either the employees or the City. In such event, all remaining provisions of the MOU would continue in full force and effect unless and until they are also modified by statute, applicable regulation or order of Court, or agreement of the parties.

ARTICLE XXXV – CITY RIGHTS

35.1 It is understood and agreed between the parties that nothing contained in this Memorandum shall be construed to waive or reduce any rights of the City, which include, but are not limited to the exclusive rights to:

- Determine the mission of its constituent departments, commissions and boards.
- Set standards of service.
- Determine the procedures and standards of selection for employment.
- Direct its employees.
- Maintain the efficiency of governmental operations; to determine the methods, means and personnel by which government operations are to be conducted.
- Take all necessary actions to carry out its mission in emergencies.
- Exercise complete control and discretion in the technology of performing its work.

City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine the content of job classifications; provided, however, that the exercise by the City of the rights in this section does not preclude employees or their recognized employees organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

ARTICLE XXXVI – EMPLOYEE REPRESENTATION

36.1 This Memorandum of Understanding (hereinafter referred to as MOU) is entered into between representatives of the City of Lodi (hereinafter referred to as City) and representatives of the Lodi Chapter of the American Federation of State, County and Municipal Employees (AFSCME) for the General Services Unit.

The parties to this MOU acknowledge and agree that this MOU constitutes the result of meeting and conferring in good faith as contemplated by Sections 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reached agreement are set forth in this MOU. Except as specifically modified by this MOU, all

existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU are applicable to all regular and probationary employees represented by AFSCME in Exhibit A.

36.2 The City shall grant dues deduction to City employees who are members of AFSCME in accordance with the terms and conditions set forth in City of Lodi Resolution 2011-51

AFSCME shall indemnify, defend, and hold the City of Lodi harmless against any claims made and against any suit instituted against the City of Lodi on account of check-off of said employee organization's dues. In addition, AFSCME shall refund to the City of Lodi any amounts paid to it in error upon presentation of supporting evidence.

36.3 UNION SECURITY, MEMBERSHIP AND DUES CHECK OFF

Union Membership – All employees covered by this Agreement shall have the opportunity to be a member of AFSCME.~~, as a condition of employment, become and remain members of the UNION within 30 days of employment in a covered job classification.~~ The CITY will inform all new hires and employees promoting into the bargaining unit of the existence of this Collective Bargaining Agreement~~ and the requirement to become and maintain membership in the UNION~~. A UNION Officer, or designee, will be notified within 10 business days and afforded time to meet with any employee entering the bargaining unit in order to conduct a UNION Orientation Meeting.

~~In the event an employee covered by this Agreement fails to apply for, or maintain their membership in the UNION, or reinstate themselves into membership in good standing, the UNION may give the CITY written notice of the fact and request that the employee be suspended or terminated from employment. In such event, the CITY shall suspend or terminate the employment of said employee, as requested, within 15 business days of receipt of the notice.~~

~~Fair Share Donation – Any employee who is a member of a bona fide religion, body, or sect who has historically held conscientious objections to joining or financially supporting public employee organizations shall not be required to join or financially support the UNION. Such employee shall, in lieu of Agency Shop Fees, pay sums equal to said amount to a non-religious, non-labor United Way charitable organization exempt from taxation under Section 501 c (3) of the Internal Revenue Code, which has been selected by the UNION from the local United Way. Payments shall be made by payroll deduction as a condition of continued exceptions from the requirements of financial support to the UNION and as a condition of continued employment. Disputes regarding the application for this provision, by employees, shall be subject to arbitration~~

Membership status shall remain in effect per the terms set forth in the AFSCME Membership Application. Only AFSCME members are afforded exclusive UNION membership rights. ~~for the duration of this Agreement except that an~~

~~employee may change his or her status from UNION member not more than **90** days or less than **60** days prior to the expiration of this Agreement. An employee changing his or her membership status shall submit the appropriate form to the UNION. Thereafter, the UNION will notify the CITY of the change and the appropriate notation shall be made to the employee's record and/or payroll deduction.~~

The CITY shall provide the UNION, on a monthly basis, the name, home address and department, division or work unit of employees entering or leaving a job classification covered by this Agreement. Employees leaving or reentering employment from Military Leave will be noted.

Dues Check Off – On a bi-weekly basis the CITY agrees to deduct from the pay of each member of the UNION covered by this Agreement, who authorized such deductions in writing, all dues or fees levied by the UNION. The CITY shall provide the UNION 5 business days prior to the end of the pay period an alphabetical list of employees belonging to the UNION. The list shall contain the amount of payroll deduction for each employee listed. The CITY agrees to remit to the UNION on a bi-weekly basis the aggregate amount of deductions shown on the list furnished by the UNION. A copy of the Check Off Authorization Form signed by each employee shall be submitted by the UNION to the CITY.

Payroll deductions shall be limited to the following choices:

- Union Membership Dues
- ~~Agency Shop Fees~~
- AFSCME Voluntary Political Action Check Off (PEOPLE)
- ~~Fair Share donations to the United Way Campaign~~

~~Fair Share donations are limited to employees with religious objections.~~
The Union will comply with its legal obligation regarding the administration of this section.

Hold Harmless – The UNION agrees to hold harmless and to indemnify the CITY for any and all costs or legal action, which may be caused, or result from the CITY'S compliance with this Article.

36.4 The City shall allow AFSCME access to city meeting facilities at no cost to AFSCME subject to the operating needs of the City. Requests for such use shall be made in advance to the appropriate Department Dead or designee and shall include the date, location, time and general purpose of such meeting. The City may establish reasonable regulations governing the use of such facilities.

36.5 No City employee or applicant for employment shall be discriminated against any aspect of employment because of race, national origin, ancestry, color, religious or political opinions or affiliations, union affiliation, age, sex or disability.

36.6 The City and AFSCME agree and understand that if any section of the MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as the personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity will be resolved in favor of the MOU language. If the MOU is silent on any issue, the applicable document is controlling.

ARTICLE XXXVII – GRIEVANCE PROCEDURE

37.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretations and clarifications executed by AFSCME and the City.

The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and AFSCME involving the interpretation, application or enforcement of the express terms of the MOU and other terms and conditions of employment and matter of discipline which includes demotion, suspension or discharge.

As used in procedure, the term "PARTY" means an employee, AFSCME, the City or the authorized representative of any party. The employee is entitled to representation through all steps in the procedure.

37.2 Disputes involving the following subjects shall be determined by the Grievance Procedures established herein:

a. Interpretation or application of any of the terms of this MOU, including Exhibits thereto, Letters of Agreement, and/or formal interpretations and clarifications executed by AFSCME and the City.

b. Discharge, demotion, suspension, or discipline of an individual employee. Employees shall have the right to grieve letters of reprimand through the chain of command up to the Department Director or designee. The decision of the Department Director or designee is final and binding and not subject to further grievance.

c. Disputes as to whether a matter is proper subject for the Grievance Procedure.

d. Disputes which may be of a "class action" nature filed on behalf of AFSCME or the City. Class action grievances shall be in writing from AFSCME to the City Manager or vice versa.

37.3 STEP ONE: Discussion between the employee and/or the employee's representative, and the division head or designated supervisor directly involved, who shall answer within fifteen (15) work days. This step shall be taken within thirty (30) work days of the date of the action complained of, or the date the Grievant became aware of the incident which is the basis of the Grievance.

37.4 STEP TWO: If a grievance is not resolved in the initial step, a written statement signed by the Grievant shall be presented to the department head which shall include the action being grieved and the desired remedy. A discussion shall then take place between the employee, his or her representative, and the department head, who shall answer in writing within fifteen (15) work days. This Step shall be taken within fifteen (15) work days of the date the department head receives the written statement.

37.5 STEP THREE: If a Grievance is not resolved in STEP TWO, STEP THREE shall be the presentation of the Grievance, in writing, by the employee or his or her representative to the City Manager, who shall answer in writing within fifteen (15) work days of receipt of the Grievance. This Step shall be initiated within fifteen (15) work days of the date of the answer in STEP TWO.

37.6 STEP FOUR: If the Grievance is not resolved by the City Manager, arbitration shall be the final level of appeal for grievances and discipline. It is agreed by both parties that the decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified within fifteen (15) work days of the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five arbitrators from which the City and AFSCME shall alternately strike names until one name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five arbitrators, the same request shall be made of the American Arbitration Association.

To insure that the arbitration process is as brief and economical as possible, the following guide lines shall be adhered to:

a. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

b. Both parties and the arbitrator may tape record the hearing.

c. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

d. The parties may agree to prepare a joint letter submitting the issue in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

e. The strict rules of evidence are not applicable and the hearing shall be informal.

f. The parties have the right to present and cross examine witnesses, issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.

g. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

h. Attendance at a hearing shall be limited to those determined by the arbitrator to have a direct connection with the appeal. Witnesses normally would be present at the hearing only while testifying and should be permitted to testify only in the presence of the employee or his/her representative and the employer's representative.

i. The arbitration hearing will be held on the employer's premises.

j. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing. The decision will be in writing and shall contain the crucial reasons supporting the decision and award.

The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law. The arbitrator has no power to add to a disciplinary action.

37.7 Failure by either party to meet any of the aforementioned time limits as set forth in Sections 35.3, 35.4, 35.5, or 35.6 shall result in forfeiture by the failing party. Except, however, that the aforementioned time limits may be extended by mutual

agreement. Grievances settled by forfeiture shall not bind either party to an interpretation of this MOU, nor shall such settlements be cited by either party as evidence in the settlement of subsequent grievances.

37.8 An employee may represent himself/herself at any step of the Grievance Procedure up to Step 3.

37.9 Only AFSCME may appeal a grievance to arbitration.

ARTICLE XXXVIII – MUTUAL CONSENT CONTINGENCY

38.1 This MOU may be amended any time during its life upon the mutual consent of the City and AFSCME. Such amendment must be in writing and attached to all executed copies of this MOU.

ARTICLE XXXIX – NO STRIKES

39.1 The represented employees agree that they shall not strike, withhold services, engage in "slow downs" or "sick-ins" or participate in any other concerted activity which adversely affects job performance or City services during the term of this MOU.

ARTICLE XL – PROBATIONARY PERIOD

40.1 All appointments to positions in the classified service shall be subject to a probationary period of twelve (12) continuous months of service. The probationary period shall be regarded as an integral part of the examination process and shall be used to closely observe the employee's work for securing the most effective adjustment of an employee to his/her new duties, assignments and responsibilities in his/her new position and for rejecting any probationary employee whose performance does not meet required work standards. If the service of the employee is deemed to be unsatisfactory, the employee shall be notified that he/she has not satisfactorily completed probation.

40.2 During the probationary period, all new hires shall have the rights and privileges afforded to other employees, except:

a. Vacation Leave – See Article XX for vacation schedule.

b. The use of the Grievance Procedure to grieve termination.

c. The City and the employee may mutually agree to extend the probationary period ~~for not more than six (6) months~~in increments up to six (6) months. The total extended probationary period shall not exceed twelve (12) months.~~.~~ AFSCME ~~shall~~must be notified of all extensions by Human Resources.

~~d. Probation shall be extended for the same time as any leaves of absence.~~

40.3 In the event an employee is promoted and is rejected by the appropriate department head, he or she shall be reinstated to the position from which he/she

was promoted~~ unless he/she is discharged~~. The seniority and status of a rejected candidate shall continue as before.

ARTICLE XLI – PROMOTION

41.1 The City and AFSCME mutually agree it is good personnel practice to make every effort to promote from within consistent with the best interests of the City.

ARTICLE XLII - SENIORITY

42.1 Seniority is defined as the total length of continuous service with the City. Continuity of service shall not be broken and seniority shall accrue when an employee is:

a. Inducted, enlists, or is called to active duty in the Armed Forces of the United States or service in the Merchant Marine under any Act of Congress which provides that the employee is entitled to re-employment rights.

b. On duty with the National Guard.

c. Is absent due to industrial disability.

d. On leave of absence.

e. Absent due to layoff for a period of less than twelve (12) consecutive months.

ARTICLE XLIII – SHOP STEWARDS

43.1 AFSCME agrees to notify the City in writing as to the appointment of all shop stewards. Shop stewards shall be required to work full time in their respective classifications and shall not interrupt the work of other employees. A steward may, with reasonable notice and approval of his or her supervisor, leave the job during working hours for reasonable periods to investigate pending grievances and to take part in the Grievance Procedure. However, no steward shall leave the job while his presence is necessary in the judgment of his/her supervisor for the safe conduct and efficiency of the operations in which he/she is engaged.

ARTICLE XLIV – STATUS

44.1 Employees shall be designated as regular~~,~~ or probationary. ~~, or temporary, depending upon the purpose for which they are hired and their length of continuous service with the City.~~

a. A regular employee is defined as an employee who has twelve (12) months or more service with the City in full time employment, except as provided for in the Rules for Personnel Administration, Article X (Probationary Period).

b. A probationary employee is defined as an employee hired for a full time position that has been regularly established as an authorized position and

is of indeterminate duration. A probationary employee shall receive not less than the minimum rate for the job and shall be eligible for sick leave pay, vacation pay, holiday pay, retirement plan participation, insurance coverage and items of a similar nature, as he/she becomes eligible, but shall not be given preferential consideration for promotion or transfer or be eligible for a leave of absence. Upon completion of twelve (12) month of continuous full time service with the City, and satisfactory performance, a probationary employee shall be given the status of a regular employee.

~~c. A temporary employee is an employee hired on a full time basis to fill a full time position (at least 32 hours per week). Temporary employees shall attain regular status after being employed for twelve (12) continuous months.~~

ARTICLE XLV – TERM

45.1 The terms and conditions of this MOU shall continue in effect until such time as they are superseded by a signed agreement/MOU between the City of Lodi and AFSCME. The parties agree as follows:

TERM: Covering the period from January 1, 2020~~2018~~ through December 31, 2022~~2019~~.

EXHIBIT A

Salary Schedule – General Services
Effective February 20, 2020~~November 19, 2018~~

		Annual Salary				
Job Title	Job Code	Step 0	Step 1	Step 2	Step 3	Step 4
ACCOUNT CLERK	2000	$ 39,037.47	$ 40,989.29	$ 43,038.74	$ 45,190.69	$ 47,450.32
ADMINISTRATIVE ASSISTANT	2702	$ 47,022.56	$ 49,373.76	$ 51,842.46	$ 54,434.56	$ 57,156.26
ADMINISTRATIVE CLERK	2700	$ 35,350.74	$ 37,118.30	$ 38,974.26	$ 40,922.92	$ 42,969.07
ANIMAL SERVICES SUPERVISOR	2021	$ 45,876.69	$ 48,170.61	$ 50,579.11	$ 53,108.01	$ 55,763.45
AQUATIC COORDINATOR	2603	$ 46,565.86	$ 48,894.21	$ 51,338.93	$ 53,905.85	$ 56,601.08
ASSISTANT ANIMAL SERVICES	2020	$ 39,893.84	$ 41,888.49	$ 43,982.99	$ 46,182.15	$ 48,491.24
BUILDING INSPECTOR I	2072	$ 54,295.72	$ 56,876.94	$ 59,720.80	$ 62,706.93	$ 65,842.20
BUILDING INSPECTOR II	2073	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62	$ 72,426.48
CODE ENFORCEMENT OFFICER	2022	$ 56,748.03	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62
CUSTOMER SERVICE REP II	2011	$ 35,488.75	$ 37,263.18	$ 39,126.30	$ 41,082.53	$ 43,136.68
CUSTOMER SERVICE REP II	2012	$ 39,037.47	$ 40,989.29	$ 43,038.74	$ 45,190.69	$ 47,450.32
ENGINEERING AID	2199	$ 42,969.75	$ 45,118.24	$ 47,374.16	$ 49,742.85	$ 52,230.02
ENGINEERING TECHNICIAN I	2200	$ 54,683.42	$ 57,417.51	$ 60,288.36	$ 63,302.85	$ 66,468.00
ENGINEERING TECHNICIAN II	2201	$ 60,151.74	$ 63,159.20	$ 66,317.21	$ 69,633.04	$ 73,114.69
EVENTS COORDINATOR	2605	$ 55,669.80	$ 58,453.20	$ 61,375.82	$ 64,444.72	$ 67,667.04
FIELD SVC REP	2050	$ 48,260.54	$ 50,673.60	$ 53,207.30	$ 55,867.70	$ 58,661.01
FIELD SVC SUP	2051	$ 55,553.84	$ 58,331.57	$ 61,248.15	$ 64,310.43	$ 67,525.99
FINANCE TECHNICIAN	2014	$ 47,235.33	$ 49,597.15	$ 52,077.00	$ 54,680.94	$ 57,414.89
INFORMATION SYSTEMS SPECIALIST	2400	$ 53,648.70	$ 56,331.28	$ 59,151.45	$ 62,105.06	$ 65,210.32
JUNIOR ENGINEER	2203	$ 71,460.17	$ 75,033.22	$ 78,784.79	$ 82,724.05	$ 86,860.25
JUNIOR PLANNER	2208	$ 53,997.84	$ 56,697.64	$ 59,532.53	$ 62,509.16	$ 65,634.65
JUNIOR PLANS EXAMINER/ENGINEER	2071	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62	$ 72,426.48
LIBRARY ASST	2500	$ 37,118.42	$ 38,974.26	$ 40,923.05	$ 42,969.20	$ 45,117.54
LIBRARY TECHNICIAN	2510	$ 46,954.61	$ 49,302.32	$ 51,767.47	$ 54,355.85	$ 57,073.61
NETWORK TECHNICIAN	2401	$ 64,337.70	$ 67,554.65	$ 70,932.32	$ 74,478.98	$ 78,203.02
PARKING ENFORCEMENT ASSISTANT	2027	$ 40,201.10	$ 42,211.18	$ 44,321.78	$ 46,537.90	$ 48,864.73
PARKS PROJECT COORDINATOR	2600	$ 66,166.82	$ 69,475.20	$ 72,948.88	$ 76,596.35	$ 80,426.16
PAYROLL TECHNICIAN I	2016	$ 47,235.33	$ 49,597.15	$ 52,077.00	$ 54,680.94	$ 57,414.89
PERMIT TECHNICIAN	2070	$ 44,658.93	$ 46,892.41	$ 49,237.00	$ 51,698.94	$ 54,283.88
POLICE RECORDS CLERK	2024	$ 35,087.98	$ 36,842.30	$ 38,684.49	$ 40,618.67	$ 42,649.69
POLICE RECORDS CLERK II	2023	$ 38,596.90	$ 40,526.67	$ 42,553.00	$ 44,680.68	$ 46,914.70
POLICE RECORDS CLERK SUPERVISOR	2026	$ 44,379.63	$ 46,598.64	$ 48,928.51	$ 51,374.88	$ 53,943.71
PROGRAM COORDINATOR	2602	$ 41,307.71	$ 43,373.00	$ 45,541.61	$ 47,818.72	$ 50,209.74
PROGRAM/ANALYST	2405	$ 62,150.31	$ 65,168.52	$ 68,426.95	$ 71,848.29	$ 75,440.70
PUBLIC WORKS INSPECTOR I	2204	$ 54,168.61	$ 56,876.94	$ 59,720.80	$ 62,706.93	$ 65,842.20
PUBLIC WORKS INSPECTOR II	2205	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62	$ 72,426.48
SENIOR ADMINISTRATIVE CLERK	2701	$ 38,885.84	$ 40,830.09	$ 42,871.69	$ 45,015.23	$ 47,266.04
SENIOR ENGINEERING TECHNICIAN	2202	$ 66,166.82	$ 69,475.20	$ 72,948.88	$ 76,596.35	$ 80,426.16
SENIOR LIBRARY ASSISTANT	2505	$ 40,830.09	$ 42,871.69	$ 45,015.23	$ 47,266.04	$ 49,629.24
SENIOR PAYROLL TECHNICIAN	2017	$ 51,958.87	$ 54,556.87	$ 57,284.70	$ 60,149.04	$ 63,156.39
SR POLICE ADMINISTRATIVE CLERK	2025	$ 41,162.55	$ 43,220.82	$ 45,381.71	$ 47,650.71	$ 50,033.33
SUPERVISING CUSTOMER SERV. REP	2013	$ 47,235.33	$ 49,597.15	$ 52,077.00	$ 54,680.94	$ 57,414.89
UTILITY BILLING SPECIALIST	2015	$ 42,941.24	$ 45,088.31	$ 47,342.72	$ 49,709.86	$ 52,195.34
WATER SERVICES TECHNICIAN I	2206	$ 64,239.65	$ 67,451.63	$ 70,824.21	$ 74,365.36	$ 78,083.61
WATER SERVICES TECHNICIAN II	2207	$ 70,663.50	$ 74,196.65	$ 77,906.50	$ 81,801.89	$ 85,892.01
WATERSHED PROGRAM COORDINATOR	2209	$ 41,307.71	$ 43,373.00	$ 45,541.61	$ 47,818.72	$ 50,209.74
YOUTH OUTREACH WORKER	2028	$ 45,118.24	$ 47,839.66	$ 50,704.31	$ 53,736.02	$ 57,507.86

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

General Services Classifications: Public Works Inspectors and Water Services Technicians			Water Distribution Operator Certificates				Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	T1	T2	T3	T4	T5	C1	C2	C3	C4
Public Works Inspector I	G		2%*	$60			$40					$40			
Public Works Inspector II	G		2%*	$60			$40					$40			
Water Services Technician I	G		***	$60											
Water Services Technician II	G			$60											

Misc. Classifications eligible for Pest Control or Qualified Applicators Certificate Incentive			
Job Classification/Title	BU	Pest Ctrl Adv	QA
Park Maintenance Worker I	M	$50	
Park Maintenance Worker II	M	$50	$40
Park Maintenance Worker III	M	$50	$ 40*
Parks Supervisor	M	$50	$40
Sr. Facilities Maintenance Worker	M	$50	$40

Street Maintenance Worker Classifications			Collection Maintenance System Certificates					
Job Classification/Title	BU	Class A	C1	C2	C3	C4	Pest. Ctrl	QA
Street Maintenance Worker I	M	$600*	$40	$40	$40	$40	$50	$40
Street Maintenance Worker II	M	$ 600	$40	$40	$40	$40	$50	$40
Street Maintenance Worker III	M	$ 600		$40	$40	$40	$50	$40
Street Maintenance Supervisor	M	$ 600			$40	$40	$50	$40

Water and Wastewater Maintenance Worker Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates				Environmental Compliance Inspection Certificates				Mechanical Technologist Certificates (MechTech)			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	C1	C2	C3	C4	EC1	EC2	EC3	EC4	MT1	MT2	MT3	MT4
Water/Wastewater MW I	M	$600*	2%*	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW II	M	$ 600	2%	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW III	M	$ 600	2%	2%	$40	$40	$40		$40	$40	$40	$40		$40	$40	$40						$40	$40	$40
Wtr/WW Supervisor (Water)^	M	$600*		4%	$40	$40	$40		**	$40	$40	$40			$40	$40	$40	$40	$40	$40		$40	$40	$40
Wtr/WW Supervisor (Wastewater)^	M	$600*		4%	$40	$40	$40			$40	$40	$40			$40**	$40	$40	$40	$40	$40		$40	$40	$40
W/WW Plant & Equip Mechanic	M	$600*		4%	$40	$40	$40		**	$40	$40	$40		$40	$40	$40						$40	$40	$40

^Treatment and Collection Certification requirements are dependent on assignment to Water or Wastewater System

Laboratory Technician and Environmental Compliance Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Environmental Compliance Inspection Certificates					
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	EC1	EC2	EC3	EC4	BFPAT	CCCS
Laboratory Technician I	M												$40	$40	$40	$40	$40	$40	$40	$40		
Laboratory Technician II	M													$40	$40	$40	$40	$40	$40	$40		
Environmental Comp Inspector	M		2%	2%	$40	$40	$40		$40	$40	$40	$40	**	$40	$40	$40			$40	$40	$40**	
Laboratory Services Supervisor	M		2%*	2%	$40	$40	$40		$40	$40	$40	$40		!	$40	$40		!	$40	$40		!

Required to obtain a D1 OR a T1

If Env Comp Insp/Lab Servs Supv obtains the Distribution certs first, they receive the 2% and 4% incentive. If they obtain the Treatments certs in addition, they are eligible for $40 incentive for Grade II certificate obtained (no incentive for the Grade I certificate)

Updated 3/4/2020 1 of 2

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

Wastewater Plant Operator Classifications			Wastewater Plant Operator Certificates						Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				Environmental Compliance Inspection Certificates				
Job Classification/Title	BU	Class A	OIT	ww1	ww2	ww3	ww4	ww5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	EC1	EC2	EC3	EC4	QA
Wastewater Plant Operator I	M			**	$40 &	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator II	M					$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator III	M						$40	$40		$40	$40	$40		$40	$40	$40					$20
Chief Wastewater Plant Operator	M						$40	$40		$40	$40	$40		$40	$40	$40	$40	$40	$40	$40	

Refer to Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Water Plant Operator Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	QA
Water Plant Operator II	M		$40	$40	$40	$40	$40			$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20
Water Plant Operator III	M			$40	$40	$40	$40				$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20

Reference Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Article 12.1 provides for $40 per month (maximum of $250) for incentive for each grade at or above the minimum as provided for in Exhibit C (incorporated in the tables above)

							Automated Service Excellence (ASE) Technician Certificates (Max of $150.00 with all combined ASE certificates)																											
							Auto									Transit Bus Certificates						Truck					Med/Heavy Truck							
Job Classification/Title	BU	Class A	Cls A Brk	Class A Lamp	Weld	Smg Cert	A1	A2	A3	A4	A5	A6	A7	A8	F1	H2	H3	H4	H5	H6	H7	P1	P2	P3	P4	P9	T1	T2	T3	T4	T5	T6	T7	T8
Equip Service Worker	M	$600#	$25	$12.5	$12.5																													
Heavy Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50																												
Lead Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50*	$25 for 3 ASE certificates and $50 for 8 ASE Certficates, for a maximum of $150/month for ASE certificates																											
Welder-Mechanic (PW)	M	$600#	$25	$12.5	$12.5	$50																												
Fleet Services Supervisor	M	$600#																																

LEGEND

Job Requirement
* obtain w/in 12 months of appointment/incentive paid when ee obtains certificate
** obtain w/in 24 months of appointment/incentive paid when ee obtains certificate
& obtain w/in 24 months of obtaining Grade I Wastewater Treatment Operator certificate
*** obtain w/in 18 months of appointment/incentive paid when ee obtains certificate
! obtain w/in 30 months of appointment/incentive paid when ee obtains certificate
obtain w/in 6 months of appointment/incentive paid when ee obtains certificate

D = distribution certificate issued by State Water Resources Control Board
T = water treatment certificate issued by State Water Resources Control Board
WW = wastewater certificate issued by the State Water Resources Control Board
C = Collections certificate issued by CA Water Environment Association (CWEA)
L= Laboratory certificate issued by CA Water Environment Association (CWEA)
EC = Environmental Compliance certificate issued by CA Water Environment Association (CWEA)
B=Biosolids Land Application Management certificate issued by CA Water Environment Association
MT = Mechanical Technologist certificate issued by CA Water Environment Association (CWEA)
BFPAT = Back Flow Prevention Assembly Tester
CCCS = Cross Connection Control Specialist

Updated 3/4/2020 2 of 2

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

_____
Jeremiah Miller, Chief Negotiator
Date:_____

_____
Shawn Tallerico, Chapter President
Date:_____

_____
Terri Lovell, Executive Vice President
Date:_____

_____
Rodney Plamondon, Vice President
Date:_____

_____
George Agnew, Treasurer
Date:_____

_____
Kari Chadwick, Secretary
Date:_____

_____
Thomas Gabriel, M&O Representative
Date:_____

_____
Joseph Martinez, M&O Representative
Date:_____

_____
Tosha Wiman, GS Representative
Date:_____

_____
Rene Garcia, GS Representative
Date:_____

CITY OF LODI
A MUNICIPAL CORPORATION

_____
Stephen Schwabauer, City Manager
Date:_____

_____
Andrew Keys, Deputy City Manager
Date:_____

_____
Adele Post, HR Manager
Date:_____

Approved As To Form:

_____
Janice D. Magdich, City Attorney

Attest:

_____
Pamela M. Farris, Assistant City Clerk

RESOLUTION NO. 2020-____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING THE MEMORANDUM OF
UNDERSTANDING WITH THE AFSCME – GENERAL
SERVICES UNIT FOR THE PERIOD JANUARY 1, 2020
THROUGH DECEMBER 31, 2022

==========

WHEREAS, representatives from the City and the AFSCME – General Services Unit have bargained in good faith and reached a tentative agreement on a successor MOU; and

WHEREAS, it is recommended that that the City Council approve revisions to the Memorandum of Understanding with AFSCME – General Services Unit to include the following:

- Term: January 1, 2020 to December 31, 2022;
- Additional certification incentives for Public Works Inspectors;
- Increase to reimbursement for prescription safety glasses to $500;
- Five percent (5%) salary adjustment, effective February 10, 2020; a five percent (5%) salary adjustment effective the first full pay period in January 2021; and, a five percent (5%) salary adjustment effective the first full pay period in January 2021;
- Medical premiums will be increased by the lower of three percent (3%) or the actual cost increase for employees whose annual base salary is $47,000;
- Each employee in the bargaining unit agree to additional cost-sharing of the employer's normal contribution toward CalPERS, pursuant to Government Code Section 20516 as follows:
    - One percent (1%), effective the first full pay period in July 2020,
    - One percent (1%), effective the first full pay period in January 2021, and
    - One percent (1%), effective the first full pay period in January 2022

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the attached Memorandum of Understanding (Exhibit A) between the City of Lodi and AFSCME – General Services, effective January 1, 2020 through December 31, 2022.

Date: March 4, 2020

==========

I hereby certify that Resolution No. 2020-____ was passed and adopted by the Lodi City Council in a regular/special joint meeting held March 4, 2020, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

GENERAL SERVICES UNIT

January 1, 2020 – December 31, 2022

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Chapter 1 - Salaries and Other Compensation

ARTICLE I – SALARY

1.1 Effective February 10, 2020, the City shall increase the salary ranges by five percent (5%). Effective with the first full pay period in January 2021 and January 2022, the City shall increase the salary ranges by five percent (5%).

1.3 For comparison purposes, the recognized survey cites are as follows:

Chico	Clovis	Davis	Fairfield	Merced	Manteca
Modesto	Redding	Roseville	Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland			

ARTICLE II – HOURS

2.1 Except as provided in subsequent sections, the normal hours of work for all represented personnel shall be eight (8) hours per day and forty (40) hours per week. Alternate work hours may be nine (9) hours a day in the 9/80 schedule for eighty (80) hours in a two week period, or ten (10) hours per day in the 4/10 schedule. The lunch period shall normally commence between the third and fifth work hour at the discretion of the Supervisor.

a. Employees of the Library may work a schedule which includes split days off. The hours of work shall vary according to a pre-posted work schedule.

b. Parking Enforcement Assistants and Animal Control personnel shall work a schedule which may provide at least one person to work each Saturday.

c. Alternate work schedules may be developed by mutual agreement between the employee and the appropriate supervisor.

2.2 Work schedules presently in effect shall remain in effect. Any change in work hours or workdays shall be a meet and confer item.

ARTICLE III – COMPENSATORY TIME

3.1 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be at the appropriate rate for overtime worked.

3.1.1 The decision to elect compensatory time or overtime pay may be made each time overtime is worked. An employee's decision to elect compensatory time instead of overtime pay is irrevocable.

3.2 No more than two hundred (200) hours of compensatory time may be carried on the books at any time.

3.4 Employee's may cash out any amount of the compensatory time at the employee's straight time hourly rate of pay each April, June, and October. A request to cash out leave must be in writing and submitted to the Finance Division.

3.5 Upon separation, the employee will be paid at the employee's current hourly rate of pay or the average of the last three years, whichever is higher, for the remaining compensatory balance.

ARTICLE IV – OVERTIME

4.1 Overtime work paid at the time and one half rate, is work performed by an employee outside his or her regular work hours, and includes:

a. Time worked outside of regular hours of work on a work day unless notification has been made in accordance with Section 2.1 and 2.2.

b. Time worked on a non-work day.

Time worked on a holiday will be paid at time and one-half rate (1½). Hours worked on a holiday, as part of an employee's regular work schedule shall be compensated as above, plus regular straight time pay. Holiday, for overtime purposes, is defined within the Holiday section of this MOU.

Overtime work paid at the double time rate is work performed in excess of twelve (12) hours, between 12:00 a.m. and 12:00 a.m. on any given day, or for any hours between the hours of 12:00 a.m. and 6:00 a.m. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do not require substantive work would be paid one (1) hour at the appropriate overtime rate. Calls more than ten (10) minutes, text messages and/or emails that require substantive work would receive the standard three (3) hour callback at the appropriate overtime rate.

4.2 Employees who are required to report for prearranged work on their non-work days or holidays shall be compensated at the overtime rate for actual hours worked, but in no event shall they be paid for less than three (3) hours.

4.3 Rest Period

If an employee has worked for six (6) hours or more at the overtime rate during the sixteen (16) hour period immediately preceding the beginning of his or her regular work hours, on a work day, he or she shall be given a rest period of six (6) consecutive hours at the completion of the overtime work. Compensation for the six (6) hour rest period shall be allowed at the straight time rate for those hours within the rest period which overlap the normal working hours.

4.4 When, at the request of the Supervisor in charge, an employee reports for prearranged overtime:

a. On work days outside of regular work hours, shall be paid overtime compensation for actual worked time in connection therewith, provided

however, that if any such employee continues to work into regular work hours, shall be paid overtime compensation only for actual work time up to regular work hours.

b. On non-work days or on holidays, shall be paid overtime compensation for actual work time in connection therewith.

For the purpose of this Section, prearranged overtime work is deemed to be work for which advance notice has been given by the end of preceding work period on a work day.

4.5 The Animal Services Supervisor, and Assistant Animal Services Officer serve on an on call basis on a weekly basis and shall be compensated $200 per week for weeks they serve on call.

4.6 Call Out Pay:

A. The employees called out shall be paid at the rate of one and one half (1½) times the straight time rate of pay for time worked on emergency calls before 12:00 a.m.. Time worked between 12:00 a.m. and 6:00 a.m., or in excess of twelve (12) consecutive hours between 12:00 a.m. and 12:00 a.m. on any given day, shall be paid at double time.

B. The first call-out will be paid at three (3) hours minimum at the appropriate overtime rate as defined in Article 4.6 (A) of this Agreement. Subsequent calls on the same calendar day will be paid for actual time worked at the appropriate overtime rate as defined in Article 4.6(A) of this Agreement.

C. All subsequent hours worked on a call-out shall be paid at the appropriate overtime rate per Article 4.6(A) of this Agreement.

D. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do not require substantive work to be performed, will be paid one (1) hour at the appropriate overtime rate as defined in Article 4.6(A) of this Agreement. Calls lasting longer than ten (10) minutes, text messages and/or emails that require substantive work will receive the standard three (3) hour minimum at the appropriate overtime rate as defined in Article 4.6(A) of this Agreement and any additional hours worked as defined in Article 4.6(C) of this Agreement.

ARTICLE V – MEALS

5.1 The City and AFSCME mutually agree to engage in further discussion to incorporate clarifying language for Article V – Meals.

5.2 If the City requires an employee to perform work for one and one-half (1-1/2) hours immediately following quitting time, or if any employee is called in more than two (2) hours immediately before regular starting time, the City shall provide

such employee with a $25 meal allowance, payable through payroll. If an employee works beyond the regular quitting time, the City shall continue to provide a meal allowance at four (4) hour intervals until the employee is dismissed from work. The cost of such meals and the time taken to consume them, not to exceed one hour, shall be at the City's expense.

5.3 When the City requires employees to work on non-workdays without notice, the City shall provide a meal allowance at intervals of four (4) hours. The first meal shall be four (4) hours after employees report to work, providing time is allowed for an employee to eat before reporting. If such time is not allowed, the first meal break shall be two (2) hours after reporting for work and at four (4) hour intervals thereafter.

5.4 When an employee is required to perform prearranged work on non-work days during regular work hours, he/she shall observe the lunch arrangement which prevails on his/her work days. If such work continues after regular work hours, the City shall provide the employee with meal allowances in accordance with the provisions of Section 5.1 hereof.

5.5 If the City requires an employee to perform prearranged work starting two (2) hours or more before regular work hours on workdays or non-workdays, and such employee continues to work into regular work hours, the employee shall be provided one (1) meal allowance on the job and the City shall provide other meal allowances as required by the duration of the work period. The meals provided for in this Section shall be eaten at approximately the usual times and the usual practice relating to lunch periods on work days shall prevail.

ARTICLE VI – TEMPORARY UPGRADE

6.1 Any employee who is assigned by the Department Head or designee to a higher classification in the absence of the incumbent, for four (4) hours, shall receive a 10% wage increase while in this status. However, in no event shall the upgrade pay per hour exceed the top step of the classification to which the employee is temporarily upgraded.

ARTICLE VII – TOOLS AND UNIFORM ALLOWANCE

7.1 The City agrees to provide all necessary uniforms and safety equipment for the following classifications in the General Services Unit and provide a uniform care and cleaning allowance of $600 per year. The uniform allowance shall be paid bi-weekly.

- Administrative Clerk – Community Improvement
- Animal Services Supervisor
- Assistant Animal Services Officer
- Code Enforcement Officer
- Field Services Representative
- Field Services Supervisor
- Parking Enforcement Assistant

- Police Records Clerk
- Police Records Clerk Supervisor
- Senior Police Records Clerk
- Supervising Code/Community Improvement Officer

A. The Field Services Representative and the Field Services Supervisor shall be provided with uniforms that meet the requirements for flame retardant clothing. Uniforms provided by the City shall include a jacket, pants, and shirts, and appropriate rain gear. Jackets shall be replaced as needed.

B. City and bargaining unit agree to reopen Section 7.1 to discuss the provision that appears to grant the listed classifications both a city provided uniform and a uniform allowance. Further, City and unit agree to reopen Section 7.1 A. in the event the City and IBEW propose a quartermaster uniform system that incorporates the Field Services classifications.

7.2 The City and AFSCME mutually agree that the City shall purchase appropriate foul-weather coats and boots as deemed necessary for field personnel.

7.3 The City agrees to provide prescription safety glasses up to a maximum cost of $500 per pair as required. A maximum of two (2) pair of prescription safety glasses will be provided by the City during employment except as indicated in 7.5 and 7.6 below.

7.4 The employee shall pay directly to the optometrist any fees for prescription examination or related charges if needed. The employee shall submit receipts for prescription safety frames and lenses to the City of Lodi for reimbursement.

7.5 Prior to issuance of a replacement pair of prescription safety glasses for payment by the City, the employee shall discuss with and receive approval from the immediate supervisor and department head. The criteria for issuance of a replacement pair of safety glasses are as follows:

1. If safety glasses are damaged due to an accident on the job, the safety glasses will be replaced and paid for by the City.

2. If safety glasses are lost or damaged off the job, the employee will pay the total amount for replacement.

3. If an employee requires a change of prescription for safety glasses, the employee must submit a written statement from the eye doctor stating that the prescription change is necessary.

4. If safety glasses are unsafe due to normal wear and tear, the City shall approve a replacement pair as specified above.

7.6 The following conditions on the part of any applicable employee shall be grounds for the cost of the employee's issued safety glasses to be deducted from the employees payroll check after a determination of cost has been made by the City.

1. Where the City would be required to replace issued safety glasses due to abuse by the employee.

2. Failure on the part of an applicable employee to wear or utilize safety glasses unless agreed to in writing.

3. Failure on the part of an applicable employee to return issued safety glasses, regardless of condition, upon separation from City service.

7.7 Uniforms and safety equipment damaged in the line of duty shall be replaced or repaired by the City.

7.8 When an employee's personal clothing is damaged in the line of duty, the employee may request to have the item replaced or repaired at the City's expense.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. The City shall have the sole discretion to approve or deny the request, and its denial shall not be grievable.

c. Repair costs shall not exceed ordinary costs and shall be limited to the repair identified in the employees claim.

d. Items replaced shall be of similar, or the same value as the item being replaced. The City may require the employee to forfeit the damaged item to the City for inspection.

e. All requests for reimbursement shall be accompanied by receipts.

7.9 Employees whose prescription glasses are damaged in the line of duty shall be entitled to reimbursement for the cost of replacing or repairing glasses.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. Glasses replaced shall be of an equal or similar value to the glasses that were damaged.

c. Any insurance benefit paid to the employee or paid by the insurance provider toward the replacement/repair costs shall result in a reduction to the amount reimbursed to the employee by the amount paid by the insurance provider.

Example:

Cost of Eyewear/Repair	$150
Insurance Pays	$100
Reimbursed to employee	$ 50

d. All requests for reimbursement shall be accompanied by receipts.

ARTICLE VIII – SAFETY BOOT/FOOTWEAR PROVISIONS

8.1 The City agrees to provide an annual boot allowance of $250, paid semi-annually as part of the last biweekly payroll in the months of April and October of each year, for the following classifications:

Building Inspector I/II
Code Enforcement Officer I/II
Engineering Technician I/II
Jr. Engineer
Public Works Inspector I/II
Sr. Engineering Technician (1) (who do inspection/survey work)
Supervising Code/Community Improvement Officer
Records Clerk
Senior Police Administrative Clerk (if assigned to Records division)
Police Records Supervisor
Animal Services Supervisor
Assistant Animal Services Officer
Parking Enforcement Assistant

8.2 Safety boots are defined as leather work boots with a minimum of 4" ankle support. Employees have the option of purchasing these boots with or without steel toes.

8.3 Employees who are assigned to a Lodi Police Department job site, or are supervised by Lodi Police Department personnel, and who are required to wear a uniform, shall be entitled to the safety shoe/boot allowance that meet the Lodi Police Department Policy and Procedure Section 210.1C mandate. This includes appropriate foot wear for Class B and Class A uniforms.

8.4 The City reserves the right to determine if a boot is appropriate to the job class, work hazards, and work conditions.

8.5 Employees who are required to wear specific boots or shoes per any City of Lodi Policy and Procedures mandate, must wear the appropriate footwear when performing the duties/tasks of the assigned classification.

8.6 Employees performing duties/tasks without the prescribed appropriate footwear may be required to vacate the job site until such time as they can return wearing the required footwear for the classification/duties/tasks. Time spent away from the job site for this purpose shall not be paid City of Lodi time.

8.7 Safety footwear for Field Services Representatives and the Field Services Supervisor shall be provided by the Electric Utility Department and shall meet the Electrical Hazard (EH) rating.

8.8 The City will provide all mandated Personal Protective Equipment (PPE) as required, including appropriate rubber glove and leather protectors for Field Services Representatives and the Field Services Supervisor.

ARTICLE IX – EDUCATION INCENTIVES

9.1 Employees in sub-professional engineering positions having the following certificates will receive an additional $23.08 per pay period:

Engineer in Training
Land Surveyor in Training
Land Surveyor

9.2 Employees in the classification of Public Works Inspector I and Public Works Inspector II are eligible for the following incentives:

2% of base salary for possession of a Distribution 1 (D1) certificate
$60.00 per month for possession of a Distribution 2 (D2) certificate
$40.00 per month for possession of a Treatment 1 (T1) certificate
$40.00 per month for possession of a Collection 1 (C1) certificate

ARTICLE X – NOTARY PUBLIC INCENTIVE

10.1 Employees who possess a Notary Public certification and use the Notary Public service as a part of their employment duties with the City will receive a monthly incentive of $40.00. The City will provide Errors and Omissions insurance for employees who perform notary duties as part of their employment.

ARTICLE XI – BILINGUAL PAY

11.1 Employees designated by the Department Head and approved by the City Manager who have passed a bilingual proficiency examination administered by the City shall receive a monthly bilingual supplement of $150, paid bi-weekly. The City Manager has the discretion in determining the languages that will be recognized.

ARTICLE XII – TUITION REIMBURSEMENT

12.1 Tuition Reimbursement will be provided as stated in the City's current Tuition Reimbursement Policy. The City will not reduce the maximum reimbursement amount of $3,000 or eliminate this policy during the term of this MOU.

ARTICLE XIII – COURT APPEARANCES

13.1 Employees summoned by a court for jury duty shall be granted jury duty leave with pay and may keep any jury duty compensation received. Voluntary grand jury service such as that service in San Joaquin County is not covered by jury duty leave.

13.2 If jury duty attendance is less than one-half (½) of a normal working day, the employee is expected to return to work.

13.3 Employees assigned to shift work shall not be scheduled for regular work during the 12 hours preceding the scheduled time for jury duty.

13.4 If an employee has had jury duty of six (6) hours or more during a sixteen (16) hour period immediately preceding the beginning of or following the end of his/her regular work hours on a work day, he/she will be given a rest period of six (6) consecutive hours.

13.5 If an employee covered by this agreement is required by subpoena issued by an authority granted subpoena powers, to appear before it or to give a deposition as a result of an action taken within the scope of employment with the City that employee will receive his full pay while so doing with no loss of time if he/she is on regular duty. If the employee is not on duty the City agrees to compensate that employee at one and one half time (1½) his regular pay for the time spent in any appearance as required by this Article. As a prerequisite for payment to off-duty employees, the Department Head designee must be notified in writing of the off duty appearance within seventy-two (72) hours after the employee is subpoenaed or otherwise notified of the required court appearance.

ARTICLE XIV – MILEAGE COMPENSATION

14.1 Employees using their personal automobile for City business, with their Department Head's approval, shall receive mileage compensation equal to that allowed by the Internal Revenue Service. City business does not include transportation to and from work or call backs due to emergencies.

14.2 Allowance changes shall be effective the first day of the month following the determination of a change by the IRS.

Chapter 2 - Leaves

ARTICLE XV – CATASTROPHIC LEAVE

15.1 Catastrophic Leave will be provided as stated in the City's current policy. The City will not eliminate this policy during the term of this MOU. Catastrophic Leave may be utilized for care of an employee's qualified family members (as identified in the City's Catastrophic Leave Policy) even if the employee participates in Short Term Disability.

15.2 Catastrophic Leave may be utilized (according to Policy) upon expiration of any use of Short Term Disability.

ARTICLE XVI – BEREAVEMENT LEAVE

16.1 Employees shall be granted three (3) days of bereavement leave per incident to attend the funeral of a member of their immediate family, including the time the

deceased may lie in state, the day of the funeral, and the time necessary to travel to and from the location of the funeral. The immediate family shall be limited to an employee's:

Spouse/domestic partner	Parent/step-parent/foster parent	Parent-in-law
Child/step-child	Son or Daughter-in-Law	Grandparent
Grandparent-in-law	Brother/half-brother/step-brother	Grandchild
Sister/half-sister/step-sister		

or a more distant relative who was a member of the employee's immediate household at the time of death.

16.2 A regular employee may use sick leave, vacation leave, or compensatory time off to attend the funeral of a person the employee may be reasonably deemed to owe respect. Use of sick leave may not exceed three (3) days for classifications in the General Services Unit.

ARTICLE XVII – HOLIDAYS

17.1 Members of this Unit shall observe the following nationally observed holidays:

New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving Day	Friday following Thanksgiving Day
Christmas Eve (4 hours)	December 24
Christmas Day	December 25

Employees receive holiday pay if/when they work on the above City-recognized national holiday.

In addition, each employee shall be granted an additional thirty-six (36) hours of holiday leave (floating holiday) to be taken off at a time mutually agreed upon between the employee and the Department Head. Holiday leave cannot be carried over into the following calendar year.

Employees hired after the first pay period of the year are credited with fixed holidays plus a prorated share of floating holidays for the remainder of the calendar year. Employees separating from employment shall be debited the fixed holidays and the prorated share of floating holidays for the remainder of the calendar year.

17.2 Holidays which fall on the first regularly scheduled day off shall be observed on the preceding work day. Holidays which fall on any other regularly scheduled day off shall be observed on the next regularly scheduled work day, with the

exception that if the next regularly scheduled work day is also a holiday, the first holiday shall be observed on the preceding work day.

17.3 Bargaining unit members will be granted a day off on the Saturday and Sunday preceding any holiday observed by the City and the Library on a Monday. Bargaining unit members will also be granted a day off on the Saturday and Sunday following the observance of a Saturday holiday on the preceding Friday by the City and the Library. Bargaining unit members will also be granted a day off on Easter Sunday.

17.4 Holiday time may be taken in quarter hour increments.

ARTICLE XVIII – LEAVE OF ABSENCE

18.1 Leave of Absence will be provided as stated in the City's Leave of Absence Policy. The City will not eliminate this policy during the term of this MOU.

ARTICLE XIX – SICK LEAVE

19.1 Effective December 8, 2003, full time employees shall accumulate sick leave at the rate of 3.70 hours per pay period.

19.2 Sick leave may be accumulated up to an unlimited amount.

19.3 Family Sick Leave will be provided in accordance with the City's current Sick Leave Policy as revised in September 2010.

ARTICLE XX – VACATION LEAVE

20.1 Employees shall receive the following vacation benefits:

Beginning with:	
Date of Hire:	3.08 hours per pay period
6th year	4.62 hours per pay period
12th year	5.24 hours per pay period
15thyear	6.16 hours per pay period
21st year	6.47 hours per pay period
22nd year	6.78 hours per pay period
23rd year	7.09 hours per pay period
24th year	7.40 hours per pay period
25th year & over	7.71 hours per pay period

20.2 If a conflict arises in the scheduling of vacations for employees in the same classification, the conflict shall be resolved in favor of the employee with the greatest seniority. The senior employee shall receive first choice in any scheduling period.

20.3 For all persons hired after September 1, 1995 the maximum vacation accrual will be 6.16 hours per pay period.

20.4 The maximum amount of unused vacation hours that an employee may accrue, at any given time is twice the employee's annual vacation entitlement. Whenever an employee's unused, accrued vacation has reached this maximum accrual amount, the employee shall stop accruing any additional vacation. Accrual will automatically resume once the employee uses some vacation and the accrual balance falls below the maximum accrual amount.

Chapter 3 – Insurance and Retirement

ARTICLE XXI – MEDICAL INSURANCE

21.1 All employees are offered medical insurance for themselves and dependents through Cal PERS-Medical Plans. Effective January 1, 2018, the City will contribute the following amounts toward the medical premium:

$1,794.51	per month for family
$1,380.39	per month for employee +1 dependent
$690.20	per month for employee only

The employee will pay one hundred percent (100%) of the difference between the City's contribution and the monthly premium for the plan elected.

21.2 If an employee waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account (Cash in lieu):

$692.81 per month for family
$532.92 per month for employee + 1 dependent
$305.22 per month for employee only

In order to qualify for this provision, proof of group insurance must be provided to the City.

21.3 Effective January 1, 2020 and through December 31, 2022, the maximum amount the City will pay towards medical premiums will be increased by the lower of three percent (3%) or the actual cost increase (for the employee's applicable cap) for employees whose annual base salary is less than $47,000.

Percentage increases shall be based upon the amounts paid by City ($690.20 for Employee only, $1,380.39 for Employee +1, $1,794.51 for Family).

21.4 Employees shall be eligible for medical insurance the first day of the month following the date the employee becomes a full-time regular employee of the City of Lodi.

21.5 The City shall pay 100% of the premiums or up to the maximum City payment noted above for health and dental benefits for the unmarried surviving spouse and any minor children of any member of this unit who is killed or dies during the performance of official duties. This benefit terminates if the surviving spouse

remarries, the children reach the age of 26, or other medical insurance becomes available.

ARTICLE XXII – DENTAL INSURANCE

22.1 Employees are provided fully paid family dental insurance.

22.2 Maximum benefits are $1,000 for each family member enrolled in the dental plan, per calendar year. There is a $25 deductible plus co-insurance features.

ARTICLE XXIII – VISION INSURANCE

23.1 The City agrees to provide a vision care plan equivalent to the VSP Signature Plan with a $25 deductible for the employee and dependents. The entire premium shall be paid by the City.

ARTICLE XXIV – CHIROPRACTIC

24.1 The City agrees to pay all costs of premiums for employees and dependents for a chiropractic plan equivalent to the Landmark chiropractic plan.

ARTICLE XXV – LIFE INSURANCE

25.1 The City agrees to provide a life insurance program providing $25,000 term life insurance which includes a $25,000 Accidental Death and Dismemberment coverage for the employee. Said amount of insurance to reduce to $6,500 at age 70, and to decrease to $5,000 at age 75. In addition, a spouse, unmarried dependent children between the ages of 6 months and 21 years, unmarried student dependent children to 23rd birthday, and dependent handicapped children shall be covered for $1,500 insurance. Children under 6 months shall be provided with $150 life insurance.

The City will provide an additional $10,000 of Accidental Death and Dismemberment insurance for each member in the General Services Unit.

ARTICLE XXVI – LONG TERM DISABILITY

26.1 A long term disability program which, coordinated with other disability benefits, shall provide a benefit of 66-2/3% to a maximum of $10,000 per month of the employee's basic monthly earnings in the event of disability. This program commences sixty (60) days from the date of disability. Please refer to the City's Policy on Long Term Disability.

26.2 The maximum length of coverage is three (3) years from date of disability.

ARTICLE XXVII – WORKERS' COMPENSATION

27.1 The City and AFSCME mutually agree that when an employee is compelled to be absent from work due to injuries or illness arising out of and in the course of his or her employment, the City shall pay full compensation to any represented employee who becomes eligible for benefits under Workers' Compensation laws for the period of the time between the injury and the first day of eligibility for benefits. With the determination that the injury or illness is compensable in accordance with Workers' Compensation benefit criteria, the employees upon

receiving said benefits such paid by Workers' Compensation shall also receive compensation from the City in an amount that when added to the Workers' Compensation payment shall equal the employees regular salary. The amount paid by the City shall, after the period from the date of injury and date of eligibility, be charged to the employee's sick leave account. The employee's regular deductions shall be made from the amount paid by the City.

ARTICLE XXVIII – FLEXIBLE SPENDING ACCOUNT

28.1 The City will maintain a pre-tax "flexible spending account" to conform to IRS regulations to be used for premium contributions, dependent care and/or un-reimbursable medical payments for unit members. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 will be forfeited after the final filing date, if left unclaimed.

ARTICLE XXIX – DEFERRED COMPENSATION

29.1 The City shall match contributions by General Service employees to a deferred compensation program up to a maximum of 3.0% of the employee's gross salary.

ARTICLE XXX – PERS

30.1 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "classic" employees by PERS:

a. PERS "2% at 55" full formula retirement benefits plus the following additional options:
b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit (Section 21298).
c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement. (Section 21382.4).
d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement. (Section 21263 and Section 21263.1 and 21263.3).
e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement. (Section 20862.8).
f. Military Service Credit as Public Service (Section 21024).
g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.
h. 50% survivor continuation in the event of death after retirement.
i. Employee shall pay employee share of retirement at 7% effective December 31, 2013.

30.2 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "new" employees by PERS under the Public Employees' Pension Reform Act of 2013 (PEPRA):

a. PERS "2% at 62" full formula retirement benefits plus the following additional options:
b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit.
c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement.
d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement.
e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement.
f. Military Service Credit as Public Service.
g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.
h. 50% survivor continuation in the event of death after retirement.
i. Employee shall pay employee share of retirement as calculated by PERS in its annual actuarial valuation.

30.3 Effective May 20, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in this unit shall pay two percent (2%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective July 13, 2020, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 11, 2021, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 10, 2022, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing).

ARTICLE XXXI – SICK LEAVE CONVERSION

31.1 For all unused sick leave, a represented employee with ten (10) years of employment with the City shall receive medical insurance coverage upon retirement (but not upon resignation or termination) using one of the following options:

Option #1 – Conversion

After ten (10) years of employment with the City, 50% of the represented employee's unused sick leave shall be converted to months of medical insurance as adjusted herein. For each year that an employee has been employed by the City in excess of ten (10) years, the employee shall be entitled to add 2.5% to the 50% before converting the unused sick leave to months of insurance.

EXAMPLE
Robert Smith retires with 20 years of service and 1800 hours of unused sick leave.

1800 ÷ 8 x 75% ÷ 12 = 14.06 years of coverage

The amount of the premium paid shall be the same as the premium paid by the City at the time of retirement subject to the cap shown in Article XXI. Any differences created by an increase in premiums must be paid for by the employee.

In the event the retiree dies the surviving dependent(s) may purchase medical insurance for the same period as if the employee had not died.

Option #2 –Bank
50% of the dollar value of sick leave will be placed into a bank to be used for medical insurance premiums for the employee and dependent(s). For each year that an employee has been employed in excess of 10 years, 2.5% will be added to the 50% before valuing the size of the bank. Each hour of sick leave is valued at $20.00.

EXAMPLE
Robert Smith retires with 20 years of service and 1800 hours of unused sick leave (multiplication factor - $20.00).

1800 x 75% x 20.00 = $27,000.00

This amount will be reduced each month by the current premium for the employee and dependent(s) until the balance in gone.

In the event the retiree dies, the remaining bank will be reduced by 50% and the surviving dependent(s) may use the bank until the balance is gone.

31.2 In the event an active employee dies before retirement and that employee is vested in the sick leave conversion program, the surviving spouse will have an interest in one-half the value of the Bank option as calculated in section 30.1.

31.3 Employees selecting option #1 or #2, who retire on a service retirement shall have the option of purchasing at the employee's cost additional medical insurance sufficient to reach age 65.

31.4 Out of area retirees may receive reimbursement for medical insurance premiums up to the City's liability as specified in Section 30.1 of this Article.

Option #3 – PERS Credit

31.5 Per the California Government Code, employees may receive credit for unused sick leave. It is agreed that eight (8) hours equals one (1) day for purposes of determining days creditable.

31.6 Employees hired after July 1, 1995 will not have the option of converting sick leave time into medical insurance premiums as referenced in options 1-2. The only option available to these employees is Option #3, PERS credit.

31.7 Option #3 is available to all represented employees meeting PERS eligibility requirements.

31.8 If an employee opts to utilize the provisions of Option #1 or Option #2, the City will report to PERS they have zero hours of unused sick leave.

Chapter 4 – Union / City Issues

ARTICLE XXXII – UNION LEAVE

32.1 Whenever any employee is absent from work as a result of a formal request by AFSCME to send an employee to be involved in Association business, the City shall pay for all regular time lost and shall be reimbursed therefore by AFSCME at the rate of one hundred and fifty percent (150%) of the employee's regular wage rate.

32.2 The City agrees to provide storage space to AFSCME for association materials.

ARTICLE XXXIII – LAYOFF

33.1 Bargaining unit has the ability to appeal a layoff decision made by Human Resources to the City Manager.

ARTICLE XXXIV – CHANGES IN MEMORANDUM

34.1 The parties agree to reopen this MOU and to renew meeting and conferring on the subjects set forth herein during the term of this MOU only in the event that any provision of this MOU is modified by statute, applicable regulation or by order of Court in such a way as to affect either the employees or the City. In such event, all remaining provisions of the MOU would continue in full force and effect unless and until they are also modified by statute, applicable regulation or order of Court, or agreement of the parties.

ARTICLE XXXV – CITY RIGHTS

35.1 It is understood and agreed between the parties that nothing contained in this Memorandum shall be construed to waive or reduce any rights of the City, which include, but are not limited to the exclusive rights to:

- Determine the mission of its constituent departments, commissions and boards.
- Set standards of service.
- Determine the procedures and standards of selection for employment.
- Direct its employees.
- Maintain the efficiency of governmental operations; to determine the methods, means and personnel by which government operations are to be conducted.

- Take all necessary actions to carry out its mission in emergencies.
- Exercise complete control and discretion in the technology of performing its work.

City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine the content of job classifications; provided, however, that the exercise by the City of the rights in this section does not preclude employees or their recognized employees organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

ARTICLE XXXVI – EMPLOYEE REPRESENTATION

36.1 This Memorandum of Understanding (hereinafter referred to as MOU) is entered into between representatives of the City of Lodi (hereinafter referred to as City) and representatives of the Lodi Chapter of the American Federation of State, County and Municipal Employees (AFSCME) for the General Services Unit.

The parties to this MOU acknowledge and agree that this MOU constitutes the result of meeting and conferring in good faith as contemplated by Sections 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reached agreement are set forth in this MOU. Except as specifically modified by this MOU, all existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU are applicable to all regular and probationary employees represented by AFSCME in Exhibit A.

36.2 The City shall grant dues deduction to City employees who are members of AFSCME in accordance with the terms and conditions set forth in City of Lodi Resolution 2011-51

AFSCME shall indemnify, defend, and hold the City of Lodi harmless against any claims made and against any suit instituted against the City of Lodi on account of check-off of said employee organization's dues. In addition, AFSCME shall refund to the City of Lodi any amounts paid to it in error upon presentation of supporting evidence.

36.3 UNION SECURITY, MEMBERSHIP AND DUES CHECK OFF

Union Membership – All employees covered by this Agreement shall have the opportunity to be a member of AFSCME. The CITY will inform all new hires and employees promoting into the bargaining unit of the existence of this Collective Bargaining Agreement. A UNION Officer, or designee, will be

notified within 10 business days and afforded time to meet with any employee entering the bargaining unit in order to conduct a UNION Orientation Meeting.

Membership status shall remain in effect per the terms set forth in the AFSCME Membership Application. Only AFSCME members are afforded exclusive UNION membership rights.

The CITY shall provide the UNION, on a monthly basis, the name, home address and department, division or work unit of employees entering or leaving a job classification covered by this Agreement. Employees leaving or reentering employment from Military Leave will be noted.

Dues Check Off – On a bi-weekly basis the CITY agrees to deduct from the pay of each member of the UNION covered by this Agreement, who authorized such deductions in writing, all dues or fees levied by the UNION. The CITY shall provide the UNION 5 business days prior to the end of the pay period an alphabetical list of employees belonging to the UNION. The list shall contain the amount of payroll deduction for each employee listed. The CITY agrees to remit to the UNION on a bi-weekly basis the aggregate amount of deductions shown on the list furnished by the UNION. A copy of the Check Off Authorization Form signed by each employee shall be submitted by the UNION to the CITY.

Payroll deductions shall be limited to the following choices:

- Union Membership Dues
- AFSCME Voluntary Political Action Check Off (PEOPLE)

The Union will comply with its legal obligation regarding the administration of this section.

Hold Harmless – The UNION agrees to hold harmless and to indemnify the CITY for any and all costs or legal action, which may be caused, or result from the CITY'S compliance with this Article.

36.4 The City shall allow AFSCME access to city meeting facilities at no cost to AFSCME subject to the operating needs of the City. Requests for such use shall be made in advance to the appropriate Department Dead or designee and shall include the date, location, time and general purpose of such meeting. The City may establish reasonable regulations governing the use of such facilities.

36.5 No City employee or applicant for employment shall be discriminated against any aspect of employment because of race, national origin, ancestry, color, religious or political opinions or affiliations, union affiliation, age, sex or disability.

36.6 The City and AFSCME agree and understand that if any section of the MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as the personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity will be resolved in

favor of the MOU language. If the MOU is silent on any issue, the applicable document is controlling.

ARTICLE XXXVII – GRIEVANCE PROCEDURE

37.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretations and clarifications executed by AFSCME and the City.

The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and AFSCME involving the interpretation, application or enforcement of the express terms of the MOU and other terms and conditions of employment and matter of discipline which includes demotion, suspension or discharge.

As used in procedure, the term "PARTY" means an employee, AFSCME, the City or the authorized representative of any party. The employee is entitled to representation through all steps in the procedure.

37.2 Disputes involving the following subjects shall be determined by the Grievance Procedures established herein:

a. Interpretation or application of any of the terms of this MOU, including Exhibits thereto, Letters of Agreement, and/or formal interpretations and clarifications executed by AFSCME and the City.

b. Discharge, demotion, suspension, or discipline of an individual employee. Employees shall have the right to grieve letters of reprimand through the chain of command up to the Department Director or designee. The decision of the Department Director or designee is final and binding and not subject to further grievance.

c. Disputes as to whether a matter is proper subject for the Grievance Procedure.

d. Disputes which may be of a "class action" nature filed on behalf of AFSCME or the City. Class action grievances shall be in writing from AFSCME to the City Manager or vice versa.

37.3 STEP ONE: Discussion between the employee and/or the employee's representative, and the division head or designated supervisor directly involved, who shall answer within fifteen (15) work days. This step shall be taken within thirty (30) work days of the date of the action complained of, or the date the Grievant became aware of the incident which is the basis of the Grievance.

37.4 STEP TWO: If a grievance is not resolved in the initial step, a written statement signed by the Grievant shall be presented to the department head which shall include the action being grieved and the desired remedy. A discussion shall then take place between the employee, his or her representative, and the department head, who shall answer in writing within fifteen (15) work days. This Step shall be taken within fifteen (15) work days of the date the department head receives the written statement.

37.5 STEP THREE: If a Grievance is not resolved in STEP TWO, STEP THREE shall be the presentation of the Grievance, in writing, by the employee or his or her representative to the City Manager, who shall answer in writing within fifteen (15) work days of receipt of the Grievance. This Step shall be initiated within fifteen (15) work days of the date of the answer in STEP TWO.

37.6 STEP FOUR: If the Grievance is not resolved by the City Manager, arbitration shall be the final level of appeal for grievances and discipline. It is agreed by both parties that the decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified within fifteen (15) work days of the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five arbitrators from which the City and AFSCME shall alternately strike names until one name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five arbitrators, the same request shall be made of the American Arbitration Association.

To insure that the arbitration process is as brief and economical as possible, the following guide lines shall be adhered to:

a. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

b. Both parties and the arbitrator may tape record the hearing.

c. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

d. The parties may agree to prepare a joint letter submitting the issue in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the

arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

e. The strict rules of evidence are not applicable and the hearing shall be informal.

f. The parties have the right to present and cross examine witnesses, issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.

g. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

h. Attendance at a hearing shall be limited to those determined by the arbitrator to have a direct connection with the appeal. Witnesses normally would be present at the hearing only while testifying and should be permitted to testify only in the presence of the employee or his/her representative and the employer's representative.

i. The arbitration hearing will be held on the employer's premises.

j. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing. The decision will be in writing and shall contain the crucial reasons supporting the decision and award.

The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law. The arbitrator has no power to add to a disciplinary action.

37.7 Failure by either party to meet any of the aforementioned time limits as set forth in Sections 35.3, 35.4, 35.5, or 35.6 shall result in forfeiture by the failing party. Except, however, that the aforementioned time limits may be extended by mutual agreement. Grievances settled by forfeiture shall not bind either party to an interpretation of this MOU, nor shall such settlements be cited by either party as evidence in the settlement of subsequent grievances.

37.8 An employee may represent himself/herself at any step of the Grievance Procedure up to Step 3.

37.9 Only AFSCME may appeal a grievance to arbitration.

ARTICLE XXXVIII – MUTUAL CONSENT CONTINGENCY

38.1 This MOU may be amended any time during its life upon the mutual consent of the City and AFSCME. Such amendment must be in writing and attached to all executed copies of this MOU.

ARTICLE XXXIX – NO STRIKES

39.1 The represented employees agree that they shall not strike, withhold services, engage in "slow downs" or "sick-ins" or participate in any other concerted activity which adversely affects job performance or City services during the term of this MOU.

ARTICLE XL – PROBATIONARY PERIOD

40.1 All appointments to positions in the classified service shall be subject to a probationary period of twelve (12) continuous months of service. The probationary period shall be regarded as an integral part of the examination process and shall be used to closely observe the employee's work for securing the most effective adjustment of an employee to his/her new duties, assignments and responsibilities in his/her new position and for rejecting any probationary employee whose performance does not meet required work standards. If the service of the employee is deemed to be unsatisfactory, the employee shall be notified that he/she has not satisfactorily completed probation.

40.2 During the probationary period, all new hires shall have the rights and privileges afforded to other employees, except:

a. Vacation Leave – See Article XX for vacation schedule.

b. The use of the Grievance Procedure to grieve termination.

c. The City and the employee may mutually agree to extend the probationary period in increments up to six (6) months. The total extended probationary period shall not exceed twelve (12) months. AFSCME must be notified of all extensions by Human Resources.

40.3 In the event an employee is promoted and is rejected by the appropriate department head, he or she shall be reinstated to the position from which he/she was promoted. The seniority and status of a rejected candidate shall continue as before.

ARTICLE XLI – PROMOTION

41.1 The City and AFSCME mutually agree it is good personnel practice to make every effort to promote from within consistent with the best interests of the City.

ARTICLE XLII - SENIORITY

42.1 Seniority is defined as the total length of continuous service with the City. Continuity of service shall not be broken and seniority shall accrue when an employee is:

a. Inducted, enlists, or is called to active duty in the Armed Forces of the United States or service in the Merchant Marine under any Act of Congress which provides that the employee is entitled to re-employment rights.

b. On duty with the National Guard.

c. Is absent due to industrial disability.

d. On leave of absence.

e. Absent due to layoff for a period of less than twelve (12) consecutive months.

ARTICLE XLIII – SHOP STEWARDS

43.1 AFSCME agrees to notify the City in writing as to the appointment of all shop stewards. Shop stewards shall be required to work full time in their respective classifications and shall not interrupt the work of other employees. A steward may, with reasonable notice and approval of his or her supervisor, leave the job during working hours for reasonable periods to investigate pending grievances and to take part in the Grievance Procedure. However, no steward shall leave the job while his presence is necessary in the judgment of his/her supervisor for the safe conduct and efficiency of the operations in which he/she is engaged.

ARTICLE XLIV – STATUS

44.1 Employees shall be designated as regular or probationary.

a. A regular employee is defined as an employee who has twelve (12) months or more service with the City in full time employment, except as provided for in the Rules for Personnel Administration, Article X (Probationary Period).

b. A probationary employee is defined as an employee hired for a full time position that has been regularly established as an authorized position and is of indeterminate duration. A probationary employee shall receive not less than the minimum rate for the job and shall be eligible for sick leave pay, vacation pay, holiday pay, retirement plan participation, insurance coverage and items of a similar nature, as he/she becomes eligible, but shall not be given preferential consideration for promotion or transfer or be eligible for a leave of absence. Upon completion of twelve (12) month of continuous full time service with the City, and satisfactory performance, a probationary employee shall be given the status of a regular employee.

ARTICLE XLV – TERM

45.1 The terms and conditions of this MOU shall continue in effect until such time as they are superseded by a signed agreement/MOU between the City of Lodi and AFSCME. The parties agree as follows:

TERM: Covering the period from January 1, 2020 through December 31, 2022.

2020 - 2022

EXHIBIT A

Salary Schedule – General Services
Effective February 20, 2020

		Annual Salary				
Job Title	**Job Code**	**Step 0**	**Step 1**	**Step 2**	**Step 3**	**Step 4**
ACCOUNT CLERK	2000	$ 39,037.47	$ 40,989.29	$ 43,038.74	$ 45,190.69	$ 47,450.32
ADMINISTRATIVE ASSISTANT	2702	$ 47,022.56	$ 49,373.76	$ 51,842.46	$ 54,434.56	$ 57,156.26
ADMINISTRATIVE CLERK	2700	$ 35,350.74	$ 37,118.30	$ 38,974.26	$ 40,922.92	$ 42,969.07
ANIMAL SERVICES SUPERVISOR	2021	$ 45,876.69	$ 48,170.61	$ 50,579.11	$ 53,108.01	$ 55,763.45
AQUATIC COORDINATOR	2603	$ 46,565.86	$ 48,894.21	$ 51,338.93	$ 53,905.85	$ 56,601.08
ASSISTANT ANIMAL SERVICES	2020	$ 39,893.84	$ 41,888.49	$ 43,982.99	$ 46,182.15	$ 48,491.24
BUILDING INSPECTOR I	2072	$ 54,295.72	$ 56,876.94	$ 59,720.80	$ 62,706.93	$ 65,842.20
BUILDING INSPECTOR II	2073	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62	$ 72,426.48
CODE ENFORCEMENT OFFICER	2022	$ 56,748.03	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62
CUSTOMER SERVICE REP II	2011	$ 35,488.75	$ 37,263.18	$ 39,126.30	$ 41,082.53	$ 43,136.68
CUSTOMER SERVICE REP II	2012	$ 39,037.47	$ 40,989.29	$ 43,038.74	$ 45,190.69	$ 47,450.32
ENGINEERING AID	2199	$ 42,969.75	$ 45,118.24	$ 47,374.16	$ 49,742.85	$ 52,230.02
ENGINEERING TECHNICIAN I	2200	$ 54,683.42	$ 57,417.51	$ 60,288.36	$ 63,302.85	$ 66,468.00
ENGINEERING TECHNICIAN II	2201	$ 60,151.74	$ 63,159.20	$ 66,317.21	$ 69,633.04	$ 73,114.69
EVENTS COORDINATOR	2605	$ 55,669.80	$ 58,453.20	$ 61,375.82	$ 64,444.72	$ 67,667.04
FIELD SVC REP	2050	$ 48,260.54	$ 50,673.60	$ 53,207.30	$ 55,867.70	$ 58,661.01
FIELD SVC SUP	2051	$ 55,553.84	$ 58,331.57	$ 61,248.15	$ 64,310.43	$ 67,525.99
FINANCE TECHNICIAN	2014	$ 47,235.33	$ 49,597.15	$ 52,077.00	$ 54,680.94	$ 57,414.89
INFORMATION SYSTEMS SPECIALIST	2400	$ 53,648.70	$ 56,331.28	$ 59,151.45	$ 62,105.06	$ 65,210.32
JUNIOR ENGINEER	2203	$ 71,460.17	$ 75,033.22	$ 78,784.79	$ 82,724.05	$ 86,860.25
JUNIOR PLANNER	2208	$ 53,997.84	$ 56,697.64	$ 59,532.53	$ 62,509.16	$ 65,634.65
JUNIOR PLANS EXAMINER/ENGINEER	2071	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62	$ 72,426.48
LIBRARY ASST	2500	$ 37,118.42	$ 38,974.26	$ 40,923.05	$ 42,969.20	$ 45,117.54
LIBRARY TECHNICIAN	2510	$ 46,954.61	$ 49,302.32	$ 51,767.47	$ 54,355.85	$ 57,073.61
NETWORK TECHNICIAN	2401	$ 64,337.70	$ 67,554.65	$ 70,932.32	$ 74,478.98	$ 78,203.02
PARKING ENFORCEMENT ASSISTANT	2027	$ 40,201.10	$ 42,211.18	$ 44,321.78	$ 46,537.90	$ 48,864.73
PARKS PROJECT COORDINATOR	2600	$ 66,166.82	$ 69,475.20	$ 72,948.88	$ 76,596.35	$ 80,426.16
PAYROLL TECHNICIAN I	2016	$ 47,235.33	$ 49,597.15	$ 52,077.00	$ 54,680.94	$ 57,414.89
PERMIT TECHNICIAN	2070	$ 44,658.93	$ 46,892.41	$ 49,237.00	$ 51,698.94	$ 54,283.88
POLICE RECORDS CLERK	2024	$ 35,087.98	$ 36,842.30	$ 38,684.49	$ 40,618.67	$ 42,649.69
POLICE RECORDS CLERK II	2023	$ 38,596.90	$ 40,526.67	$ 42,553.00	$ 44,680.68	$ 46,914.70
POLICE RECORDS CLERK SUPERVISOR	2026	$ 44,379.63	$ 46,598.64	$ 48,928.51	$ 51,374.88	$ 53,943.71
PROGRAM COORDINATOR	2602	$ 41,307.71	$ 43,373.00	$ 45,541.61	$ 47,818.72	$ 50,209.74
PROGRAM/ANALYST	2405	$ 62,150.31	$ 65,168.52	$ 68,426.95	$ 71,848.29	$ 75,440.70
PUBLIC WORKS INSPECTOR I	2204	$ 54,168.61	$ 56,876.94	$ 59,720.80	$ 62,706.93	$ 65,842.20
PUBLIC WORKS INSPECTOR II	2205	$ 59,585.42	$ 62,564.65	$ 65,692.90	$ 68,977.62	$ 72,426.48
SENIOR ADMINISTRATIVE CLERK	2701	$ 38,885.84	$ 40,830.09	$ 42,871.69	$ 45,015.23	$ 47,266.04
SENIOR ENGINEERING TECHNICIAN	2202	$ 66,166.82	$ 69,475.20	$ 72,948.88	$ 76,596.35	$ 80,426.16
SENIOR LIBRARY ASSISTANT	2505	$ 40,830.09	$ 42,871.69	$ 45,015.23	$ 47,266.04	$ 49,629.24
SENIOR PAYROLL TECHNICIAN	2017	$ 51,958.87	$ 54,556.87	$ 57,284.70	$ 60,149.04	$ 63,156.39
SR POLICE ADMINISTRATIVE CLERK	2025	$ 41,162.55	$ 43,220.82	$ 45,381.71	$ 47,650.71	$ 50,033.33
SUPERVISING CUSTOMER SERV. REP	2013	$ 47,235.33	$ 49,597.15	$ 52,077.00	$ 54,680.94	$ 57,414.89
UTILITY BILLING SPECIALIST	2015	$ 42,941.24	$ 45,088.31	$ 47,342.72	$ 49,709.86	$ 52,195.34
WATER SERVICES TECHNICIAN I	2206	$ 64,239.65	$ 67,451.63	$ 70,824.21	$ 74,365.36	$ 78,083.61
WATER SERVICES TECHNICIAN II	2207	$ 70,663.50	$ 74,196.65	$ 77,906.50	$ 81,801.89	$ 85,892.01
WATERSHED PROGRAM COORDINATOR	2209	$ 41,307.71	$ 43,373.00	$ 45,541.61	$ 47,818.72	$ 50,209.74
YOUTH OUTREACH WORKER	2028	$ 45,118.24	$ 47,839.66	$ 50,704.31	$ 53,736.02	$ 57,507.86

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

General Services Classifications: Public Works Inspectors and Water Services Technicians			Water Distribution Operator Certificates				Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	T1	T2	T3	T4	T5	C1	C2	C3	C4
Public Works Inspector I	G		2%*	$60			$40					$40			
Public Works Inspector II	G		2%*	$60			$40					$40			
Water Services Technician I	G		***	$60											
Water Services Technician II	G			$60											

Misc. Classifications eligible for Pest Control or Qualified Applicators Certificate Incentive			
Job Classification/Title	BU	Pest Ctrl Adv	QA
Park Maintenance Worker I	M	$50	
Park Maintenance Worker II	M	$50	$40
Park Maintenance Worker III	M	$50	$40*
Parks Supervisor	M	$50	$40
Sr. Facilities Maintenance Worker	M	$50	$40

Street Maintenance Worker Classifications			Collection Maintenance System Certificates					
Job Classification/Title	BU	Class A	C1	C2	C3	C4	Pest. Ctrl	QA
Street Maintenance Worker I	M	$600*	$40	$40	$40	$40	$50	$40
Street Maintenance Worker II	M	$ 600	$40	$40	$40	$40	$50	$40
Street Maintenance Worker III	M	$ 600		$40	$40	$40	$50	$40
Street Maintenance Supervisor	M	$ 600			$40	$40	$50	$40

Water and Wastewater Maintenance Worker Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates				Environmental Compliance Inspection Certificates				Mechanical Technologist Certificates (MechTech)			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	C1	C2	C3	C4	EC1	EC2	EC3	EC4	MT1	MT2	MT3	MT4
Water/Wastewater MW I	M	$600*	2%*	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW II	M	$ 600	2%	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW III	M	$ 600	2%	2%	$40	$40	$40		$40	$40	$40	$40		$40	$40	$40						$40	$40	$40
Wtr/WW Supervisor (Water)^	M	$600*		4%	$40	$40	$40		**	$40	$40	$40			$40	$40	$40	$40	$40	$40		$40	$40	$40
Wtr/WW Supervisor (Wastewater)^	M	$600*		4%	$40	$40	$40			$40	$40	$40			$40**	$40	$40	$40	$40	$40		$40	$40	$40
W/WW Plant & Equip Mechanic	M	$600*		4%	$40	$40	$40		**	$40	$40	$40		$40	$40	$40						$40	$40	$40

^Treatment and Collection Certification requirements are dependent on assignment to Water or Wastewater System

Laboratory Technician and Environmental Compliance Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Environmental Compliance Inspection Certificates					
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	EC1	EC2	EC3	EC4	EFPAT	CCCS
Laboratory Technician I	M												$40	$40	$40	$40	$40	$40	$40	$40		
Laboratory Technician II	M													$40	$40	$40	$40	$40	$40	$40		
Environmental Comp Inspector	M		2%	2%	$40	$40	$40		$40	$40	$40	$40	**	$40	$40	$40			$40	$40	$40**	
Laboratory Services Supervisor	M		2%*	2%	$40	$40	$40		$40	$40	$40	$40		!	$40	$40		!	$40	$40		!

Required to obtain a D1 OR a T1

If Env Comp Insp/Lab Servs Supv obtains the Distribution certs first, they receive the 2% and 4% incentive. If they obtain the Treatments certs in addition, they are eligible for $40 incentive for Grade II certificate obtained (no incentive for the Grade I certificate)

Updated 3/4/2020

1 of 2

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

Wastewater Plant Operator Classifications			Wastewater Plant Operator Certificates						Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				Environmental Compliance Inspection Certificates				
Job Classification/Title	Bu	Class A	OIT	ww1	ww2	ww3	ww4	ww5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	EC	EC2	EC3	EC4	GA
Wastewater Plant Operator I	M			**	$40 &	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator II	M					$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator III	M						$40	$40		$40	$40	$40		$40	$40	$40					$20
Chief Wastewater Plant Operator	M						$40	$40		$40	$40	$40		$40	$40	$40	$40	$40	$40	$40	

Refer to Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Water Plant Operator Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				
Job Classification/Title	Bu	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	GA
Water Plant Operator II	M		$40	$40	$40	$40	$40			$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20
Water Plant Operator III	M			$40	$40	$40	$40				$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20

Reference Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate incentive

Article 12.1 provides for $40 per month (maximum of $250) for incentive for each grade at or above the minimum as provided for in Exhibit C (incorporated in the tables above)

							Automated Service Excellence (ASE) Technician Certificates (Max of $150.00 with all combined ASE certificates)																											
							Auto									Transit Bus Certificates						Truck					Med/Heavy Truck						
Job Classification/Title	Bu	Class A	Cls A Brk	Class A Lamp	Weld	Smg Cert	A1	A2	A3	A4	A5	A6	A7	A8	P1	H1	H3	H4	H5	H6	H7	P1	P2	P3	P4	P9	T1	T2	T3	T4	T5	T6	T7	T8
Equip Service Worker	M	$600#	$25	$12.5	$12.5																													
Heavy Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50																												
Lead Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50*	$25 for 8 ASE certificates and $50 for 8 ASE Certificates, for a maximum of $150/month for ASE certificates																											
Welder-Mechanic (FW)	M	$600#	$25	$12.5	$12.5	$50																												
Fleet Services Supervisor	M	$600#																																

LEGEND

Job Requirement
* obtain w/in 12 months of appointment/incentive paid when ee obtains certificate
** obtain w/in 24 months of appointment/incentive paid when ee obtains certificate
& obtain w/in 24 months of obtaining Grade I Wastewater Treatment Operator certificate
*** obtain w/in 18 months of appointment/incentive paid when ee obtains certificate
! obtain w/in 30 months of appointment/incentive paid when ee obtains certificate
obtain w/in 6 months of appointment/incentive paid when ee obtains certificate

D = distribution certificate issued by State Water Resources Control Board
T = water treatment certificate issued by State Water Resources Control Board
WW = wastewater certificate issued by the State Water Resources Control Board
C = Collections certificate issued by CA Water Environment Association (CWEA)
L= Laboratory certificate issued by CA Water Environment Association (CWEA)
EC = Environmental Compliance certificate issued by CA Water Environment Association (CWEA)
B=Biosolids Land Application Management certificate issued by CA Water Environment Association
MT = Mechanical Technologist certificate issued by CA Water Environment Association (CWEA)
BFPAT = Back Flow Prevention Assembly Tester
CCCS = Cross Connection Control Specialist

Updated 3/4/2020

2 of 2

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

Jeremiah Miller, Chief Negotiator
Date:

Shawn Tallerico, Chapter President
Date:

Terri Lovell, Executive Vice President
Date:

Rodney Plamondon, Vice President
Date:

George Agnew, Treasurer
Date:

Kari Chadwick, Secretary
Date:

Thomas Gabriel, M&O Representative
Date:

Joseph Martinez, M&O Representative
Date:

Tosha Wiman, GS Representative
Date:

Rene Garcia, GS Representative
Date:

CITY OF LODI
A MUNICIPAL CORPORATION

Stephen Schwabauer, City Manager
Date:

Andrew Keys, Deputy City Manager
Date:

Adele Post, HR Manager
Date:

Approved As To Form:

Janice D. Magdich, City Attorney

Attest:

Pamela M. Farris, Assistant City Clerk

MEMORANDUM OF UNDERSTANDING

CITY OF LODI

AND

A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

MAINTENANCE & OPERATORS UNIT

January 1, 2020 – December 31, 2022

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Exhibit A – Salary Schedule effective February 10, 2020
Exhibit B – Certification Requirements and Incentive Chart

Chapter 1 – Salaries and Other Compensation

ARTICLE I – SALARY

1.1 Effective February 10, 2020, the City shall increase the salary ranges by five percent (5%). Effective with the first full pay period in January 2021 and January 2022, the City shall increase the salary ranges by five percent (5%).

1.2 For comparison purposes, the recognized survey cites are as follows:

Chico	Clovis	Davis	Fairfield	Merced	Manteca
Modesto	Redding	Roseville	Stockton	Tracy	Turlock
Vacaville	Visalia	Woodland			

ARTICLE II – HOURS

2.1 Except as provided in subsequent sections, the normal hours of work for all represented personnel shall be eight (8) hours per day and forty (40) hours per week. Alternate work hours may be nine (9) hours a day in the 9/80 schedule for eighty (80) hours in a two week period, or ten (10) hours per day in the 4/10 schedule. The lunch period shall normally commence between the third and fifth work hour at the discretion of the supervisor.

a. Wastewater/Water Plant Operators shall work shifts on a jointly agreed to rotating schedule with varying days off. This schedule shall be posted two weeks before the change of shift.

b. Employees assigned to work "Relief Operator" duties shall receive compensation at a rate of 10% above their current base pay. The "Relief Operator" is one who works a normal day shift but is on call to assume a shift operators shift(s) for the duration of a vacancy, then return to regular hours.

c. Street Sweeper Operators shall work a schedule which begins at 4:00 a.m.

d. Alternate work schedules may be developed by mutual agreement between the employee and the appropriate supervisor.

2.2 Work schedules presently in effect shall remain in effect. Any proposed change in the work days or work hours shall be a meet and confer item.

ARTICLE III – COMPENSATORY TIME

3.1 Employees may accrue compensatory time in lieu of overtime pay. The accrual rate for compensatory time shall be at the appropriate rate of overtime worked.

3.2 The decision to elect compensatory time or overtime pay may be made each time overtime is worked. An employee's decision to elect compensatory time instead of overtime pay is irrevocable.

3.3 No more than two hundred (200) hours of compensatory time may be carried on the books at any time. Employee's may cash out any amount of the compensatory time at the employee's straight time hourly rate of pay each April, June, and October. A request to cash out leave must be in writing and submitted to the Finance Division.

3.4 Upon separation, the employee will be paid at the employee's current hourly rate of pay or the average of the last three years, whichever is higher, for the remaining compensatory balance.

ARTICLE IV – OVERTIME

4.1 Overtime work, paid at the time and one-half rate (1½), is work performed by an employee outside his or her regular work hours, and includes:

a. Time worked outside of regular hours of work on a work day unless notification has been made in accordance with Sections 2.1 and 2.2; and

b. Time worked on a non-work day.

Overtime work paid at the double time rate is work performed in excess of 12 hours between 12:00 a.m. and 12:00 a.m. on any given day, any work performed between the hours of 12:00 a.m. and 6:00 a.m., and any work performed on holidays.

Hours worked on a holiday, as part of any employee's regular work schedule, shall be compensated at the appropriate overtime rate as provided plus the employee shall receive his or her regular straight time pay. Holiday, for overtime purposes, is defined within the Holiday section of this MOU

4.2 Employees who are required to report for prearranged work on their non-work days or holidays shall be compensated at the overtime rate for actual hours worked, but in no event shall they be paid for less than three (3) hours.

4.3 If an employee has worked for six (6) hours or more at the overtime rate during the sixteen (16) hour period immediately preceding the beginning of his or her regular work hours on a work day he or she shall be given a rest period of six (6) consecutive hours at the completion of the overtime work. Compensation for the six (6) hour rest period shall be allowed at the straight time rate for those hours within the rest period which overlap the normal working hours.

4.4 When, at the request of the Supervisor in charge, an employee reports for prearranged overtime:

a. On work day outside of his or her regular work hours, he or she shall be paid overtime compensation for actual worked time in connection therewith, provided however, that if any such employee continues to work into or beyond his or her regular work hours, he

or she shall be paid overtime compensation only for actual work time up to his or her regular work hours.

b. On non work days or on holidays, he or she shall be paid overtime compensation for actual work time in connection therewith. For the purpose of this Section, prearranged overtime work is deemed to be work for which advance notice has been given by the end of his or her preceding work period on a work day.

ARTICLE V - MEALS

5.1 The City and AFSCME mutually agree to engage in further discussion to incorporate clarifying language for Article V – Meals.

5.2 If the City requires an employee to perform work for one and one-half (1 ½) hours immediately following quitting time, or if any employee is called in more than two (2) hours immediately before regular starting time, the City shall provide such employee with a $25 meal allowance, payable through payroll. If an employee works beyond the regular quitting time, the City shall continue to provide meals at four (4) hour intervals until the employee is dismissed from work. The cost of such meals and the time taken to consume them shall be at the City's expense.

5.3 When the City requires employees to work on non-work days, the City shall provide a meal allowance at intervals of four (4) hours. The first meal shall be four (4) hours after employees report to work, providing time is allowed for an employee to eat before reporting. If such time is not allowed, the first meal break shall be two (2) hours after reporting for work and at the four (4) hour intervals thereafter.

5.4 When an employee is required to perform prearranged work on non-work days during regular work hours, he or she shall observe the lunch arrangement which prevails on his or her work days. If such work continues after regular work hours, the City shall provide the employee with a meal allowance in accordance with other provisions of this MOU.

5.5 If the City requires an employee to perform prearranged work starting two (2) hours or more before regular work hours on work days or non-work days, and such employee continues to work into regular hours, the employee shall provide for one meal allowance on the job and the City shall provide other meal allowances as required by the duration of the work period. The meal allowances provided for in this Section shall be eaten at approximately the usual times and the usual practice relating to lunch periods on work days shall prevail. The usual times therefore shall be 7:00 a.m. – 12:00 p.m. and noon – 6:30 p.m.

ARTICLE VI – TEMPORARY UPGRADE

6.1 Any employee who is assigned by the Department Head or designee to a higher classification in the absence of the incumbent, for four (4) hours, shall receive a 10% wage

increase while in this status. However, in no event shall the upgrade pay per hour exceed the top step of the classification to which the employee is temporarily upgraded.

ARTICLE VII – SHIFT DIFFERENTIAL

7.1 An Operations Premium of 3% will be applied to Wastewater Treatment Plant Operators for all hours worked during swing shifts. Swing shifts are those daily work periods regularly scheduled to begin from 12:00 p.m. to 10:00 p.m. Shift assignments shall be made by the City at its sole discretion consistent with this MOU.

ARTICLE VIII – STANDBY PAY – CALL-OUT PAY

8.1 STANDBY: All employees in the Maintenance and Operators Bargaining Unit shall be eligible for standby pay as noted below:

A. Standby Pay: All employees in the Maintenance and Operators Bargaining Unit, except Waste Water Plant Operators and Water Plant Operators, shall receive compensation at straight time pay when said employees are in standby status as shown below.

On work days	3 hours
On non-work days	4 hours
On observed holidays	8 hours

B. Standby Pay: All Wastewater Plant Operators and Water Plant Operators shall receive compensation at straight time pay when said employees are in standby status, as shown below.

On work days	3 hours
On non-work days	4 hours
On observed holidays	8 hours

8.2 CALL-OUT: All employees in the Maintenance and Operators Bargaining Unit shall be paid call-out pay as follows:

A. In addition to the "Standby Duty Pay" (above) the employees on standby shall be paid at the rate of one and one half times the straight time rate of pay for time worked on emergency calls before 12:00 a.m. Time worked between 12:00 a.m. and 6:00 a.m., or in excess of twelve (12) consecutive hours between 12:00 a.m. and 12:00 a.m. on any given day, shall be paid at double time.

B. The first call-out will be paid at three (3) hours minimum at the appropriate overtime rate as defined in Article 8.2 (A) of this Agreement. Subsequent calls on the same calendar day will be paid for actual time worked at the appropriate overtime rate as defined in Article 8.2(A) of this Agreement.

C. All subsequent hours worked on a call-out shall be paid at the appropriate overtime rate per Article 8.2(A) of this Agreement.

8.3 Compensation paid to employees called out in emergency situations outside their regular work hours shall be a minimum of three (3) hours pay at the overtime rate. Additional call outs during that day shall be compensated at the overtime rate for actual hours worked with a one (1) hour minimum. Only one call out between the hours of 12:00 a.m. and 12:00 a.m. shall be compensated at the minimum three (3) hour period. Phone calls lasting less than ten (10) minutes, text messages and/or emails that do not require substantive work would be paid one (1) hour at the appropriate overtime rate. Calls more than ten (10) minutes, text messages and/or emails that require substantive work would receive the standard three (3) hour callback at the appropriate overtime rate.

ARTICLE IX – TOOLS AND UNIFORM ALLOWANCE

9.1 Uniforms provided by the City shall include a jacket, pants and shirts. Jackets shall be replaced as needed. Uniform service, including rental and cleaning of one uniform (shirts & pants) per work day, will be provided to the following Maintenance and Operators classifications:

Environmental Compliance Insp.	Parts Clerk
Facilities Maintenance Worker	Plant & Equipment Mechanic
Facilities Supervisor	Street Maintenance Worker I/II/III
Fleet Services Supervisor	Street Supervisor
Heavy Equipment Mechanic	Sr. Facilities Maintenance Worker
Maintenance Worker I & II	Sr. Storekeeper
Park Maintenance Worker I /II/III	W/WWMaintenanceWorker I/II/III
Park Supervisor	W/WW Supervisor
Chief Wastewater Plant Operator	W/WW Plant Operator I/II/III
	Water Plant Operator I/II/III
	Welder-Mechanic
Service Writer	Building Services Supervisor

9.2 Coveralls, but no more than 3, are provided per year to the following Maintenance and Operators classifications:

Chief Wastewater Plant Operator	Plant and Equipment Mechanic
Wastewater Plant Operator I, II, III	Environmental Compliance Inspector
Sr. Plant and Equipment Mechanic	Water Plant Operators I/II/III

Maintenance Workers I/II assigned to White Slough

9.3 Smocks, but no more than 3, are provided per year to Laboratory Technician I/II classifications.

9.4 The City agrees to provide prescription safety glasses up to a maximum cost of $500 per pair as required. A maximum of two pair of prescription safety glasses will be provided by the City during employment except as indicated in 9.6 and 9.7 below.

9.5 The employee shall pay directly to the optometrist any fees for prescription examination or related charges if needed. The employee shall submit receipts for the prescription safety frames and lenses to the City for reimbursement.

9.6 Prior to issuance of a replacement pair of prescription safety glasses for payment by the City, the employee shall discuss with and receive approval from the immediate supervisor and department head. The criteria for issuance of a replacement pair of safety glasses are as follows:

1. If safety glasses are damaged due to an accident on the job, the safety glasses will be replaced and paid for by the City.

2. If safety glasses are lost or damaged off the job, the employee will pay the total amount for replacement.

3. If an employee requires a change of prescription for safety glasses, the employee must submit a written statement from the eye doctor stating that the prescription change is necessary.

4. If safety glasses are unsafe due to normal wear and tear, the City shall approve a replacement pair as specified above.

9.7 The following conditions on the part of any applicable employee shall be grounds for the cost of the employee's issued safety glasses to be deducted from the employee's payroll check after a determination of cost has been made by the City.

1. Where the city would be required to replace issued safety glasses due to abuse by the employee.

2. Failure on the part of an applicable employee to wear or utilize safety glasses unless agreed to in writing.

3. Failure on the part of an applicable employee to return issued safety glasses, regardless of condition, upon separation from City service.

9.8 Uniforms and safety equipment damaged in the line of duty shall be replaced or repaired by the City.

9.9 Employees who are not required to wear a uniform, whose personal clothing is damaged in the line of duty, may request to have the item replaced or repaired at the City's expense.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. The City shall have the sole discretion to approve or deny the request and its denial shall not be grievable.

c. Repair costs shall not exceed ordinary costs and shall be limited to the repair identified in the employee's claim.

d. Items replaced shall be of similar, or the same quality as the item being replaced. The City may require the employee to forfeit the damaged item for inspection.

e. All requests for reimbursement shall be accompanied by receipts.

9.10 Employees whose prescription glasses are damaged in the line of duty shall be entitled to reimbursement for the cost of replacing or repairing the glasses.

a. Requests shall be submitted to the Department Director and shall be accompanied by an explanation of the event(s) that led to the damage.

b. Glasses replaced shall be of an equal or similar quality to the glasses that were damaged.

c. Any insurance benefit paid to the employee or paid by the insurance provider toward the replacement/repair costs shall result in a reduction to the amount reimbursed to the employee by the amount paid by the insurance provider.

Example:

Cost of Eyewear/Repair	$150
Insurance Pays	$100
Reimbursed to employee	$ 50

ARTICLE X – SAFETY/SAFETY BOOT PROVISIONS

10.1 The City retains the right to set and maintain safety standards in the work place. Failure to adhere to safe work practices will be grounds for the City to take appropriate steps to ensure compliance.

10.2 The City agrees to provide an annual boot allowance of $250, paid semi-annually as part of the last biweekly payroll in the months of April and October of each year, for all classifications in this unit.

10.3 Safety boots are defined as leather work boots with a minimum of 4" ankle support. Employees have the option of purchasing these boots with or without steel toes.

10.4 The City reserves the right to determine if a boot is appropriate to the job class, work hazards, and work conditions.

10.5 Laboratory Technicians shall be eligible to receive the safety shoe/boot allowance to purchase water resistant shoes.

ARTICLE XI - CLASS A LICENSE

11.1 Those employees required to have a Class "A" commercial driver's license as part of their employment will be given $600 per year, to be paid in October of each year.

ARTICLE XII – EDUCATION INCENTIVES

12.1 The City shall make available incentive pay as shown in Exhibit C. A $40.00 per month incentive shall be paid for each grade at or above the minimum grades shown. An employee can earn education incentive pay to a combined maximum of $250 per month. (The certificate pays on Exhibit C chart are not included in this cap)

12.2 The City agrees to pay all fees charged in obtaining any license, mandatory or voluntary certification, or recertification required in the course of his or her employment upon successfully passing the test procedures.

12.3 The City agrees to pay $20 per month to two (2) Wastewater Plant Operators, two (2) Surface Water Plant Operators, and two (2) Plant and Equipment Mechanics for the possession of a Qualified Applicators Certificate. In the event of the separation of one of the two Wastewater or Surface Water Plant Operators or Plant and Equipment Mechanics, the remaining employee in each classification shall receive $40 per month.

12.4 Equipment Maintenance personnel shall be eligible for an incentive pay plan as outlined in Exhibit C.

12.5 Equipment Mechanics are eligible to receive incentive pay of either $25 or $50 per month for possession of Automotive Service Excellence Technician Certificates on the following basis:

a. Only courses listed in Exhibit C will qualify towards this incentive.

b. Employees will not be paid for both certificates in cases where one is a prerequisite of the other. For example, ASE certifications A-6, A-8 and L-1 are required by BAR in order to obtain a smog certificate. An employee having a BAR smog certificate will receive $50 for the smog certificate and the three ASE certificates will not be counted toward the ASE certification incentives.

c. Employees will receive a total of $25 per month for possession of a minimum of three (3) certificates.

d. Employees will receive a total of $50 per month for possession of a minimum of eight (8) certificates.

ARTICLE XIII – BIO HAZARDOUS/WASTE INCENTIVE (incorporating side-letter agreement, no additional classifications added)

13.1 Employees in the following classifications who are assigned to clean up bio hazardous materials will receive $100 per month, paid bi-weekly:

Building Services Supervisor
Facilities Maintenance Worker
Senior Facilities Maintenance Worker
Facilities Supervisor
Plant and Equipment Mechanic
Parks Maintenance Worker I/II/III
Parks Supervisor
Maintenance Worker II
Street Maintenance Worker I/II/III
Street Supervisor

13.2 All bargaining unit members who receive this incentive shall complete appropriate Bio Hazard training offered by the City.

ARTICLE XIV – BILINGUAL PAY

14.1 Employees designated by the Department Head and approved by the City Manager who have passed a bilingual proficiency examination administered by the City shall receive a monthly bilingual supplement of $150, paid bi-weekly. The City Manager has the discretion in determining the languages that will be recognized.

ARTICLE XV – TUITION REIMBURSEMENT

15.1 Tuition Reimbursement will be provided as stated in the City's current Tuition Reimbursement Policy. The City will not reduce the maximum reimbursement amount of $3,000 or eliminate this policy during the term of this MOU.

ARTICLE XVI – COURT APPEARANCES

16.1 Employees summoned by a court for jury duty shall be granted jury duty leave with pay and may keep any jury duty compensation received. Voluntary grand jury service such as that service in San Joaquin County is not covered by jury duty leave.

16.2 If jury duty attendance is less than one-half (1/2) of a normal working day, the employee is expected to return to work.

16.3 If an employee has had jury duty of six (6) hours or more during a 16-hour period immediately preceding the beginning of or following the end of his or her regular work hours on a work day, he/she shall be given a rest period of six (6) consecutive hours.

16.4 If an employee covered by this agreement is required by subpoena issued by an authority granted subpoena powers, to appear before it or to give a deposition as a result of an action taken within the scope of employment with the City that employee will receive his full pay while so doing with no loss of time if he/she is on regular duty. If the employee is not on duty the City agrees to compensate that employee at one and one half (1½) times his regular pay for the time spent in any appearance as required by this Article. As a prerequisite for payment to off-duty employee, the Department Head must be notified in writing of the off duty appearance within seventy-two (72) hours after the employee is subpoenaed or otherwise notified of the required court appearance.

ARTICLE XVII – MILEAGE COMPENSATON

17.1 Employees using their personal automobile for City business, with their department head's approval, shall receive mileage compensation equal to that allowed by the Internal Revenue Service. City business does not include transportation to and from work or call backs due to emergencies, except that employees whose regular work station is at the White Slough Water Pollution Control Facility shall receive mileage compensation, not to exceed 20 miles (each direction) if called back to the plant in an emergency situation.

Allowance changes shall be effective the first day of the month following the determination of a change by the IRS.

Chapter 2 - Leaves

ARTICLE XVIII – CATASTROPHIC LEAVE

18.1 Catastrophic Leave will be provided as stated in the City's current Policy. The City will not eliminate this policy during the term of this MOU. Catastrophic Leave may be utilized for care of an employee's qualified family members (as identified in the City's Catastrophic Leave Policy) even if the employee participates in Short Term Disability.

18.2 Catastrophic Leave may be utilized (according to Policy) upon expiration of any use of Short Term Disability

ARTICLE XIX – BEREAVEMENT LEAVE

19.1 Regular employees shall be granted 3 days of bereavement leave per incident to attend the funeral of a member of their immediate family, including the time the deceased may lie in state, the day of the funeral, and the time necessary to travel to and from the location of the funeral.

The immediate family shall be limited to an employee's:

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a
m

Spouse/domestic partner	Parent/step-parent/foster parent	Grandparent
grandparent-in-law	parent-in-law	Child/step-child
grandchild	son-in-law	daughter-in-law
Sister/step-sister/half-sister	Brother/step-brother/half-brother	

ore distant relative who was a member of the employee's immediate household at the time of death.

19.2 A regular employee may use sick leave, vacation leave, or compensatory time off to attend the funeral of a person the employee may be reasonably deemed to owe respect. Use of sick leave may not exceed three (3) days.

ARTICLE XX – HOLIDAYS

20.1 Members of this Unit shall observe the following nationally observed holidays:

New Year's Day	January 1
Martin Luther King, Jr. Day	3rd Monday in January
President's Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Thanksgiving Day	4th Thursday in November
Day after Thanksgiving	Friday following Thanksgiving Day
Christmas Eve (4 hours)	December 24
Christmas Day	December 25

Employees receive holiday pay if/when they work on the above City-recognized national holiday

In addition, each employee shall be granted thirty-six (36) hours of holiday leave to be taken off at a time mutually agreed upon between the employee and the department head. Holiday leave cannot be carried over into the following calendar year.

Employees hired after the first pay period of the year are credited with fixed holidays plus a prorated share of floating holidays for the remainder of the calendar year. Employees separating from employment shall be debited the fixed holidays and the prorated share of floating holidays for the remainder of the calendar year

Holidays which fall on the first regularly scheduled day off shall be observed on the preceding work day. Holidays which fall on any other regularly scheduled day off shall be observed on the next regularly scheduled work day, with the exception that if the next regularly scheduled work day is also a holiday, the first holiday shall be observed on the preceding work day.

20.2 Holiday time may be taken in quarter hour increments.

ARTICLE XXI – LEAVES OF ABSENCE

21.1 Leave of Absence will be provided as stated in the City's Leave of Absence Policy. The City will not eliminate this policy during the term of this MOU

ARTICLE XXII – SICK LEAVE

22.1 Effective July 19, 2004, full time employees shall accumulate sick leave at the rate of 3.70 hours per pay period.

22.2 Sick leave may be accumulated up to an unlimited amount.

22.3 Family Sick Leave will be provided in accordance with the City's current Sick Leave Policy as revised in September 2010.

ARTICLE XXIII – VACATION LEAVE

23.1 Employees shall receive the following vacation benefits:
Beginning with:

Date of Hire:	3.08 hrs per pay period
6th year:	4.62 hrs per pay period
12th year:	5.24 hrs per pay period
15th year:	6.16 hrs per pay period
21st year:	6.47 hrs per pay period
22nd year:	6.78 hrs per pay period
23rd year:	7.09 hrs per pay period
24th year:	7.40 hrs per pay period
25th year & over:	7.71 hrs per pay period

23.2 If conflict arises in the scheduling of vacation of employees in the same classification, the conflict shall be resolved in favor of the employee with the greatest City seniority. The senior employee shall receive first choice in any scheduling period.

23.3 The maximum amount of unused vacation hours that an employee may accrue, at any given time is twice the employee's annual vacation entitlement. Whenever an employee's unused, accrued vacation has reached this maximum accrual amount, the employee shall stop accruing any additional vacation. Accrual will automatically resume once the employee uses some vacation and the accrual balance falls below the maximum accrual amount.

Under extenuating circumstances, requests to accrue vacation leave over the maximum may be authorized by the City Manager. For all other issues regarding Vacation Leave refer to the City's Policy on Vacation Leave.

23.4 For all persons hired after September 1, 1995 the maximum vacation accrual rate will be 6.16 hours per pay period.

Chapter 3 - Insurance and Retirement

ARTICLE XXIV – MEDICAL INSURANCE

24.1 All employees are offered medical insurance for themselves and dependents through CalPERS-Medical Plans. Effective January 1, 2018, the City will contribute the following amounts toward the medical premium:

$1,794.51	per month for family
$1,380.39	per month for employee +1 dependent
$690.20	per month for employee only

The employee will pay one hundred percent (100%) of the difference between the City's contribution and the monthly premium for the plan elected.

24.2 If an employee waives medical insurance through the City of Lodi, the employee may at their option take the following in cash or deposited into their deferred compensation account (Cash in lieu):

$692.81 per month for family
$532.92 per month for employee + 1 dependent
$305.22 per month for employee only

In order to qualify for this provision, proof of group insurance must be provided to the City.

24.3 Effective January 1, 2020 and through December 31, 2022, the maximum amount the City will pay towards medical premiums will be increased by the lower of three percent (3%) or the actual cost increase (for the employee's applicable cap) for employees whose annual base salary is less than$47,000.

Percentage increases shall be based upon the amounts paid by City ($690.20 for Employee only, $1,380.39 for Employee + 1 and $1,794.51 for Family).

23.4 Employees shall be eligible for medical insurance from the first day of the month following the date the employee becomes a full-time regular employee of the City of Lodi.

24.5 The City shall pay 100% of the premiums or up to the maximum City payment noted above for health and dental benefits for the unmarried surviving spouse and any minor children of any members of this unit who is killed or dies during the performance of official duties. This benefit terminates if the surviving spouse remarries, the children reach the age of 26, or other medical insurance becomes available.

ARTICLE XXV – DENTAL INSURANCE

25.1 Employees are provided fully paid family dental insurance.

25.2 Maximum benefits are $1000 for each family member enrolled in the dental plan per calendar year. There is a $25 deductible plus co-insurance features.

ARTICLE XXVI – VISION INSURANCE

26.1 The City agrees to provide a vision care plan equivalent to the VSP Signature Plan with a $25 deductible for the employee and dependents. The entire premium shall be paid by the City.

ARTICLE XXVII – CHIROPRACTIC INSURANCE

27.1 The City agrees to pay all costs of premiums for employees and dependents for a chiropractic plan equivalent to the Landmark chiropractic plan.

ARTICLE XXVIII – LIFE INSURANCE

28.1 The City agrees to provide a life insurance program providing $25,000 term life insurance which includes $25,000 of Accidental Death and Dismemberment coverage for the employee. Said amount of insurance to reduce to $6,500 at age 70, and to decrease to $5,000 at age 75. In addition, a spouse, unmarried dependent children between the ages of 6 months and 21 years, unmarried student dependent children to 23rd birthday, and dependent handicapped children shall be covered for $1,500 insurance. Children under 6 months shall be provided with $150 life insurance.

28.2 The City will provide an additional $10,000 of Accidental Death and Dismemberment insurance for each member in the Maintenance & Operators Unit.

ARTICLE XXIX – LONG TERM DISABILITY

29.1 A long term disability program which, coordinated with other disability benefits, shall provide a benefit of 66-2/3% to a maximum of $10,000 per month of the employee's basic monthly earnings in the event of disability. This program commences 60 days from the date of disability. Please refer to the City's Policy on Long Term Disability.

29.2 The maximum length of coverage is three years from date of disability.

ARTICLE XXX – WORKER'S COMPENSATION

30.1 The City and AFSCME mutually agree that when an employee is compelled to be absent from work due to injuries or illness arising out of and in the course of his or her employment, the City shall pay full compensation to any represented employee who becomes eligible for benefits under Worker's Compensation laws for the period of the time between the injury and the first day of eligibility for benefits. With the determination that the injury or illness is compensable in accordance with Workers' Compensation benefit criteria, the employee, upon receiving said benefits paid by Workers' Compensation shall also receive compensation from the City in such an amount that when added to the Workers' Compensation payment shall equal his or her regular salary. The amount paid by the City shall, after the period from the date of injury and date of eligibility, be charged to the employee's sick leave account. The employee's regular deductions shall be made from the amount paid by the City.

ARTICLE XXXI – FLEXIBLE SPENDING ACCOUNT

31.1 The City will maintain a pre-tax "flexible spending account" to conform to IRS regulations to be used for premium contributions, dependent care and/or un-reimbursable medical payments for unit members. Effective in plan year 2018, the Medical Flexible Spending Account (FSA) will include a carryover provision which allows an active participant to automatically carryover up to $500 to the new plan year. However, amounts over $500 would be forfeited after the final filing date, if left unclaimed.

ARTICLE XXXII – DEFERRED COMPENSATION PLAN

32.1 The City and AFSCME agree to the implementation of the following program effective July 1, 1977.

32.2 The City shall match contributions by Maintenance and Operators employees to a deferred compensation program up to a maximum 3.0% of the employee's gross salary.

ARTICLE XXXIII – PERS

33.1 The City agrees to provide the following PERS retirement program and to pay the employers cost for employees deemed to be "classic" employees by PERS:

a. PERS "2% at 55" full formula retirement benefits plus the following additional options:

b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit (Section 21298)

c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement. (Section 21382.4).

d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement. (Section 21263 and Section 21263.1 and Section 21263.3)

e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement. (Section 20862.8).

f. Military Service Credit as Public Service (Section 21024).

g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.

h. 50% survivor continuation in the event of death after retirement.

i. Employee shall pay employee share of retirement at 7% effective December 31, 2013.

33.2 The City agrees to provide the following PERS retirement program and to pay the employer's cost for employees deemed to be "new" employees by PERS under the Public Employee Pension Reform Act of 2013 (PEPRA):

a. PERS "2% at 62" full formula retirement benefits plus the following additional options:

b. The increased ordinary disability benefits which provide under PERS a 30% benefit after five years of service increasing to a maximum 50% benefit.

c. Third level of 1959 Survivor Benefit which provides for survivors of a member who dies prior to retirement. This benefit is in addition to the Basic Death Benefit before retirement.

d. Post-retirement Survivor Allowance which provides a surviving spouse with an allowance upon the event of death after retirement.

e. Credit for unused sick leave which provides additional service credit for unused accumulated sick leave at time of retirement.

f. Military Service Credit as Public Service.

g. Final retirement compensation based on the average monthly pay during the highest 36 consecutive months of service.

h. 50% survivor continuation in the event of death after retirement.
i. Employee shall pay employee share of retirement as calculated by PERS in its annual actuarial valuation.

33.3 Effective May 20, 2019, in accordance with California Government Code §20516 contract amendment process requirements, each employee in the unit shall pay three percent (3%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective July 13, 2020, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 11, 2021, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing). Effective January 10, 2022, each employee in this unit shall pay an additional one percent (1%) towards the employer's share of CalPERS normal pension cost (cost-sharing).

ARTICLE XXXIV – SICK LEAVE CONVERSION

34.1 For all unused sick leave balance, a represented employee with ten years of employment with the City will receive medical coverage upon retirement (but not upon resignation or termination) using one of the following options:

Option #1 – CONVERSION

After ten years of employment with the City, 50% of the represented employee's unused sick leave shall be converted to months of medical insurance as adjusted herein. For each year that an employee has been employed by the City in excess of ten years, the employee shall be entitled to add 2 ½% to the 50% before converting the unused sick leave to months of insurance.

EXAMPLE:
ROBERT SMITH RETIRES WITH 20 YEARS OF SERVICE AND 1800 HOURS OF UNUSED SICK LEAVE.

$$1800 \div 8 \text{ X } 75\% \div 12 = 14.06 \text{ YEARS OF COVERAGE}$$

The amount of the premium paid shall be the same as the premium paid by the City at the time of retirement subject to the cap shown in Article XXIV. Any differences created by an increase in premiums must be paid for by the employee.

In the event the retiree dies the surviving dependent(s) may purchase medical insurance for the same period as if the employee had not died.

Option #2 – BANK

50% of the dollar value of sick leave will be placed into a bank to be used for medical insurance premiums for the employee and dependent(s). For each year that an employee has been employed in excess of 10 years, 2 ½ % will be added to the 50% before valuing the size of the bank. Each hour of sick leave is valued at $20.00.

EXAMPLE:
ROBERT SMITH RETIRES WITH 20 YEARS OF SERVICE AND 1800 HOURS OF UNUSED SICK LEAVE (MULTIPLICATION FACTOR - $20.00).

1800 x 75% x $20.00 = $27,000.00

This amount will be reduced each month by the current premium for the employee and dependent(s) until the balance is gone.

In the event the retiree dies the remaining bank will be reduced by 50% and the surviving dependent(s) may use the bank until the balance is gone.

Option #3 – PERS CREDIT

34.2 Per California Government Code, employees may receive credit for unused sick leave. It is agreed that eight (8) hours equals one (1) day for purposes of determining days creditable.

34.3 Employees hired after July 1, 1995 will not have the option of converting sick leave time into medical insurance premiums or cash as referenced in options 1 and 2. The only option available to these employees is Option #3, PERS credit.

34.5 Option #3 is available to all represented employees meeting PERS eligibility requirements.

34.6 If an employee opts to utilize the provisions of Option #1, or Option #2, the City will report to PERS they have zero hours of unused sick leave.

Chapter 4. Union/City Issues

ARTICLE XXXV – UNION LEAVE

35.1 Whenever any employee is absent from work as a result of a formal request by the AFSCME to send an employee to be involved in union business, the City shall pay for all regular time lost and shall be reimbursed therefore by the AFSCME at the rate of one hundred and fifty percent (150%) of the employee's regular wage rate.

35.2 The City agrees to provide storage space to AFSCME for union materials.

ARTICLE XXXVI – DEMOTION AND LAYOFF

36.1 The classification of Maintenance Worker in the Parks, Recreation and Cultural Services or Public Works Department will be "Y" rated if an employee is involuntarily transferred or demoted between departments as a result of a reduction in workforce.

36.2 Bargaining unit has the ability to appeal a layoff decision made by Human Resources to the City Manager.

ARTICLE XXXVII – CHANGES IN MEMORANDUM

37.1 The parties agree to reopen this Memorandum and to renew meeting and conferring on the subjects set forth herein during the term of this Memorandum only in the event that any provision of this MOU is modified by statue, applicable regulation or by order of Court in such a way as to affect either the employees or the City. In such event, all remaining provisions of the MOU shall continue in full force and effect unless and until they are also modified by statue, applicable regulation, order of Court, or agreement of the parties.

ARTICLE XXXVIII – CITY RIGHTS

38.1 It is further understood and agreed between the parties that nothing contained in this MOU shall be construed to waive or reduce any rights of the City, which include but are not limited to the exclusive rights to:

- Determine the mission of its constituent departments, commissions, and boards; to set standards of service.
- Determine the procedure and standards of selection for employment; to direct its employees.
- Maintain the efficiency of governmental operations.
- Determine the methods, means and personnel by which government operations are to be conducted.
- Take all necessary actions to carry out its mission in emergencies.
- Exercise complete control and discretion in the technology of performing its work.
- City rights also include the right to determine the procedures and standards of selection for promotion, to relieve employees from duty because of lack of work or other legitimate reasons, to take disciplinary action, and to determine the content of job classifications; provided, however, that the exercise by the City of the rights in this section does not preclude employees or their recognized employee organizations from filing grievances regarding the practical consequences that decisions on such matters may have on wages, hours or other terms and conditions of employment.

ARTICLE XXXIX – EMPLOYEE REPRESENTATION

39.1 This Memorandum of Understanding (hereinafter referred to as "MOU") is entered into between representatives of the City of Lodi (hereinafter referred to as "City") and representatives of the Lodi Chapter of the American Federation of State, County and Municipal Employees (hereinafter referred to as "AFSCME"), for the Maintenance and Operators Unit.

The parties to this MOU acknowledge and agree that this MOU constitutes the results of meeting and conferring in good faith as contemplated by Sections 3500 et seq. of the Government Code of the State of California, and further acknowledge and agree that all matters upon which the parties reach agreement are set forth in this MOU. Except as specifically modified by this MOU, all existing benefits currently being furnished to employees and all existing terms and conditions of employment are to continue in effect unless and until the parties meet and confer regarding a change in such existing benefits, terms or conditions of employment.

The terms and conditions of this MOU are applicable to all regular and probationary employees represented by AFSCME in Exhibit A.

39.2 The City shall grant dues deduction to City employees who are members of AFSCME in accordance with the terms and conditions set forth in City of Lodi Resolution 2011-51.

39.3 UNION SECURITY, MEMBERSHIP AND DUES CHECK OFF

a. Union Membership – All employees covered by this Agreement shall have the opportunity to be a member of AFSCME. The CITY will inform all new hires and employees promoting into the bargaining unit of the existence of this Collective Bargaining Agreement. A UNION Officer, or designee, will be notified within 10 business days and afforded time to meet with any employee entering the bargaining unit in order to conduct a UNION Orientation Meeting.

b. Membership status shall remain in effect per the terms set forth in the AFSCME Membership Application. Only AFSCME members are afforded exclusive UNION membership rights.

c. The CITY shall provide the UNION, on a monthly basis, the name, home address and department, division or work unit of employees entering or leaving a job classification covered by this Agreement. Employees leaving or reentering employment from Military Leave will be noted.

d. Dues Check Off – On a bi-weekly basis the CITY agrees to deduct from the pay of each member of the UNION covered by this Agreement, who authorized such deductions in writing, all dues or fees levied by the UNION. The CITY shall provide the UNION 5 business days prior to the end of the pay period an alphabetical list of

employees belonging to the UNION. The list shall contain the amount of payroll deduction for each employee listed. The CITY agrees to remit to the UNION on a bi-weekly basis the aggregate amount of deductions shown on the list furnished by the UNION. A copy of the Check Off Authorization Form signed by each employee shall be submitted by the UNION to the CITY.

e. Payroll deductions shall be limited to the following choices:

- Union Membership Dues
- AFSCME Voluntary Political Action Check Off (PEOPLE)

f. The Union will comply with its legal obligation regarding the administration of this section.

Hold Harmless – The UNION agrees to hold harmless and to indemnify the CITY for any and all costs or legal action, which may be caused, or result from the CITY'S compliance with this Article.

39.4 The City shall allow AFSCME access to city meeting facilities at no cost to AFSCME subject to the operating needs of the City. Requests for such use shall be made in advance to the appropriate department head managing the facility or designee and shall include the date, location, time and general purpose of such meeting. The City may establish reasonable regulations governing the use of such facilities.

39.5 No City employee or applicant for employment shall be discriminated against in any aspect of employment because of race, national origin, ancestry, color, religious or political opinions or affiliations, union affiliation, age, sex or disability.

39.6 The City and AFSCME agree and understand that if any section of the MOU in any way conflicts with the terms and conditions of employment stated in other authorities, such as the personnel rules, administrative policy and procedure manual, city resolutions, or city ordinances, any ambiguity will be resolved in favor of the MOU language. If the MOU is silent on any issue, the applicable document is controlling.

ARTICLE XL – GRIEVANCE PROCEDURE

40.1 This grievance procedure shall be used to process and resolve disputes regarding the interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretation or application of any of the terms and conditions of this MOU, letters of understanding, formal interpretations and clarification executed by AFSCME and the City.

The intent of this procedure is to resolve grievances informally at the lowest possible level and to provide an orderly procedure for reviewing and resolving grievances promptly.

A grievance is a good faith complaint of one or a group of employees or a dispute between the City and AFSCME involving the interpretation, application, or enforcement of the

express terms of the MOU and other terms and conditions of employment and matters of discipline which includes demotion, suspension or discharge.

As used in this procedure, the term "party" means an employee, AFSCME, the City or the authorized representative of any party. The employee is entitled to representation through all steps in the grievance procedure.

40.2 Disputes involving the following subjects shall be determined by the Grievance Procedures established herein:

a. Interpretation or application of any of the terms of this agreement, including Exhibits thereto, Letters of Agreement, and/or formal interpretations and clarifications executed by AFSCME and the City.

b. Discharge, demotion, suspension or discipline of an individual employee. Employees shall have the right to grieve letters of reprimand through the chain of command up to the Department Director or designee. The decision of the Department Director or designee is final and binding and not subject to further grievance.

c. Disputes as to whether a matter is proper subject for the Grievance Procedure.

d. Disputes which may be of a "class action" nature filed on behalf of AFSCME or the City. Class action grievances shall be in writing from AFSCME to the City Manager or vice versa.

40.3 STEP ONE: Discussion between the employee and/or the employee's representative, and the division head or designated supervisor directly involved, who shall answer within fifteen (15) work days. This step shall be taken within thirty (30) work days of the date of the action complained of, or the date the grievant became aware of the incident which is the basis of the Grievance.

40.4 STEP TWO: If a grievance has not been resolved in initial step, a written statement signed by the Grievant shall be presented to the department head which shall include the action being grieved and the desired remedy. A discussion shall then take place between the employee, his or her representative, and the department head, who shall answer in writing within fifteen (15) work days. This Step shall be taken within fifteen (15) work days from the date of the answer in Step One.

40.5 STEP THREE: If a grievance is not resolved in Step Two, Step Three shall be the presentation of the Grievance, in writing, by the employee or his/her representative to the City Manager, who shall answer in writing within fifteen (15) work days of receipt of the Grievance. This Step shall be initiated within fifteen (15) work days of the date of the answer in Step Two.

40.6 STEP FOUR: If a grievance is not resolved by the City Manager, arbitration shall be the final level of appeal for the grievances and discipline. It is agreed by both parties that the

decision of the arbitrator is binding and final on both parties and that if this procedure is utilized all other avenues of appeal are waived. If arbitration is chosen the City must be notified within fifteen (15) work days of the City Manager's decision.

Within ten (10) working days after the request for arbitration is received by the City or at a date mutually agreed to by the parties, the parties shall meet to select an impartial arbitrator. If no agreement is reached at this meeting, the parties shall immediately and jointly request the State Conciliation and Mediation Service to submit to them a panel of five (5) arbitrators from which the City and AFSCME shall alternately strike names until one (1) name remains; this person shall be the arbitrator. If the State Conciliation and Mediation Service cannot provide a list of five (5) arbitrators, the same request shall be made of the American Arbitration Association.

To ensure that the arbitration process is as brief and economical as possible, the following guidelines shall be adhered to:

a. An arbitrator may, upon mutual consent of the parties, issue a decision, opinion or award orally upon submission of the arbitration.

b. Both parties and the arbitrator may tape record the hearing.

c. There shall be no official transcript required; however, either party may utilize a court reporter at its own sole expense. The cost of a court reporter required by an arbitrator shall be shared equally by the parties.

d. The parties may agree to prepare a joint letter submitting the issue in dispute. The letter shall present the matter on which arbitration is sought and shall outline the MOU provisions governing the arbitration. It may contain mutually agreed on stipulations of fact and it may be accompanied by any documents that the parties mutually agree shall be submitted to the arbitrator in advance of the hearing which may not necessarily be stipulations of fact. Further, if the parties mutually agree, the entire matter may be submitted to arbitration for review without a hearing. Absent agreement to prepare a joint letter, the parties may submit separate letters.

e. The strict rules of evidence are not applicable and the hearing shall be informal.

f. The parties have the right to present and cross examine witnesses, issue opening and closing statements, and file written closing briefs. Testimony shall be under oath or affirmation.

g. The arbitrator may exclude testimony or evidence which he/she determines irrelevant or unduly repetitious.

h. Attendance at a hearing shall be limited to those determined by the arbitrator to have a direct connection with the appeal. Witnesses normally would be present at the hearing

only while testifying and should be permitted to testify only in the presence of the employee or his/her representative and the employer's representative.

i. The arbitration hearing will be held on the employer's premises.

j. The cost of arbitration shall be borne equally by the parties. However, the cost, if any, of cancellation or postponement shall be the financial responsibility of the party requesting such delay unless mutually agreed by the parties.

The decision, opinion, or award shall be based on the record developed by the parties before and during the hearing. The decision will be in writing and shall contain the crucial reasons supporting the decision and award.

The arbitrator has no power to add to, subtract from, or modify the terms of the MOU or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of the MOU. The arbitrator shall be without power or authority to make any decision that requires the City or management to do an act prohibited by law.

The arbitrator has no power to add to a disciplinary action.

40.7 Failure by either party to meet any of the aforementioned time limits as set forth in Section 36.3, 36.4, 36.5, or 36.6 shall result in forfeiture by the failing party. Except, however, that the aforementioned time limits may be extended by mutual agreement. Grievances settled by forfeiture shall not bind either party to an interpretation of this MOU, nor shall such settlements be cited by either party as evidence in the settlement of subsequent grievances.

40.8 Employees may have documents (other than performance reports) relating to absenteeism and disciplinary actions removed from their personnel files if the incident prompting the action took place twenty-four (24) months or more previous and no incident of a similar nature has occurred in the interim.

40.9 An employee may represent himself/herself at any step of the Grievance Procedure up to Step 3.

40.10 Only AFSCME may appeal a grievance to arbitration.

ARTICLE XLI – MUTUAL CONSENT CONTINGENCY

41.1 This MOU may be amended any time during its life upon the mutual consent of the City and AFSCME. Such amendment must be in writing and attached to all executed copies of this MOU.

ARTICLE XLII – NO STRIKES

42.1 The represented employees agree that they shall not strike, withhold services, engage in "slow downs" or "sick-ins", or participate in any other concerted activity which adversely affects job performance or City services during the term of this MOU.

ARTICLE XLIII – PROBATIONARY PERIOD

43.1 All appointments to positions in the classified service shall be subject to a probationary period of 12 continuous months of service. The probationary period shall be regarded as an integral part of the examination process and shall be used to closely observe the employee's work for securing the most effective adjustment of an employee to his or her new duties, assignments and responsibilities in his or her new position and for rejecting any probationary employee whose performance does not meet required work standards. If the service of the employee is deemed to be unsatisfactory, the employee shall be notified that he or she has not satisfactorily completed probation.

43.2 During the probationary period, all new hires shall have all the rights and privileges afforded to other employees, except:

a. Vacation Leave – See Article XXIII for vacation schedule.

b. The use of the Grievance Procedure to grieve termination.

c. The City and the employee may mutually agree to extend the probationary period in increments up to 6 months. The total extended probationary period shall not exceed twelve (12) months. AFSCME must be notified of all extensions by Human Resources.

43.3 In the event an employee is promoted and is rejected by the appropriate department head, he or she shall be reinstated to the position which he or she was promoted. The seniority and status of a rejected candidate shall continue as before.

ARTICLE XLIV – PROMOTION

44.1 The City and AFSCME mutually agree it is good personnel practice to make every effort to promote from within, consistent with the best interest of the City.

ARTICLE XLV – SENIORITY

45.1 Seniority is defined as the total length of continuous service with the City. Continuity of service shall not be broken and seniority shall accrue when an employee is:

a. inducted, enlists, or is called to active duty in the Armed Forces of the United States or service in the Merchant Marine under any Act of Congress which provides that the employee is entitled to re-employment rights,

b. on duty with the National Guard,

c. is absent due to industrial injury,

d. on leave of absence, or

e. absent due to layoff for a period of less than twelve (12) consecutive months.

ARTICLE XLVI – SHOP STEWARDS

46.1 The AFSCME agrees to notify the City in writing as to the appointment of all shop stewards. Shop stewards shall be required to work full time in their respective classifications and shall not interrupt the work of other employees. A steward may, with reasonable notice and the approval of his or her supervisor, leave the job during working hours for reasonable period to investigate pending grievances and to take part in the Grievance Procedure. However, no steward shall leave the job while his or her presence is necessary in the judgment of his or her supervisor for the safe conduct and efficiency of the operations in which he or she is engaged.

ARTICLE XLVII – STATUS

47.1 Employees shall be designated as regular or probationary.

a. A regular employee is defined as an employee who has twelve (12) months or more service with the City in full time employment, except as provided for in the Rules for Personnel Administration Article X (Probationary Period).

b. A probationary employee is defined as an employee hired for a full time position that has been regularly established as an authorized position and is of indeterminate duration. A probationary employee shall receive not less than the minimum rate for the job and shall be eligible for sick leave pay, vacation pay, holiday pay, retirement plan participation, insurance coverage and items of a similar nature, as he or she becomes eligible, but shall not be given preferential consideration for promotion or transfer or be eligible for a leave of absence. Upon completion of twelve months of continuous full time service with the City, and satisfactory performance, a probationary employee shall be given the status of a regular employee.

ARTICLE XLVIII – TERM

48.1 The terms and conditions of this MOU shall continue in effect until such time as they are superseded by a signed agreement/MOU between the City of Lodi and AFSCME. The term of this MOU shall cover the period from January 1, 2020 to December 31, 2022.

CLASSIFICATION PLAN
EXHIBIT A

Maintenance & Operators
Effective February 10, 2020

Job Title	Job Code	Annual Salary Step 0	Step 1	Step 2	Step 3	Step 4
BUILDING SERVICES SUPERVISOR	4701	$ 56,215.58	$ 59,026.26	$ 61,977.54	$ 65,076.52	$ 68,330.45
CHIEF WASTEWATER PLANT OPERATOR	4150	$ 69,668.48	$ 73,151.84	$ 76,809.48	$ 80,649.88	$ 84,682.46
ENVIRONMENTAL COMPLIANCE INSPECTOR	4160	$ 57,690.59	$ 60,575.13	$ 63,603.87	$ 66,784.07	$ 70,123.24
ENVIRONMENTAL COMPLIANCE INSPECTOR - A	4161	$ 58,148.29	$ 61,055.63	$ 64,108.43	$ 67,313.80	$ 70,679.54
EQUIPMENT SERVICE WORKER - A	4001	$ 42,842.80	$ 44,984.96	$ 47,234.20	$ 49,595.94	$ 52,075.77
EQUIPMENT SERVICE WORKER	4000	$ 42,270.78	$ 44,384.30	$ 46,603.49	$ 48,933.66	$ 51,380.40
FACILITIES MAINTENANCE WORKER	4055	$ 46,459.20	$ 48,782.13	$ 51,221.28	$ 53,782.35	$ 56,471.44
FACILITIES SUPERVISOR	4050	$ 58,774.82	$ 61,713.58	$ 64,799.21	$ 68,039.22	$ 71,441.10
FLEET SERVICES SUPERVISOR	4040	$ 64,169.07	$ 67,377.50	$ 70,746.43	$ 74,283.77	$ 77,997.87
HEAVY EQUIPMENT MECHANIC	4020	$ 50,730.24	$ 53,266.79	$ 55,930.06	$ 58,726.56	$ 61,662.95
HEAVY EQUIPMENT MECHANIC A	4021	$ 53,018.54	$ 55,669.57	$ 58,453.01	$ 61,375.63	$ 64,444.43
LAB SUPERVISOR	4075	$ 69,668.48	$ 73,151.90	$ 76,809.48	$ 80,649.95	$ 84,682.46
LABORATORY TECHNICIAN I	4070	$ 45,951.64	$ 48,249.30	$ 50,661.81	$ 53,194.91	$ 55,854.54
LABORATORY TECHNICIAN II	4071	$ 50,542.89	$ 53,070.01	$ 55,723.53	$ 58,509.76	$ 61,435.15
LEAD EQUIPMENT MECHANIC - A	4011	$ 58,091.54	$ 60,996.11	$ 64,045.99	$ 67,248.31	$ 70,610.70
LEAD EQUIPMENT MECHANIC	4010	$ 55,803.24	$ 58,593.45	$ 61,523.06	$ 64,599.22	$ 67,829.22
MAINTENANCE WORKER I	4080	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
MAINTENANCE WORKER II	4081	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
PLANT & EQUIPMENT MECHANIC	4130	$ 52,445.02	$ 55,066.27	$ 57,818.12	$ 60,708.08	$ 63,743.65
PLANT & EQUIPMENT MECHANIC A	4131	$ 56,942.52	$ 59,789.65	$ 62,779.16	$ 65,918.07	$ 69,213.97
PARK MAINTENANCE WORKER I	4710	$ 38,322.07	$ 40,238.23	$ 42,250.07	$ 44,362.59	$ 46,580.69
PARK MAINTENANCE WORKER II	4711	$ 42,150.35	$ 44,257.74	$ 46,470.67	$ 48,794.17	$ 51,233.95
PARK MAINTENANCE WORKER III	4712	$ 46,366.67	$ 48,710.18	$ 51,119.22	$ 53,675.24	$ 56,358.97
PARK SUPERVISOR	4740	$ 58,774.82	$ 61,713.58	$ 64,799.21	$ 68,039.22	$ 71,441.10
PARTS CLERK	4030	$ 40,262.97	$ 42,276.09	$ 44,389.86	$ 46,609.47	$ 48,939.93
SENIOR STOREKEEPER	4140	$ 47,647.52	$ 50,029.85	$ 52,531.37	$ 55,157.93	$ 57,915.89
SERVICE WRITER	4035	$ 40,262.97	$ 42,276.09	$ 44,389.86	$ 46,609.47	$ 48,939.93
SR FACILITIES MAINTENANCE WORKER	4060	$ 51,105.04	$ 53,660.23	$ 56,343.26	$ 59,160.47	$ 62,118.56
STREE MAINTENANCE WORKER II	4092	$ 45,281.61	$ 47,545.58	$ 49,922.90	$ 52,418.99	$ 55,039.99
STREET MAINTENANCE WORKER I	4082	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
STREET MAINTENANCE WORKER I - A	4090	$ 41,267.22	$ 43,330.53	$ 45,497.16	$ 47,771.99	$ 50,160.58
STREET MAINTENANCE WORKER II	4083	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
STREET MAINTENANCE WORKER III	4100	$ 48,682.37	$ 51,116.44	$ 53,672.20	$ 56,355.90	$ 59,173.67
STREET MAINTENANCE WORKER III - A	4101	$ 50,169.76	$ 52,678.23	$ 55,312.15	$ 58,077.77	$ 60,981.63
STREET SUPERVISOR	4110	$ 61,706.21	$ 64,791.56	$ 68,031.15	$ 71,432.62	$ 75,004.31
STREET SUPERVISOR A	4111	$ 63,651.30	$ 66,833.85	$ 70,175.53	$ 73,684.36	$ 77,368.58
TRAFFIC SIGN WORKER	4120	$ 42,150.35	$ 44,257.74	$ 46,470.67	$ 48,794.17	$ 51,233.95
WASTEWATER PLANT OPERATOR I	4170	$ 50,046.27	$ 52,548.63	$ 55,176.00	$ 57,934.81	$ 60,831.58
WASTEWATER PLANT OPERATOR II	4172	$ 55,052.36	$ 57,805.05	$ 60,695.28	$ 63,730.01	$ 66,916.47
WASTEWATER PLANT OPERATOR III	4173	$ 60,557.75	$ 63,585.52	$ 66,764.74	$ 70,103.07	$ 73,608.16
WATER PLANT OPERATOR II	4200	$ 55,052.36	$ 57,805.05	$ 60,695.28	$ 63,730.01	$ 66,916.47
WATER PLANT OPERATOR III	4201	$ 60,557.75	$ 63,585.52	$ 66,764.74	$ 70,103.07	$ 73,608.16
WATER/WASTEWATER MAINTENACE WORKER I - A	4210	$ 41,614.36	$ 43,695.05	$ 45,879.89	$ 48,173.77	$ 50,582.53
WATER/WASTEWATER MAINTENACE WORKER II	4211	$ 46,166.54	$ 48,474.88	$ 50,898.65	$ 53,443.56	$ 56,115.73
WATER/WASTEWATER MAINTENACE WORKER III	4212	$ 48,682.37	$ 51,116.30	$ 53,672.34	$ 56,355.90	$ 59,173.67
WATER/WASTEWATER MAINTENANCE WORKER III - A	4213	$ 52,116.92	$ 54,722.90	$ 57,459.05	$ 60,331.88	$ 63,348.53
WATER/WASTEWATER MAINTENANCE WORKER I	4085	$ 40,235.59	$ 42,248.39	$ 44,360.10	$ 46,577.91	$ 48,908.92
WATER/WASTEWATER MAINTENANCE WORKER II	4086	$ 44,251.75	$ 46,464.42	$ 48,787.64	$ 51,227.01	$ 53,788.32
WATER/WASTEWATER SUPERVISOR	4180	$ 66,349.75	$ 69,669.30	$ 73,149.76	$ 76,809.48	$ 80,650.72
WATER/WASTEWATER SUPERVISOR - A	4181	$ 71,866.11	$ 75,459.37	$ 79,232.29	$ 83,193.96	$ 87,353.65
WELDER-MECHANIC	4220	$ 50,728.98	$ 53,267.35	$ 55,931.02	$ 58,727.38	$ 61,663.51

Certification Requirements and Incentive Chart
Maintenance Operators and General Services

General Services Classifications: Public Works Inspectors and Water Services Technicians			Water Distribution Operator Certificates				Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	T1	T2	T3	T4	T5	C1	C2	C3	C4
Public Works Inspector I	G		2%*	$60			$40					$40			
Public Works Inspector II	G		2%*	$60			$40					$40			
Water Services Technician I	G		***	$60											
Water Services Technician II	G			$60											

Misc. Classifications eligible for Pest Control or Qualified Applicators Certificate Incentive			
Job Classification/Title	BU	Pest Ctrl Adv	QA
Park Maintenance Worker I	M	$50	
Park Maintenance Worker II	M	$50	$40
Park Maintenance Worker III	M	$50	$ 40*
Parks Supervisor	M	$50	$40
Sr. Facilities Maintenance Worker	M	$50	$40

Street Maintenance Worker Classifications			Collection Maintenance System Certificates					
Job Classification/Title	BU	Class A	C1	C2	C3	C4	Pest Ctrl	QA
Street Maintenance Worker I	M	$600*	$40	$40	$40	$40	$50	$40
Street Maintenance Worker II	M	$ 600	$40	$40	$40	$40	$50	$40
Street Maintenance Worker III	M	$ 600		$40	$40	$40	$50	$40
Street Maintenance Supervisor	M	$ 600			$40	$40	$50	$40

Water and Wastewater Maintenance Worker Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Collection Maintenance System Certificates				Environmental Compliance Inspection Certificates				Mechanical Technologist Certificates (MechTech)			
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	C1	C2	C3	C4	EC1	EC2	EC3	EC4	MT1	MT2	MT3	MT4
Water/Wastewater MW I	M	$600*	2%*	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW II	M	$ 600	2%	2%	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40						$40	$40	$40
Water/Wastewater MW III	M	$ 600	2%	2%	$40	$40	$40		$40	$40	$40	$40		$40	$40	$40						$40	$40	$40
Wtr/WW Supervisor (Water)^	M	$600*		4%	$40	$40	$40		**	$40	$40	$40			$40	$40	$40	$40	$40	$40		$40	$40	$40
Wtr/WW Supervisor (Wastewater)^	M	$600*		4%	$40	$40	$40			$40	$40	$40			$40**	$40	$40	$40	$40	$40		$40	$40	$40
W/WW Plant & Equip Mechanic	M	$600*		4%	$40	$40	$40		**	$40	$40	$40		$40	$40	$40						$40	$40	$40

^Treatment and Collection Certification requirements are dependent on assignment to Water or Wastewater System

Laboratory Technician and Environmental Compliance Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Environmental Compliance Inspection Certificates					
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	EC1	EC2	EC3	EC4	EFFAT	CCCI
Laboratory Technician I	M												$40	$40	$40	$40	$40	$40	$40	$40		
Laboratory Technician II	M													$40	$40	$40	$40	$40	$40	$40		
Environmental Comp Inspector	M		2%	2%	$40	$40	$40		$40	$40	$40	$40	**	$40	$40	$40			$40	$40	$40**	
Laboratory Services Supervisor	M		2%*	2%	$40	$40	$40		$40	$40	$40	$40		!	$40	$40		!	$40	$40		!

Required to obtain a D1 OR a T1

If Env Comp Insp/Lab Servs Supv obtains the Distribution certs first, they receive the 2% and 4% incentive. If they obtain the Treatments certs in addition, they are eligible for $40 incentive for Grade II certificate obtained (no incentive for the Grade I certificate)

Updated 3/4/2020

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Certification Requirements and Incentive Chart
Maintenance Operators and General Services

Wastewater Plant Operator Classifications			Wastewater Plant Operator Certificates						Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				Environmental Compliance Inspection Certificates				
Job Classification/Title	BU	Class A	OIT	ww1	ww2	ww3	ww4	ww5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	EC1	EC2	EC3	EC4	CA
Wastewater Plant Operator I	M			**	$40 &	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator II	M					$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40					$20
Wastewater Plant Operator III	M						$40	$40		$40	$40	$40		$40	$40	$40					$20
Chief Wastewater Plant Operator	M						$40	$40		$40	$40	$40		$40	$40	$40	$40	$40	$40	$40	

Refer to Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate Incentive

Water Plant Operator Classifications			Water Distribution Operator Certificates					Water Treatment Plant Operator Certificates					Laboratory Analyst Certificates				Mechanical Technologist Certificates (MechTech)				
Job Classification/Title	BU	Class A	D1	D2	D3	D4	D5	T1	T2	T3	T4	T5	LA1	LA2	LA3	LA4	MT1	MT2	MT3	MT4	CA
Water Plant Operator II	M		$40	$40	$40	$40	$40			$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20
Water Plant Operator III	M			$40	$40	$40	$40				$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20

Reference Section 12.3 of the M&O MOU regarding the Qualified Applicators Certificate Incentive

Article 12.1 provides for $40 per month (maximum of $250) for incentive for each grade at or above the minimum as provided for in Exhibit C (incorporated in the tables above)

							Automotive Service Excellence (ASE) Technician Certificates (Max of $150.00 with all combined ASE certificates)																										
							Auto									Transit Bus Certificates						Truck					Med/Heavy Truck							
Job Classification/Title	BU	Class A	Ox & Brz	Class A Lamp	Weld	Smog Cert	A1	A2	A3	A4	A5	A6	A7	A8	P1	H2	H3	H4	H5	H6	H7	P1	P2	P3	P4	P5	T1	T2	T3	T4	T5	T6	T7	T8
Equip Service Worker	M	$600#	$25	$12.5	$12.5																													
Heavy Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50																												
Lead Equip Mechanic	M	$600#	$25	$12.5	$12.5	$50*				$25 for 3 ASE certificates and $50 for 8 ASE Certificates, for a maximum of $150/month for ASE certificates																							
Welder-Mechanic (PW)	M	$600#	$25	$12.5	$12.5	$50																												
Fleet Services Supervisor	M	$600#																																

LEGEND

Job Requirement
* obtain w/in 12 months of appointment/incentive paid when ee obtains certificate
** obtain w/in 24 months of appointment/incentive paid when ee obtains certificate
$ obtain w/in 24 months of obtaining Grade I Wastewater Treatment Operator certificate
*** obtain w/in 18 months of appointment/incentive paid when ee obtains certificate
! obtain w/in 30 months of appointment/incentive paid when ee obtains certificate
obtain w/in 6 months of appointment/incentive paid when ee obtains certificate

D = distribution certificate issued by State Water Resources Control Board
T = water treatment certificate issued by State Water Resources Control Board
WW = wastewater certificate issued by the State Water Resources Control Board
C = Collections certificate issued by CA Water Environment Association (CWEA)
L= Laboratory certificate issued by CA Water Environment Association (CWEA)
EC = Environmental Compliance certificate issued by CA Water Environment Association (CWEA)
B=Biosolids Land Application Management certificate issued by CA Water Environment Association
MT = Mechanical Technologist certificate issued by CA Water Environment Association (CWEA)
BFPAT = Back Flow Prevention Assembly Tester
CCCS = Cross Connection Control Specialist

Updated 3/4/2020

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A.F.S.C.M.E. COUNCIL 57
LOCAL 146-AFL-CIO

_____
Jeremiah Miller, Chief Negotiator
Date:_____

_____
Shawn Tallerico, Chapter President
Date:_____

_____
Terri Lovell, Executive Vice President
Date:_____

_____
Rodney Plamondon, Vice President
Date:_____

_____
George Agnew, Treasurer
Date:_____

_____
Kari Chadwick, Secretary
Date:_____

_____
Thomas Gabriel, M&O Representative
Date:_____

_____
Joseph Martinez, M&O Representative
Date:_____

_____
Tosha Wiman, GS Representative
Date:_____

_____
Rene Garcia, GS Representative
Date:_____

CITY OF LODI
A MUNICIPAL CORPORATION

_____
Stephen Schwabauer, City Manager
Date:_____

_____
Andrew Keys, Deputy City Manager
Date:_____

_____
Adele Post, HR Manager
Date:_____

Approved As To Form:

_____
Janice D. Magdich, City Attorney

Attest:

_____
Pamela M. Farris, Assistant City Clerk